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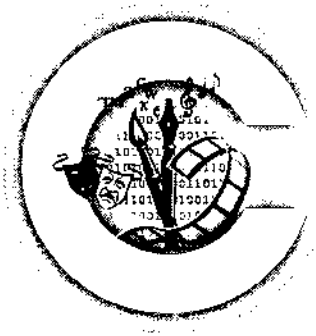

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FROM THE DESK OF THE CO-EDITORS-IN-CHIEF

Part I of volume 60, Issue 1, contains *Bad Faith and Fair Use* by Simon J. Frankel and Matt Kellogg. Their article argues that there are no legal, historical, or logical reasons why bad faith should have a place in the fair use analysis. They add that the use of bad faith in the analysis impedes the goal of public access to works and makes litigation more costly and unpredictable, concluding that: "The time has come for the bad faith inquiry to go."

Part II is the annual review of copyright, *"Recent Developments in Copyright": Selected Annotated Cases* by Robert Clarida and Thomas Kjellberg, ably assisted by a number of associates. It is an updated version of the materials presented at the last annual meeting.

The issue concludes with Part III, Administrative Developments, and Part IV, the Bibliography.

As always, your comments and suggestions are welcome.

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PART I

ARTICLES

BAD FAITH AND FAIR USE

by SIMON J. FRANKEL AND MATT KELLOGG*

ABSTRACT

The fair use doctrine plays a critical role in copyright law, protecting certain socially valuable uses of a copyrighted work against claims of infringement so as to maintain the balance between the author's limited monopoly and the general public good. This article examines a relatively recent and increasingly problematic trend in fair use jurisprudence: courts' tendency to decide whether a defendant has made a fair use of the plaintiff's work based in part on whether the defendant has acted in "bad faith."

Courts use the term "bad faith" to encompass a wide range of conduct weighing against a finding of fair use. In some cases, the term refers to the fact that the defendant obtained an unauthorized copy of the copyrighted work. Elsewhere, it refers to the fact that the defendant did not first request permission from the plaintiff to use the copyrighted work. In yet other cases, the defendant's bad faith is premised on a failure to acknowledge the plaintiff as the original author. Some courts have even suggested that a defendant acts in bad faith when she could not have "reasonably believed" that her use of the copyrighted work was fair.

As the article explains, there is no historical, legal, or logical reason that these or any other supposed measures of bad faith should play a role in the fair use analysis. The bad faith inquiry does not serve the central goal of copyright — to increase public access to new works — and in fact does much to impede this goal. It also needlessly confuses fair use with other areas of law, makes copyright litigation more costly and less predictable, and undermines copyright's built-in First Amendment protections. Yet bad faith has persisted as an element of fair use for the past several decades, largely because of a failure to appreciate either the lack of historical or legal basis for this doctrinal mistake or its consequences. In an effort to correct this misunderstanding, the article offers the first in-depth exploration of both the historical origins of the bad faith inquiry and the many reasons courts should drop all considerations of bad faith from fair use..

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INTRODUCTION

In the United States, copyright law is primarily economic in purpose. To encourage the creation and dissemination of original works of authorship — for the benefit of the public at large — the government grants authors a limited monopoly in their works. The exchange is solely instrumental. Authors are not rewarded on the basis of how hard they have worked,[1] nor are they entitled to assert their "moral rights" except in narrowly defined contexts.[2] Likewise, an infringer's state of mind is irrelevant to whether there is infringement, no matter how innocent the act of infringement.[3] What matters is whether someone has encroached on the statutory rights of the author. If so, the law provides for certain penalties, in substantial part to compensate the author and thus maintain the author's incentive to create additional works in the future.

The fair use doctrine is part and parcel of this instrumentalist framework. Fair use acts as a safety valve for situations where the public interest trumps the author's copyright. Fair use protects those secondary uses of a copyrighted work — such as criticism, commentary, news reporting, and research — that "transform" the original without taking too much

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1 *See* Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 353 (1991).
2 *See* 17 U.S.C. § 106A (2006).
3 *See* Folsom v. Marsh, 9 Fed. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901).

from it or usurping its market.[4] A fair use is one that, while it borrows from the original without authorization, does so to create a new and different work, thereby benefiting the public. To qualify as "fair" and thus non-infringing, a secondary use must pass muster under the statutory analysis, which begins (and usually ends) with a list of four factors aimed at comparing the works at issue.[5] Historically, fair use was not concerned with the conduct or motives of either party, including whether they acted in good or bad faith.

In the quarter-century since the Supreme Court's decision in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, however, courts have embraced a new presumption that fair use necessarily entails the defendant's "good faith and fair dealing."[6] Where courts perceive that the defendant has engaged in some kind of objectionable behavior, particularly related to the borrowing at issue, they weigh it against a finding of fair use. This might include the fact that the defendant used a copy of the copyrighted work that was obtained without authorization (or in breach of the confidentiality obligations of the defendant or of some other party), or that the defendant did not request permission to use the copyrighted material, or failed to acknowledge the original author. Over time, the "bad faith" inquiry has made increasingly frequent and prominent appearances in fair use decisions, even as some lower courts have tried to minimize its analytical significance — and even after the Supreme Court's 1994 decision in *Campbell v. Acuff-Rose Music, Inc.* suggested that the defendant's state of mind should not play any role in assessing fair use.

This article contends that considering a defendant's "bad faith" in the fair use analysis is poor law and poor practice. Fair use has historically focused on the *use*, not the user — as it should. The defendant's lack of virtue does not tell courts anything about the value of the defendant's use or its effect on the market, and thus should be immaterial to copyright's overall goal of maintaining the desired balance between the author's economic interests and the interests of society. Indeed, the bad faith inquiry undermines that very goal by favoring the denial of socially valuable secondary uses for reasons unrelated to the purposes of copyright law. Consideration of bad faith as part of the fair use inquiry also increases uncertainty, raises the costs of copyright litigation for both plaintiffs and defendants, and unnecessarily entangles copyright with other areas of law.

Our analysis takes as its starting point the wisdom of two Second Circuit judges: Judge Pierre Leval, in his 1990 article *Toward a Fair Use Stan-*

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[4] *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 574-94 (1994).

[5] 17 U.S.C. § 107 (2006).

[6] 471 U.S. 539, 562 (1985).

dard,[7] and Judge Dennis Jacobs, in his 2004 concurrence in *NXIVM v. Ross Institute*.[8] Both argued persuasively, in terms similar to those outlined above, that questions of intent are entirely inappropriate in the context of fair use. We expand on their critiques by tracing the development of the bad faith inquiry back to its origins and by examining in greater depth the problems that courts face but rarely acknowledge in cases where bad faith is invoked as part of the fair use analysis. The results of this evaluation, we believe, demonstrate why courts should drop all considerations of faith, good or bad, from the fair use analysis.

Turning to the customary roadmap, Part I of this article sets out some well-worn material concerning the economic bargain at the heart of copyright law, including the fair use doctrine, and reviews the limited and purposeful role that intent plays in helping to decide infringement cases. Part II follows the trajectory of the bad faith inquiry from its first appearance in the 1960s to its adoption by the Supreme Court in *Harper & Row*, the Court's subsequent (but hardly forceful) retreat in *Campbell*, and the resulting confusion among lower courts ever since. Part III digs deeper into this history and explains that at the heart of the bad faith inquiry is a fundamental misunderstanding of the language of fair use, particularly the terms "fair" and "equitable." Part IV examines the three main types of conduct that courts have considered under the rubric of "bad faith" — access, permission, and use — and highlights the practical difficulties in considering each in the fair use inquiry. Finally, Part V urges courts to renounce the bad faith inquiry because of its tendency to impede, not promote, progress, and because of the dangers of abetting the suppression of free speech and complicating and prolonging copyright litigation.

I. COPYRIGHT'S UTILITARIAN FOUNDATIONS

To understand why bad faith should play no part in the fair use analysis, it is first necessary to review the economic basis of copyright law in the United States. With few exceptions, the Copyright Act seeks to encourage the production of new works, leaving to the side matters of intent, morality, and equity — all of which threaten to distract from the statute's underlying purpose. We begin, then, with a brief examination of the traditional justifications for copyright generally and fair use in particular. Later, we turn to a more detailed account of the historical development of fair use.

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[7] Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1126-28 (1990).

[8] 364 F.3d 471, 483-87 (2d Cir. 2004) (Jacobs, J., concurring).

A. An Economic Bargain

The Constitution gives copyright its purpose: "to promote the Progress of Science and useful Arts."[9] On one side of the exchange, authors receive a temporary monopoly that includes the rights to reproduce, distribute, make derivative works based on, and publicly display and perform their works.[10] On the other side, the public benefits from the steady flow of new works, which, once the copyright term expires, are free for anyone to use. Copyright law is in this sense utilitarian, a means to the end of "assur[ing] contributors to the store of knowledge."[11]

The Supreme Court has consistently acknowledged the importance of this bargain between author and society when considering how far the rights of a copyright owner extend:

> The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts. 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."[12]

Thus, in copyright law, all roads lead to the government's "sole interest" in stimulating production of socially valuable works. The statutory monopoly granted to authors functions as a means to this end, not as an end in itself.

Fair use, a judge-made exception later codified at Section 107 of the 1976 Copyright Act,[13] plays a critical role in maintaining the balance between granting a "fair return" to authors and ensuring "the general public good." One early commentator, writing in 1879, described fair use as "essential to the growth of knowledge as it would obviously be a hindrance to learning if every work were a sealed book to all subsequent authors."[14] Here, again, the overarching concern is the public benefit. A fair use does

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[9] U.S. CONST. art. I, § 8, cl. 8.

[10] 17 U.S.C. § 106 (2006).

[11] Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 546 (1985).

[12] Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975) (quoting Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932)).

[13] 17 U.S.C. § 107 (2006); *see* H.R. REP. NO. 94-1476, at 66 ("Section 107 is intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way.").

[14] EATON S. DRONE, A TREATISE ON THE LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS IN GREAT BRITAIN AND THE UNITED STATES 386-87 (Little Brown & Co. 1879).

not interfere with the author's reasonable economic expectations under copyright;[15] indeed, it exists wholly outside such rights.[16]

Section 107 offers several examples of the kinds of productive uses that give rise to fair use, including "criticism, comment, news reporting, teaching . . . , scholarship, [and] research."[17] To determine whether or not a particular use qualifies for the defense, courts apply the four statutory factors:

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(2) the nature of the copyrighted work;
(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(4) the effect of the use upon the potential market for or value of the copyrighted work.[18]

A side-by-side comparison of the two works is usually sufficient to conduct the bulk of this analysis.[19] Although the statutory list is explicitly non-exhaustive, nothing in the text of Section 107 suggests that courts need look beyond the works and examine the motivations and other conduct of the parties.

Because fair use helps to further copyright's economic goals, raising the defense implicates not only the defendant's interests but also the larger public interest in gaining access to new works. Recognizing that "it is particularly important that the boundaries of copyright law be demarcated as clearly as possible," the Supreme Court has instructed courts that

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15 *Id.* ("[T]his liberty is consistent with the true purpose of the law to give to the earlier author adequate protection for the results of his labor.").

16 *See* 17 U.S.C. § 107 (2006) (stating that a fair use is "not an infringement of copyright").

17 *Id.*

18 *Id.* ("[T]he factors to be considered shall include . . . .").

19 Indeed, in recent years several courts have found fair use as a matter of law at the pleading stage, simply comparing the copyrighted work and the allegedly infringing work and considering the apparent markets for each. *See, e.g.*, Brownmark Films, LLC v. Comedy Partners, 682 F.3d 687, 690 (7th Cir. 2012); Swatch Group Mgmt. Servs., Ltd. v. Bloomberg, L.P., 2012 WL 1759944, at *1 (S.D.N.Y. May 17, 2012); Righthaven, LLC v. Realty One Group, Inc., 2010 WL 4115413, at *1 (D. Nev. Oct. 19, 2010); Savage v. Council on Am.-Islamic Relations, Inc., 2008 U.S. Dist. LEXIS 60545, at *1 (N.D. Cal. July 25, 2008). *See generally* Simon Frankel, Shannon Nestor, & John Freed, *Cut Your Copyright Litigation Costs*, MANAGING IP MAG., Feb. 2010, at 114, 116 (noting courts' willingness to address fair use at motion to dismiss stage).

"defendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement."[20] Surely, fair use stands at the top of any such list of defenses. Copyright law therefore requires that the fair use factors be applied faithfully and with an eye toward the constitutional objective to promote progress.

B. The Limited Role of Intent in Copyright Law

A related feature of copyright law is that courts do not need to determine the intent of either party to resolve the majority of cases. This fits with the economic focus of the law, which is more concerned with encouraging new works than it is with punishing bad acts.[21]

The irrelevance of intent is most apparent when deciding the basic question of infringement. Courts will not excuse an act of infringement because the defendant honestly believed his use was lawful,[22] or even because the defendant was unaware he had copied from the plaintiff's work in the first place.[23] Likewise, that a defendant affirmatively intended to infringe the plaintiff's work has no bearing if, for instance, the defendant took only the plaintiff's ideas and not her expression.[24] Seen from this

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[20] Fogerty v. Fantasy, Inc., 510 U.S. 517, 527 (1997).

[21] This may be especially true where the inherent immorality of the proscribed act is uncertain. *See* Stanley Fish, *Plagiarism Is Not a Big Moral Deal*, N.Y. TIMES, Aug. 9, 2010, http://opinionator.blogs.nytimes.com/2010/08/09/plagiarism-is-not-a-big-moral-deal/ (arguing that plagiarism is "a breach of disciplinary decorum, not a breach of the moral universe").

[22] Folsom v. Marsh, 9 Fed. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901) ("The intention to pirate is not necessary in an action of this sort; it is enough, that the publication complained of is in substance a copy, whereby a work vested in another is prejudiced.") (quoting Roworth v. Wilkes, (1807) 1 Camp. 94, 170 Eng. Rep. 889 (K.B.)).

[23] Bright Tunes Music Corp. v. Harrisongs Music, Ltd., 420 F. Supp. 177, 180-81 (S.D.N.Y. 1976) ("Did [George] Harrison deliberately use the music of He's So Fine? I do not believe he did so deliberately. Nevertheless, it is clear that My Sweet Lord is the very same song as He's So Fine with different words, and Harrison had access to He's So Fine. This is, under the law, infringement of copyright, and is no less so even though subconsciously accomplished.").

[24] *See* 17 U.S.C. § 102(b) (2006) ("In no case does copyright protection for an original work of authorship 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.").

perspective, modern copyright law functions as an essentially strict-liability regime.[25]

Still, Congress has directed courts to consider the intent of the accused copyright infringer in certain specific circumstances. A finding of willfulness can increase the maximum statutory damages award in civil cases from $30,000 to $150,000[26] and is also a prerequisite for criminal infringement.[27] Infringement that is innocent can also affect the outcome of a case, as courts have discretion to reduce the minimum statutory damages award from $750 to $200 where the defendant "was not aware and had no reason to believe that his or her acts constituted an infringement of copyright."[28]

Courts have also taken it upon themselves to adapt certain doctrines to account for the intent of the accused infringer or, in some cases, the copyright owner. Though the Copyright Act makes no mention of intent in the context of attorney's fees,[29] courts tend to award fees to plaintiffs where the defendant acted willfully and to defendants where the plaintiff brought the infringement claim in bad faith.[30] The "inducement" standard for secondary liability depends in part on whether the defendant intended to promote the infringing acts of others.[31] And defendants may claim as a defense to infringement the fact that the plaintiff has engaged in copyright misuse[32] or fraud on the Copyright Office.[33]

In most of these examples, however, intent has been introduced mainly to protect copyright's economic bargain. Regarding statutory damages, the willfulness or innocence of an infringer is considered in order to adjust the legal penalties so as to maximize the effectiveness of copyright's incentive structure.[34] The rationale behind awarding attorney's fees fol-

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[25] For a discussion of the origins and evolution of copyright's strict-liability regime, see R. Anthony Reese, *Innocent Infringement in U.S. Copyright Law: A History*, 30 COLUM. J.L. & ARTS 133 (2007).

[26] 17 U.S.C. § 504(c)(2) (2006).

[27] *Id.* § 506(a).

[28] *Id.* Another provision shields innocent infringers from liability in narrowly defined situations involving erroneous copyright notice prior to the Berne Convention Implementation Act. 17 U.S.C. § 406(a).

[29] *See id.* § 505.

[30] PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 14.3.2.2 (3d ed. 2005).

[31] Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 545 U.S. 913, 936-37 (2005).

[32] *See* Lasercomb Am., Inc. v. Reynolds, 911 F.2d 970, 973-77 (4th Cir. 1990).

[33] *See* Lamps Plus, Inc. v. Seattle Lighting Fixture Co., 345 F.3d 1140, 1145-47 (9th Cir. 2003).

[34] *See* H.R. REP. NO. 94-1476 ("The 'innocent infringer' provision . . . is sufficient to protect against unwarranted liability in cases of occasional or isolated innocent infringement, and it offers adequate insulation to users, such as broadcasters and newspaper publishers, who are particularly vulnerable to

lows a similar logic.[35] Even the "equitable" defenses of copyright misuse and fraud on the Copyright Office exist primarily to discourage abuses of the copyright system, not to compensate defendants for a plaintiff's unjust behavior.[36] Copyright law thereby remains true to its utilitarian roots even where Congress or the courts have assigned intent a role in the legal analysis.

II. HISTORY OF A MISTAKE

The bad faith inquiry in fair use dates back fewer than fifty years and has been in wide practice for only about twenty-five years. During this time, the scope of the inquiry has not changed significantly: if the defendant's behavior in connection with the copying was somehow morally suspect, courts tend to weigh this against a finding of fair use. Many courts accept this as a first principle of fair use doctrine, yet its pedigree is far more ambiguous and problematic. The result has been a bad faith inquiry that is at once firmly entrenched and poorly understood. Here, we trace the development of this mistake in U.S. case law over the past fifty years and then, in Part III, double back to consider the theoretical underpinnings of this doctrinal error.

A. A New Subfactor Appears

The first reported opinion to introduce the issue of bad faith into fair use was *Time Inc. v. Bernard Geis Associates*, a 1968 decision from the Southern District of New York.[37] The case involved still-frame images of the famous Zapruder film of the Kennedy assassination, which the defendants reproduced in the book *Six Seconds in Dallas*. In addition to the standard infringement claim, the plaintiff alleged that copies of the film

this type of infringement suit. On the other hand, by establishing a realistic floor for liability, the provision preserves its intended deterrent effect . . . .").

[35] *See* Fogerty v. Fantasy, Inc., 510 U.S. 517, 527 (1997); *see also* GOLDSTEIN, *supra* note 30, § 14.3.2.2.

[36] *See, e.g.*, Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc. 342 F.3d 191, 204 (3d Cir. 2003) ("The misuse doctrine extends from the equitable principle that courts 'may appropriately withhold their aid where the plaintiff is using the right asserted contrary to the public interest.'" (quoting Morton Salt Co. v. G.S. Suppiger, 314 U.S. 488, 492 (1942))).

[37] 293 F. Supp. 130 (S.D.N.Y. 1968). A few earlier decisions used terms like "bad faith" and "good faith", but only as euphemisms to describe whether — using modern parlance — a use transformed the original work or merely superseded it. *See, e.g.*, Berlin v. E.C. Publ'ns, Inc., 329 F.2d 541, 544 (2d Cir. 1964); Loew's, Inc. v. Columbia Broad. Sys. Inc., 131 F. Supp. 165, 181 (S.D. Cal. 1955).

had been "stolen surreptitiously" and that the defendants had used the images after being denied permission.[38]

The court noted its "initial reluctance to find any fair use by defendants because of the conduct of [the author of the accused book] in making his copies and because of the deliberate appropriation in the Book, in defiance of the copyright owner."[39] The defendants' conduct, the court suggested, failed to comply with the principle that "[f]air use presupposes 'good faith and fair dealing.'"[40] This conduct did not weigh heavily against the defendants, however, as the court found they could have acquired the Zapruder frames any number of ways — including by legally purchasing a copy of the issue of *Life* in which the images appeared.[41] Ultimately, the court ruled the book a fair use, based on the "public interest in having the fullest information available on the murder of President Kennedy," the "serious" nature of the book, and the lack of any real economic harm to the plaintiff.[42]

In the years following *Geis*, few courts adopted its approach. In one 1983 decision, the Ninth Circuit echoed *Geis* in holding that "because fair use presupposes that the defendant has acted fairly and in good faith, the propriety of the defendant's conduct should also be weighed in analyzing the purpose and character of the use."[43] Largely, however, bad faith lay dormant.

This all changed with the Supreme Court's decision in *Harper & Row, Publishers, Inc. v. Nation Enterprises*.[44] Harper & Row, the publishers of Gerald Ford's autobiography, *A Time to Heal*, brought an infringement claim against defendant news magazine The Nation for excerpting 300 words of Ford's book in advance of the official first-serial publication by Time, which Time then cancelled along with the remaining $12,500 of its fee. The Second Circuit had ruled for the defendant, but the Supreme Court reversed. The Court found that each fair use factor favored the

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38 293 F. Supp. at 132.

39 *Id.* at 146.

40 *Id.* (quoting John Schulman, *Fair Use and the Revision of the Copyright Act*, 53 IOWA L. REV. 832, 832-33 (1968)).

41 *Id.*

42 *Id.*

43 Marcus v. Rowley, 695 F.2d 1171, 1175-76 (9th Cir. 1983) (citing 3 MELVILLE B. NIMMER, NIMMER ON COPYRIGHT § 13.05[A][1], at 13-61 (1982)). A year earlier, the Second Circuit considered whether a defendant had acted "in the good faith belief that such use was fair," but this question arose in the context of a state-law claim of unfair competition, not copyright infringement. Roy Export Co. v. Columbia Broad. Sys., Inc., 672 F.2d 1095, 1106 (2d Cir. 1982).

44 471 U.S. 539 (1985).

plaintiff: The use was commercial in nature.[45] Because it took from an unpublished work, the scope of fair use protection was narrower than if it had taken from a published work.[46] The defendant had appropriated "the heart of the book."[47] And the market effect — "undoubtedly the single most important element of fair use" — was to usurp the value of the plaintiff's first-serialization rights.[48]

Based on this analysis, *Harper & Row* appeared to be an open-and-shut case for the plaintiff. Yet when addressing the first factor, the purpose and character of the use, the Court found it necessary to look beyond the statutory language and also examine the culpability of the defendant's motives and conduct. The Court quoted *Geis* as settled law, rather than the dictum of a seventeen-year-old district court decision: "Also relevant to the 'character' of the use is 'the propriety of the defendant's conduct.' 'Fair use presupposes good faith and fair dealing.'"[49] Specifically, the Court condemned the defendant for "knowingly exploit[ing] a purloined manuscript," which it had received from an unnamed source.[50] Similarly blameworthy was the defendant's failure to secure permission from the plaintiff; instead, the defendant acted with the "stated purpose of scooping the forthcoming hard-cover and Time abstracts."[51] Fair use, the Court concluded, "distinguishes between a true scholar and a chiseler who infringes a work for personal profit."[52] The defendant fell on the wrong side of that line.

In dissent, Justice Brennan objected to the Court's reliance on bad faith. There was no indication, he argued, that the defendant had acted illegally in obtaining the manuscript; in fact, he noted, "all common-law causes of action have been abandoned or dismissed in this case."[53] Further, whether the defendant had requested permission to publish the excerpt was immaterial to the determination of fair use: "If the Copyright Act were held not to prohibit the use, then the copyright owner would have had no basis in law of objecting."[54] Even these arguments, however, appeared to accept to some extent the basic premise that the defendant's faith, whether good or bad, may be relevant in some cases, though not this one. Neither the majority nor the dissent addressed the basic question of

45 *Id.* at 562.
46 *Id.* at 564.
47 *Id.* at 564-65.
48 *Id.* at 566-67.
49 *Id.* at 562.
50 *Id.* at 563.
51 *Id.* at 562.
52 *Id.* at 563.
53 *Id.* at 593 (Brennan, J., dissenting).
54 *Id.* at 594 (Brennan, J., dissenting).

whether a defendant's bad faith should have any role at all in the fair use inquiry.

B. Adding to the Confusion

In the following years, lower courts applied *Harper & Row*'s discussion of bad faith in inconsistent ways. Some understood *Harper & Row* to require them to take into account the defendant's intent in all claims of fair use.[55] Others treated the Court's bad faith inquiry as dicta and therefore optional.[56] In one decision, the Second Circuit dutifully considered "the propriety of the defendant's conduct" but seemed troubled by the same permission/infringement circularity that Justice Brennan had identified — that is, if a use is permissible as a fair one, there would be no need for the defendant to ask permission in the first place, and thus no negative implication should arise from the failure to ask first.[57] Meanwhile, in *Atari Games Corp. v. Nintendo of Am. Inc.*, the Federal Circuit read *Harper & Row* to establish a bright-line rule that "[t]o invoke the fair use exception, an individual must possess an authorized copy of a literary work."[58]

The Supreme Court's next fair use decision did little to clarify the issue of bad faith. *Campbell v. Acuff-Rose Music, Inc.*, decided in 1994, considered whether 2 Live Crew's song "Pretty Woman" was a fair use of Roy Orbison's song "Oh, Pretty Woman."[59] The Court's discussion of the first factor focused on the distinction between secondary uses that are "transformative" and those that "merely supersede" the original.[60] In this regard, "[t]he threshold question when fair use is raised in defense of parody is whether a parodic character may be reasonably perceived."[61] The defendant's "stated purpose," which in *Harper & Row* had proven so

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55 *See, e.g.*, Weissmann v. Freeman, 868 F.2d 1313, 1323-24 (2d Cir. 1989) ("In short, to make use of another's copyright material fairly presupposes that the actor acted fairly and in good faith. Hence, before undertaking a discussion of fair use, we consider the equitable considerations that exist in the case at bar.").

56 *See, e.g.*, Fisher v. Dees, 794 F.2d 432, 436-37 (9th Cir. 1986) ("Because 'fair use presupposes good faith and fair dealing,' courts *may* weigh 'the propriety of the defendant's conduct' in the equitable balance of a fair use determination." (emphasis added.)).

57 Wright v. Warner Books, Inc., 953 F.2d 731, 737 (2d Cir. 1991) ("Equally meritless is plaintiff's claim that Dr. Walker's failure to get plaintiff's permission to use the letters affects this analysis. As the district court aptly observed, the lack of permission is 'beside the point' as long as Dr. Walker's use meets the standards of fair use . . . .").

58 975 F.2d 832, 834 (Fed. Cir. 1992).

59 510 U.S. 569 (1994).

60 *Id.* at 578-79.

61 *Id.* at 582.

damning, was now beside the point.[62] Instead, the Court treated the first factor — as it treated pretty much the entire fair use analysis — as an objective inquiry into the works and what could be "reasonably perceived" about them.

In contrast to *Harper & Row*, *Campbell* relegated the issue of bad faith to a four-sentence footnote. The Court's discussion began by calling into question the significance of intent as an element of fair use: "Finally, regardless of the weight one might place on the alleged infringer's state of mind, we reject Acuff-Rose's argument that 2 Live Crew's request for permission to use the original should be weighed against a finding of fair use."[63] Here, the Court contrasted *Harper & Row*'s emphasis on bad faith with two sources suggesting that bad faith serves no purpose in the fair use analysis: Justice Joseph Story's 1841 decision in *Folsom v. Marsh*, which the Court characterized as holding that "good faith does not bar a finding of infringement," and Judge Leval's pioneering 1990 article, *Toward a Fair Use Standard*, which the Court described as arguing that "good faith [is] irrelevant to fair use analysis."[64] The Court's use of the word "regardless" appeared to leave ambiguous whether the Court agreed more with *Harper & Row* or with Judge Leval — although elsewhere, of course, the *Campbell* decision reflected a wholesale adoption of the "transformative" analysis for the first fair use factor that Judge Leval's article had advanced.

The next sentence in the footnote, however, suggested that, in at least one respect, bad faith should not be relevant to the fair use analysis: "Even if good faith were central to fair use, 2 Live Crew's actions do not necessarily suggest that they believed their version was not fair use; the offer may simply have been made in a good-faith effort to avoid this litigation."[65] As the Court next explained, "[i]f the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use."[66] Of course, the use of the subjunctive — "even if good faith *were* central to fair use . . ." — further reflects the ambiguity of the Court's treatment of *Harper & Row*. Yet the Court's language could also be read as skepticism that bad faith should play any role in the fair use analysis.

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62 *See id.* at 583 n.17 ("We note in passing that 2 Live Crew need not label their whole album, or even this song, a parody in order to claim fair use protection, nor should 2 Live Crew be penalized for this being its first parodic essay. Parody serves its goals whether labeled or not, and there is no reason to require parody to state the obvious (or even the reasonably perceived).").

63 *Id.* at 585 n.18.

64 *Id.*

65 *Id.*

66 *Id.*

Campbell's observation that fair uses need not be preceded by requests for permission hit on the same problem that Justice Brennan had pointed to and that had worried courts in the years following *Harper & Row*. The Court's conclusion in *Campbell* made logical and practical sense, as a copyright owner is likely to insist on permission (and the licensing fee that goes along with it) whenever approached by a secondary author, whether or not the proposed use would otherwise be fair. Thus, although the law on bad faith remained generally in flux, at least the question of permission seemed to be settled after *Campbell*.

C. *Bad Faith's Continued Prevalence*

Alas, like *Harper & Row* before it, *Campbell* proved to be mostly a source of confusion. Uncertainty remained as to whether the Court's cryptic statements on bad faith "betoken[ed] that an inquiry into the defendant's state of mind does not necessarily belong in the fair use analysis,"[67] or whether *Harper & Row*'s statements on the subject remained controlling.

For example, the Ninth Circuit's decision in *Los Angeles News Service v. KCAL-TV Channel 9*,[68] which involved videotapes of the 1992 Los Angeles riots, all but ignored *Campbell*'s warning that "no permission need be sought or granted" to succeed on fair use. Treating *Campbell* as having merely stated that a denied request for permission is "not dispositive" of the fair use analysis, the Ninth Circuit found that, under *Harper & Row*, "the propriety of the defendant's conduct is relevant to the character of the use at least to the extent that it may knowingly have exploited a purloined work for free that could have been obtained for a fee."[69]

Another troubling reading of *Campbell* appeared in the Second Circuit's 2004 decision in *NXIVM Corp. v. The Ross Institute*.[70] In that case, the plaintiffs produced business seminars on "Executive Success" and required attendees to sign non-disclosure agreements to attend the seminars and receive course materials. The defendants, self-described "cult deprogrammer[s]," published critical reports about the plaintiffs' seminars.[71] The defendants' reports included excerpts from the seminar materials, which they had received from a former seminar attendee (who had passed them on in violation of her non-disclosure agreement).[72] After the district

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67 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05[A][1][D] (rev. ed. 2012).

68 108 F.3d 1119 (9th Cir. 1997).

69 *Id.* at 1122. For a critical analysis of *L.A. News Service*, see 3 NIMMER & NIMMER, *supra* note 67, § 13.05[A][1][D].

70 364 F.3d 471 (2d Cir. 2004).

71 *Id.* at 475.

72 *Id.*

court denied the plaintiff's motion for a preliminary injunction, the plaintiff argued on appeal that, among other errors, the district court had not "fully and explicitly" considered the defendant's bad faith. The Second Circuit agreed, at least to that extent.[73]

Remarkably, the *NXIVM* decision held that courts *must* consider the defendant's intent in the context of fair use and yet also went to great lengths to minimize the analytical significance of such an inquiry. The majority treated *Harper & Row* as the controlling precedent, which it understood to "direct[] courts to consider a defendant's bad faith in applying the first statutory factor."[74] The majority disposed of *Campbell* in a footnote, saying that the Supreme Court's decision in that case simply "provides further support for the proposition that while the good or bad faith of a defendant should be considered, it generally contributes little to fair use analysis."[75]

Accordingly, the *NXIVM* majority found it relevant under the first factor that the defendants knew that their "access to the manuscript was unauthorized or was derived from a violation of law" — namely, their source's breach of her non-disclosure agreement.[76] At the same time, the majority rejected the Federal Circuit's bright-line rule from *Atari*, which would have required the defendants to possess an "authorized" copy of the work in order to claim fair use.[77] Accordingly, because intent was not dispositive, the fair use analysis continued, with the balance of the factors weighing heavily in the defendants' favor.[78] So, as in the original bad faith case, *Geis*, the *NXIVM* defendants had acted in bad faith but their use was nonetheless fair.[79]

Concurring in the result, Judge Jacobs argued that a defendant's intent had no place at all in the fair use analysis. Jacobs disagreed about the precedential value of *Harper & Row*'s discussion of bad faith, describing it as a "make-weight wholly unnecessary to the outcome" of the case, which was already "compelled by the essential statutory considerations" of substantiality and market harm.[80] By contrast, in *Campbell* "the pertinence of bad faith was treated as an open question, not as a point settled by *Harper & Row*."[81] In Jacobs' view, there was no need to "await from the Supreme Court a clearer renunciation than the *Campbell* footnote of bad

[73] *Id.* at 478.
[74] *Id.*
[75] *Id.* at 479 n.2.
[76] *Id.* at 478.
[77] *Id.*
[78] *Id.* at 482.
[79] *Id.*
[80] *Id.* at 483 (Jacobs, J., concurring).
[81] *Id.*

faith's relevance (however attenuated) to the fair use inquiry," as the majority urged.[82] Rather, *Campbell* encouraged courts "to assess whether bad faith on the part of a secondary user plays a productive role in the fair use inquiry."[83]

Had the majority made such an assessment, Jacobs argued, it would have seen that bad faith does not fit within copyright law. "Fair use is not a doctrine that exists by sufferance, or that is earned by good works and clear morals," Jacobs insisted, but is instead a codified right "that is necessary to fulfill copyright's very purpose, '[t]o promote the Progress of science and the useful arts . . . .'"[84] For this reason, the defendant's intent has "no rational bearing" on the two key inquiries of fair use — whether the secondary work is transformative and whether it usurps the market of the original — and therefore should not divert courts from the real task at hand.[85] A bad faith inquiry unnecessarily entangles copyright with other areas of the law like contracts and torts,[86] and it is at odds with the rule that "[f]air play is no defense to infringement."[87] Finally, Jacobs warned that consideration of bad faith could have more serious consequences if it were to go unchecked, most notably the "suppression of transformative works that are valuable to the expansion of public knowledge" such as commentary and criticism.[88]

III. MISREADING FAIR USE

Not all courts have followed the *NXIVM* majority in treating the bad faith inquiry as a mandatory component of fair use,[89] but it appears that no court has adopted a rule declining to apply the subfactor either. Despite widespread acceptance today, however, there is a notable absence of historical support for the role of bad faith in today's fair use doctrine. This aberration, originating with the *Geis* decision and amplified by *Harper &*

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82 *Id.* at 479 n.2.

83 *Id.* at 483.

84 *Id.* at 485.

85 *Id.*

86 *Id.*

87 *Id.* at 486 (citing Folsom v. Marsh, 9 Fed. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901)).

88 *Id.*

89 *See, e.g.*, Peter Letterese & Assocs., Inc. v. World Inst. Scientology Enters., Int'l, 533 F.3d 1287, 1312 n.27 (11th Cir. 2008) ("Evidence of bad faith *may* be a relevant, but not necessarily dispositive, aspect of the first factor." (emphasis added)); Bill Graham Archives, LLC v. Dorling Kindersley, Ltd., 386 F. Supp. 2d 324, 333 (S.D.N.Y. 2005) ("Although not listed among the factors, courts *occasionally* consider whether the defendant exercised good faith." (emphasis added)).

Row, can be traced back to courts' confusion regarding the morally charged terminology of copyright law.

A use protected under Section 107 is described as "fair"; an act of infringement is sometimes called "piracy"; and fair use in general is frequently referred to as an "equitable" doctrine. The last of these — the invocation of equity — implicates a truly equitable doctrine, that of unclean hands. From there, it is no great leap to assume that a fair use proponent must have *clean* hands — that is, manifest "good faith and fair dealing," in the language of *Geis*.

In fact, however, fair use is not an equitable doctrine, and the application of the language of unclean hands to copyright law has only a short and undistinguished lineage. By failing to recognize this, courts and commentators unwittingly imported into fair use a doctrine that does not serve copyright's basic goals.

A. Historical Roots of the "Fairness" of Fair Use

Scholars trace the origins of fair use to the English concept of "fair abridgement,"[90] the legality of which was first announced in 1740 in *Gyles v. Wilcox*.[91] Decided thirty years after the passage of the Statute of Anne, *Gyles* involved a claim by the publishers of Sir Matthew Hale's *Pleas of the Crown* seeking an injunction against the publication of *A Treatise of Modern Crown Law*, which, the plaintiffs claimed, "borrowed verbatim" from their work with only minimal changes.

Lord Chancellor Hardwicke explained that "where books are colourably shortened only," the creator of the secondary work would be liable for infringement. There were limits to the principle, however:

> But this must not be carried so far as to restrain persons from making a *real and fair abridgment*, for abridgments 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 . . . .[92]

For Hardwicke, an abridgement was "fair" in the sense that the secondary work was a "new book," one that exhibited the secondary author's "invention, learning, and judgment." Morality had nothing to do with it. In fact, authors of the era loudly protested that such abridgements were "monstrous, idiotic, heartless, illegal, and iniquitous," but their complaints fell on deaf ears.[93]

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[90] *See* Ronan Deazley, *The Statute of Anne and the Great Abridgement Swindle*, 47 HOUS. L. REV. 793 (2010).

[91] (1740) 26 Eng. Rep. 489 (Ch.).

[92] *Id.* at 491 (emphasis added).

[93] CHARLES READE, THE EIGHTH COMMANDMENT 116, 152 (Boston, Ticknor & Fields 1860), *cited in* Deazley, *supra* note 90, at 797.

According to *Gyles*, to decide whether an accused work was a "mere evasion of the statute" or a fair abridgement required one to "sit and hear both books read over, which is absolutely necessary, to judge between them."[94] For this reason, Hardwicke decided that the individuals most qualified to perform the task were not the jury or judge, but "two persons of learning and abilities in the profession of the law, who would accurately and carefully compare [the two works], and report their opinion to the court."[95] Hence, there was no need to consider the conduct or intent of either party — all that the court needed to know was contained within the works themselves.

Subsequent English decisions confirmed that the idea of a "fair abridgment" referred to the fairness of the use, not the fairness of the user or his conduct. In *Strahan v. Newbery*, Lord Chancellor Apsley held that a fair abridgement is one "employed in carrying a large work into a smaller compass, and rendering it less expensive, and more convenient both to the time and use of the reader."[96] If the abridgment succeeded on these counts, it was "not an act of plagiarism upon the original work, nor against any property of the author in it, but an allowable and meritorious work."[97] In the case before him, Apsley found the defendant's work a fair abridgement, as it "might be read in the fourth part of the time" in comparison to the plaintiff's work, with "all the substance preserved, and conveyed in language as good or better than in the original, and in a more agreeable and useful manner."[98]

As fair abridgement evolved into fair use, the doctrine retained its utilitarian nature, focusing on whether the secondary work yielded public benefit. The seminal fair use decision in the United States, *Folsom v. Marsh*, drew a similar distinction to that observed by *Gyles* between a "colourably shortened" work and a "real and fair abridgement." Justice Story observed that "a reviewer may fairly cite largely from the original work, if his design be really and truly to use the passages for the purposes of fair and reasonable criticism."[99] If, however, the defendant "cites the most important parts of the work, with a view, not to criticise, but to supersede the use of the original work, and substitute the review for it," this would not qualify as a fair use.[100]

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94 *Gyles*, 26 Eng. Rep. at 491.

95 *Id.* at 492.

96 (1774) 98 Eng. Rep. 913, 914 (Ch.).

97 *Id.*

98 *Id.* It did not hurt the defendant's case that "he had consulted Mr. Justice Blackstone, whose knowledge and skill in his profession was universally known, and who as an author himself had done honour to his country," and that Blackstone agreed the abridgement was non-infringing. *Id.*

99 Folsom v. Marsh, 9 F. Cas. 342, 344-45 (C.C.D. Mass. 1841) (No. 4,901).

100 *Id.*

Though the language of *Folsom* might suggest that the defendant's "design" and "purposes" — apart from the resulting work — were relevant to the fair use analysis, the real question was whether the secondary work transformed the original or merely superseded it, a formulation that would find full expression in Judge Leval's 1990 article and that the Supreme Court would later adopt in *Campbell*.[101] Uses like "fair and reasonable criticism" were valuable to society, more valuable than the original author's interest in preventing such uses, which is why copyright law not only tolerated but encouraged them. This rationale, equating "fair" use with publicly beneficial use, has been a constant in U.S. copyright law, from the time of *Folsom* in 1841 up through the present day.[102]

B. Judicial Echo Chambers

As explained above, courts over the past several decades have departed from this utilitarian concept of fair use towards a moralistic one. This shift has been grounded in the related notions that fair use is an "equitable" doctrine and that the defense presupposes "good faith and fair dealing" on the part of the defendant. However, it turns out that both these notions have no real basis in history or law, other than through constant repetition in recent court decisions.

The doctrine of fair use is not actually, in any historical sense, an equitable doctrine. While some early cases, including *Gyles*, were decided by courts of equity, several others were decided at law, where the defense had its roots.[103] As Judge Leval has explained:

> Litigation under the Statute of Anne began in the law courts. Although plaintiffs who sought injunctions could sue, and did, in the courts of equity, which exercised parallel jurisdiction, the fair use doctrine did not arise out of equitable considerations. Fair use was a judge-made utilitarian limit on a statutory right.[104]

That fair use continues to be a *legal* and not equitable doctrine is demonstrated by the fact that the defense can be an issue for the jury, not the

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[101] *See Campbell*, 510 U.S. at 578-79.

[102] *See, e.g.*, Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc., 342 F.3d 191, 198 (3d Cir. 2003) ("[A]s we apply copyright law, and the fair use doctrine in particular, we bear in mind its purpose to encourage 'creative activity' for the public good." (quoting Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984))).

[103] WILLIAM F. PATRY, PATRY ON FAIR USE § 1:4 (citing Cary v. Kearsley, (1803) 4 Esp. 168, 170 Eng. Rep. 679) (K.B.); Roworth v. Wilkes, (1807) 1 Camp. 94, 170 Eng. Rep. 889 (K.B.)).

[104] Leval, *supra* note 7, at 1127 (footnote and citation omitted); *see also* Pierre N. Leval, *Fair Use Rescued*, 44 UCLA L. REV. 1449, 1456-57 (1997) (referring to "The 'Equitable Rule of Reason' Canard").

judge, at least where there are factual disputes at issue.[105] Fair use is therefore "not some open-ended referendum on 'fairness,' . . . but an effort to measure the purpose and effects of a particular use against the incentives for literary and artistic creation that drive copyright protections."[106]

Why then do recent courts so frequently refer to fair use as equitable? It appears the confusion can be traced back to the House Report on the 1976 Copyright Act, which stated:

> Although the courts have considered and ruled upon the fair use doctrine over and over again, no real definition of the concept has ever emerged. Indeed, *since the doctrine is an equitable rule of reason*, no generally applicable definition is possible, and each case raising the question must be decided on its own facts.[107]

The Report did not cite any authority for this point, but, taken in context, the term "equitable" here appears to refer to how the statutory factors should be applied — that is, flexibly — and not to some overriding principle of natural rights, let alone a notion that fair use was historically a doctrine of courts of equity. Fair use is continually evolving, Congress recognized, and so the Copyright Act must not "freeze the doctrine in the statute, especially during a period of rapid technological change."[108] In making this statement, the House Report was concerned with the decisions of the courts, not the actions of the parties.

This would seem uncontroversial enough. But then the Supreme Court's 1984 decision in *Sony Corp. of America v. Universal City Studios, Inc.* quoted the House Report, stating that Section 107 "identifies various factors that enable a court to apply an 'equitable rule of reason' analysis to particular claims of infringement."[109] Divorced from its original context, the idea that fair use is somehow "equitable" now looked like support for considering the equities in the fair use analysis. At least, courts took it that way. For example, the Second Circuit's decision in *Weissmann v. Freeman*, decided just a few years later, relied on *Sony* for the proposition that the fair use analysis "begins not by elevating the statutory guides into inflexible rules, but with a review of the underlying equities."[110]

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105 PATRY, *supra* note 103, § 1:4 n.4 (COLLECTING CASES).

106 Sony BMG Music Entm't v. Tenenbaum, 672 F. Supp. 2d 217, 226 (D. Mass. 2009).

107 H.R. REP. NO. 94-1476, at 65-66 (emphasis added).

108 *Id.*

109 464 U.S. 417, 448 (1984).

110 868 F.2d 1313, 1323 (2d Cir. 1989); *see also* Rogers v. Koons, 960 F.2d 301, 309 (2d Cir. 1992) ("Knowing exploitation of a copyrighted work for personal gain militates against a finding of fair use. And — because it is an equitable doctrine — wrongful denial of exploitative conduct towards the work of another may bar an otherwise legitimate fair use claim.").

Justice Blackmun anticipated this problem in his dissent in *Sony*, in which he argued that describing fair use as "equitable" "mischaracterizes the doctrine, and simply ignores the language of the statute."[111] Because the provisions of Section 107 are limited to "productive uses" like criticism, commentary, and research, fair use "must be applied flexibly on a case-by-case basis, but . . . only in the context of productive uses."[112] The limited scope of fair use, Blackmun reasoned, "comports with its purpose, which is to facilitate the creation of new works."[113] But, of course, he was dissenting. A year after *Sony*, the *Harper & Row* decision repeated the statement that fair use is an "equitable rule of reason."[114]

One outgrowth of the "equitable" trope was the idea that fair use "presupposes good faith and fair dealing." This purported principle seems to have had its origins in the writings of John Schulman, a copyright lawyer and scholar who played an active role in the adoption of the 1976 Copyright Act. Serving as a member of the Panel of Experts for the Revision of the United States Copyright Law,[115] Schulman testified before Congress in 1965 regarding the proposed revised statute.[116] It was during these hearings that Schulman described fair use as distinguishing "between a true scholar and a chisler [*sic*] who infringes a work for personal profit."[117] Three years later, in a 1968 law review article, he asserted that "[t]his flexibility in the concept necessarily flows from the fact that the 'fair use' privilege is predicated upon good faith and fair dealing."[118] He cited no cases or commentary in support of either proposition.[119]

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111 464 U.S. at 495 (Blackmun, J., dissenting).

112 *Id.*

113 *Id.*

114 *See* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 560 (1985).

115 His qualifications included appointments as member of the Board of Trustees of The Copyright Society of the U.S.A., former president of the American Patent Law Association, and member of the Council, Section of Patent, Trademark, and Copyright Law, American Bar Association. *See* John Schulman, *The Battle of the Books Revived – Copyright Law Revision in the Year 1971*, 18 J. COPYRIGHT SOC'Y 397, 397 (1971).

116 *Hearings on H.R. 4347 Before Subcommittee No. 3 of the House Committee on the Judiciary,* 89th Cong., at 1694-719 (1965).

117 *Id.* at 1704.

118 Schulman, *Fair Use*, *supra* note 40, at 832.

119 Schulman also amplified his points through self-reference, as he did when he quoted several paragraphs of his congressional testimony. *See* Schulman, *Fair Use*, *supra* note 40, at 837-38. Occasionally, he repeated entire arguments without citation. *Compare* Schulman, *Battle of the Books*, *supra* note 115, at 408 ("The doctrine of 'fair use' as a balance wheel and safety valve for the copyright system, was promulgated more than one hundred thirty years ago, as a judicial rule of public policy. Without statutory basis or definition it has become and remains firmly established as a basic tenet of our copyright system."), *with* Schulman, *Fair Use*, *supra* note 40, at 832 (same).

Nonetheless, the same year that Schulman's article was published, the *Geis* decision from the Southern District of New York quoted his article nearly word for word, stating that "[f]air use presupposes 'good faith and fair dealing.'"[120] Then, in 1984, *Harper & Row* adopted both the idea of "good faith and fair dealing" and the "true scholar"/"chiseler" distinction that had appeared in Schulman's congressional testimony, giving Schulman's work a profound influence on the development of copyright law in the matter of just a few years. One could fairly describe him as the father of the bad faith inquiry in fair use.

It is unclear, however, that Schulman understood or intended the effects that his work would have. Rhetorical flourishes aside, Schulman's vision of fair use was decisively utilitarian, not moral. For example, in unpacking why fair use should rest on "good faith and fair dealing," he explained:

> It serves the purpose of maintaining a proper balance between the exclusive rights secured to authors under the Copyright Statute, and the correlative right of the public to benefit from those contributions to literature, science, and the arts for which protection is provided for authors and other creators. The "fair use" doctrine as developed by the judicial process recognizes that not all copyrighted works serve the same function, or are entitled to the same measure of exclusivity, or enjoy the same market.[121]

This passage emphasizes the classic economic justifications of fair use, as well as the need for courts to conduct an objective analysis of the "function" of the two works. Schulman similarly argued that the "distinction between a true scholar and a chisler [*sic*] who infringes for personal profit" turns not on the defendant's unlawful intent but on the difference between "a mere quotation and the theft of an essential portion of a literary work."[122] The tone is didactic, but the reasoning is utilitarian.

Even Schulman's most moralistic statement of fair use — that the doctrine builds upon the Golden Rule, "Do unto others as you would have them do unto you"[123] — appears to have been simply a garbled translation. He did not include a citation, but it is likely Schulman was thinking of what Professor Nimmer has described as "Joseph McDonald's clever paraphrase of the Golden Rule: 'Take not from others to such an extent and in such a manner that you would be resentful if they so took from you.'"[124] In McDonald's model, the "extent" and "manner" mirror the

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120 Time, Inc. v. Bernard Geis Assocs., 293 F. Supp. 130, 146 (S.D.N.Y. 1968).

121 Schulman, *Fair Use*, *supra* note 40, at 832-33.

122 *Id.* at 837 (quoting *Hearings on H.R. 4347 Before Subcommittee No. 3 of the House Committee on the Judiciary,* 89th Cong., at 1694-719 (1965)).

123 *Id.*

124 3 NIMMER & NIMMER, *supra* note 67, § 13.05[A], at 13-66 (1984) (quoting Joseph McDonald, *Non-Infringing Uses*, 9 BULL. COPYRIGHT SOC'Y. 466, 467

third and first fair use factors, respectively. But when Schulman reformulated the Golden Rule idea as his own, much of the cleverness, and thus the precision, was lost.

And so, while Schulman's vision was largely a utilitarian one, consistent with copyright law's history, his morally charged phrases are what have made a lasting impact. As time passed and the basic phrases were repeated — in *Geis*, *Harper & Row*, and beyond — they became detached from their original meaning and context. In particular, the notion of "good faith and fair dealing" took on a life of its own, and courts quickly accepted it, likely because it seemed to fit within the moral idiom of copyright law.[125] Courts did not pause to evaluate whether bad faith had a proper role in the fair use analysis — perhaps because they each assumed someone else had already done so. That is unfortunate, because such an evaluation confirms that bad faith has no proper place in the fair use analysis.

IV. PROBLEMS WITH BAD FAITH IN PRACTICE

The fact that the bad faith inquiry lacks historical grounding is, on its own, not reason to reject it outright. It might be worth departing from precedent if the subfactor provided courts with a useful new tool for serving the purposes of copyright or addressing difficult legal issues. As discussed above, however, considering the defendant's bad faith does not serve the underlying rationale of copyright law, as it does nothing to encourage the production of new and valuable works. Rather, it merely casts doubt on the legality of a new work based solely on the motives or conduct of the author, and not the content of work itself or the audience it serves. Moreover, including bad faith as part of the fair use inquiry has pernicious effects on copyright law and copyright litigation. Thus, in practice, it has proven distracting at best and potentially destructive at worst.

There are three main contexts in which courts have considered the bad faith of the defendant advancing a fair use defense: (a) where the plaintiff contests whether the defendant's *access* to the copyrighted work was proper; (b) where the defendant failed to seek *permission* before using the plaintiff's work or did seek such permission but was refused; and (c) where the plaintiff challenges the propriety of the *use* itself (that is, not the

(1962)), *cited in* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 550 n.3 (1985).

125 After all, this is a field where unauthorized copying is often referred to as "piracy," with its connotations of unethical behavior. In practice, of course, outside the context of widescale copying of copyrighted works, to describe a work that borrows from another as "pirated" is simply to state the legal conclusion that the second work does not qualify as a fair use. *See* Leval, *supra* note 7, at 1126-27.

content of the work, but the use to which it is put).[126] In each of these categories, the bad faith inquiry does little or nothing to help decide the case at hand in keeping with copyright's goals and, in many circumstances, points in the opposite direction from established law.

A. Access

When courts have invoked bad faith as part of the first fair use factor,[127] they often consider whether the defendant had proper access to the copyrighted work or whether, in the words of *Harper & Row*, the defendant was working from a "purloined manuscript."

The most immediate problem with this application of bad faith is that it muddies the line between copyright and other areas of law. As several enlightened judges have observed,[128] the defendant in a copyright suit might also face civil penalties under contract or tort law, or even criminal liability.[129] Any of these legal regimes is better suited to assess the blameworthiness of the defendant's actions. For example, trade secret law typically requires a plaintiff to establish that it has taken adequate measures to maintain the secrecy of the allegedly protected information and that the defendant has acquired the information by "improper means" such as theft, misrepresentation, or breach of a confidentiality agreement.[130] Copyright law has no equivalent safeguards to ensure that the plaintiff's claim of misappropriation is valid. Courts should be reluctant to improvise this sort of complex analysis in the context of fair use.

Further, a defendant may be in breach of confidentiality obligations, but such potential liability should not be relevant to whether the *use* made of the work is fair. Notably, Congress appears to have assumed similar reasoning in enacting the anti-circumvention provisions of the Digital Millennium Copyright Act ("DMCA") in 1998. Although circumventing a

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126 This last category includes circumstances such as a lack of attribution to the original author or a misleading or critical portrayal of the copyrighted work.

127 Courts have sometimes addressed bad faith instead under the third or fourth factors, *see* Blanch v. Koons, 467 F.3d 244, 257 (2d Cir. 2006), or entirely separate from the enumerated factors, *see* Weissmann v. Freeman, 868 F.2d 1313, 1323 (2d Cir. 1989). Most, however, treat it as part of the first factor.

128 *See, e.g.*, Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 593 (1985) (Brennan, J., dissenting); NXIVM Corp. v. Ross Inst., 364 F.3d 471, 485 (2d Cir. 2004) (Jacobs, J., concurring); Leval, *supra* note 7, at 1126.

129 The manner in which journalists obtain their sources, for example, can create problems under criminal law. *See* Brian Stelter & Nick Bilton, *Computers Seized from Home of Blogger in iPhone Inquiry*, N.Y. TIMES, Apr. 26, 2010, http://www.nytimes.com/2010/04/27/technology/27iphone.html.

130 *See Trade Secrets Act*, NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS, *available at* http://www.uniformlaws.org/shared/docs/trade%20secrets/utsa_final_85.pdf (last visited Jan. 18, 2013).

copyright owner's technological measures can give rise to liability under Section 1201 of the DMCA, the same act cannot be evidence against a claim of fair use.[131] The legislative history is explicit that a plaintiff "should not be able 'to defeat a fair use defense by pointing to the fact that the defendant had circumvented a technological protection measure.'"[132]

Sometimes, courts invoke the bad faith subfactor on the basis that the plaintiff's work was unpublished.[133] This improperly overlaps with the second fair use factor, which already takes into account whether the copyrighted work is published or unpublished. Publication status is relevant, the Supreme Court said in *Harper & Row*, because of "the author's right to control the first public appearance of his expression," including "the choice whether to publish at all" as well as "the choices of when, where, and in what form first to publish a work."[134] The rationale is, once again, economic: quoting an unpublished work uniquely harms an author's incentive to create new works and thus tips the scales away from a finding of fair use.[135] However, as Congress clarified in 1992, the Copyright Act does not permit courts to treat the fact that the copyrighted work is unpublished as dispositive of the fair use analysis.[136] So when courts consider the propriety of the defendant's access in light of whether the plaintiff's work was unpublished, they risk disobeying Congress's instruc-

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131 17 U.S.C. § 1201(c)(1) (2006) ("Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.").

132 3 NIMMER & NIMMER, *supra* note 67, § 13.05[F][6] (quoting 1997 Hearings at 50 (statement of Register Peters)).

133 *See, e.g.*, Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc., 923 F. Supp. 1231, 1245 (N.D. Cal. 1995) ("[Defendant] Erlich's copies of Exhibit B works were more likely unauthorized than not; plaintiffs have proved substantial evidence that the Advanced Technology works are kept confidential, and that Erlich would not have been given permission to keep a copy of those works. For most of the disputed works, the fact that Erlich may have obtained his copies in an unauthorized manner tends to weigh in plaintiffs' favor."); *cf.* NXIVM Corp. v. Ross Inst., 364 F.3d 471, 478-80 (2d Cir. 2004) (weighing defendants' "bad faith" against finding of fair use where plaintiff alleged its "first publication rights" had been "'scoop[ed]'").

134 471 U.S. at 564.

135 The source of this harm is the likelihood that a secondary author will usurp the market for important uses like first serialization, a concern weighed under the fourth factor. *See Harper & Row*, 471 U.S. at 566-69.

136 17 U.S.C. § 107 (2006) ("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."); *see* Pub. L. No. 102-492, 106 Stat. 3145 (1992) (amending Section 107 of the Copyright Act regarding unpublished works).

tions by in effect counting publication status twice against the defendant.[137]

Some might argue that weighing improper access under the first factor (as part of "the purpose and character of the use") is necessary to protect the plaintiff's privacy in a closely guarded work. For example, *Harper & Row* found that, because the manuscript was unpublished and treated as secret, the defendant's use "clearly infringes the copyright holder's interests in confidentiality and creative control."[138] But there is no historical or logical basis for asking copyright law to play a role in the realm of privacy.[139] And to whatever extent copyright does recognize such interests, they are already embodied in the published/unpublished distinction.[140] In a case such as *NXIVM*, where the parties agree that the copyrighted work was "unpublished in the sense that it is not available to the general public,"[141] there is no need to consider also whether the defendant acquired the work by improper means. The work's unpublished status should count against the defendant — but only to some extent, and certainly only once.

Beyond the published/unpublished distinction, how a defendant accesses a copyrighted work reveals little about the fundamental balance between author incentive and public interest. If a work is published, a secondary use of the copyrighted material harms the plaintiff's copyright-related interests in the same way and to the same degree regardless of whether the work has been obtained legally or illegally.[142] Likewise, the benefit that society gains from a secondary use, such as the creation of a new work or criticism of the copyrighted work, is independent from the behavior of the defendant. To weigh access too heavily in the fair use analysis could unnecessarily deny society these beneficial uses. Courts occasionally seem to recognize this fact, at least implicitly, when they treat improper access as "insufficient proof" of bad faith where the copyrighted

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137 Moreover, the second factor, "the nature of the copyrighted work," requires courts to consider only the copyrighted work and its publication history, without delving into the actions or intent of either party.

138 471 U.S. at 564.

139 *See* Leval, *supra* note 7, at 1130 (arguing that copyright is "grotesquely inappropriate to protect privacy and obviously not suited to do so").

140 *See* Stern v. Does, 2011 U.S. Dist. LEXIS 37735, at *30 (C.D. Cal. Feb. 10, 2011) ("Concerns about confidentiality and creative control, however, lie primarily if not exclusively in the context of unpublished works. Plaintiff asserts publication at the time his e-mail was posted on the listserv. Any confidentiality concerns based on post-publication copying from the listserv are greatly attenuated.").

141 NXIVM Corp. v. Ross Inst., 364 F.3d 471, 475 (2d Cir. 2004).

142 Any additional, non-copyright harm — the exposure of a trade secret, or embarrassment, for example — may be dealt with according to the proper legal regime and need not enter the fair use analysis.

work is published.[143] But they should go one step further and refuse to consider access altogether.

B. Permission

If it accomplished nothing else, the *Campbell* footnote on bad faith appeared to settle — or at least *should* have settled — the debate over the relevance to the fair use analysis of whether the defendant first asked permission. The Court's reasoning was simple, and sound: "If the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use."[144] Any argument for considering permission fails because it assumes the legal conclusion that the secondary use is infringing; as Professor Nimmer explained, "were fair use held to exist, then no permission would have been needed."[145] This realization is especially important in cases where permission is likely impossible to secure even for reasonable uses, as with works of parody.[146]

Nonetheless, some courts since *Campbell* have continued to examine whether the defendant sought permission from the plaintiff. The only apparent difference is that such courts now weigh such attempts in favor of the defendant — that is, as a sign of the defendant's "good faith."[147] The *NXIVM* decision justified this approach by reasoning that the footnote in

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143 Warner Bros. Entm't Inc. v. RDR Books, 575 F. Supp. 2d 513, 545 (S.D.N.Y. 2008) ("Vander Ark's use of unauthorized electronic copies of Rowling's works, obtained by improperly scanning each of those works, in preparing the Lexicon manuscript is insufficient proof for the Court to make a finding of bad faith, particularly because Vander Ark did not obtain any material that was not already available to the public."); *see also* Time Inc. v. Bernard Geis Assocs., 293 F. Supp. 130, 146 (S.D.N.Y. 1968) (noting that the defendant could have just as easily accessed the Zapruder film by legitimate means).

144 Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 585 n.18 (1994).

145 3 NIMMER & NIMMER, *supra* note 67, § 13.05[A][1][D] at n.133.9.

146 *See* Fisher v. Dees, 794 F.2d 432, 437 (9th Cir. 1986) ("Parodists will seldom get permission from those whose works are parodied. Self-esteem is seldom strong enough to permit the granting of permission even in exchange for a reasonable fee. The parody defense to copyright infringement exists precisely to make possible a use that generally cannot be bought.").

147 *See, e.g.*, Bill Graham Archives, LLC v. Dorling Kindersley, Ltd., 386 F. Supp. 2d 324, 333 (S.D.N.Y. 2005) ("The fact that defendants' [*sic*] informed plaintiff of their intentions to use their images and made an effort to license the images where there might be question as to whether a license was needed, shows a good faith effort by defendants."); Kane v. Comedy Partners, 2003 U.S. Dist. LEXIS 18513, at *19-20 (S.D.N.Y. Oct. 15, 2003) ("[D]efendants' efforts to contact plaintiff and inform her of their plan to use her show are evidence of defendants' good faith effort to initially seek her informed consent.").

Campbell addressed only the "evidentiary matter" of how to prove bad faith and not the more basic problem of whether bad (or good) faith is ever relevant.[148] Others, however, have read the Supreme Court's decision more broadly, as making irrelevant whether or not the defendant acted with good faith.[149]

Whichever approach is the better reading of *Campbell*, there are serious practical problems with weighing requests for permission in favor of the defendant and against the plaintiff. By this logic, a secondary use that supersedes the copyrighted work and usurps its market will nonetheless be more likely to succeed as a fair use simply because the defendant thought to contact the plaintiff ahead of time. But the request for permission reveals nothing about the economic balance of interests at stake.

Moreover, counting such requests *for* the defendant makes it more likely that courts will return to a pre-*Campbell* analysis where a failure to request permission counts *against* the defendant — as, indeed, some lower courts (often inspired by the *NXIVM* decision) have recently done.[150] One of the more striking recent examples is the Southern District of New York's decision in *Cariou v. Prince*.[151] The court in *Cariou*, relying on *NXIVM*'s reference to "the propriety of a defendant's conduct," faulted artist Richard Prince for never seeking permission to use the plaintiff's works or even attempting to contact him to ask "about usage rights to the Photos, even though [the plaintiff's work] clearly identified [the plaintiff] as the sole copyright holder" and the plaintiff's email address was readily available.[152] The court then simply concluded that, "[u]nder these circumstances, Prince's bad faith is evident."[153] Yet the court in *Cariou* never

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148 *See* NXIVM Corp. v. Ross Inst., 364 F.3d 471, 479 n.2 (2d Cir. 2004) ("In *Campbell* the Court found, in the context of a parody made by the defendants, that the defendants' request for permission to use the original copyrighted work and the plaintiffs' denial of that permission could not — as an evidentiary matter — be used to show that the defendants believed that their use was not fair.").

149 *See* Warren Publ'g Co. v. Spurlock, 645 F. Supp. 2d 402, 417 (E.D. Pa. 2009) ("While the Supreme Court in *Harper & Row* stated that good faith and fair dealing were required for a finding of fair use, the Court's later decision in *Campbell* appeared to suggest, though not directly holding, that this was no longer true.").

150 *See, e.g.*, Reyes v. Wyeth Pharm., Inc., 603 F. Supp. 2d 289, 297-98 (D.P.R. 2009) ("On the record before the Court, Cordero knew that the sculpture belonged to Reyes . . . . Nonetheless, Cordero utilized the sculpture in the 'naci para crear' campaign without first seeking Reyes' permission. . . . These actions do not exhibit good faith.").

151 784 F. Supp. 2d 337 (S.D.N.Y. 2011). At the time of this writing, *Cariou* is currently on appeal to the Second Circuit.

152 *Id.* at 351.

153 *Id.*

considered the critical point made by *Campbell*: "If the use is otherwise fair, then no permission need be sought or granted." To avoid such outcomes in the future, the only logical approach is to remove from the fair use analysis entirely the question of whether permission has or has not been sought.

C. *Use*

Outside the relatively narrow issues of access and permission, more and more courts are now willing to consider the propriety of the secondary use itself, extending far beyond considerations appropriate under the first factor. This inquiry can take several forms. Sometimes the conduct in question is the defendant's failure to give credit to the original author.[154] Sometimes, it is the defendant's alleged distortion or mischaracterization of the copyrighted work.[155] In still other cases, it is whether the defendant actually intended to make the transformative use claimed under the first factor.[156]

What is troubling about the first two — lack of attribution and distortion of the copyrighted work — is that they closely resemble the moral rights of paternity and integrity, respectively. Whether and to what extent the Copyright Act protects moral rights has been a source of much controversy, especially since 1988, when the United States became a party to the Berne Convention.[157] With the Visual Artists Rights Act of 1990, Congress expressly granted a limited set of moral rights in works of fine art[158] but otherwise has done little to recognize authors' interests in paternity and integrity.[159] The choice of whether to take any additional steps to

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154 *See, e.g.*, Narell v. Freeman, 872 F.2d 907, 914 (9th Cir. 1989) ("Finally, this factor weighs heavily against [the defendant] because she did not acknowledge in her work that she had consulted [the plaintiff's work] in writing *Illusions*, although such an acknowledgment does not in itself excuse infringement.").

155 *See* Lish v. Harper's Magazine Found., 807 F. Supp. 1090, 1097 (S.D.N.Y. 1992) (stating that "[f]airness of the treatment or editing of the material is an element of good faith" under the first fair use factor, though ultimately finding that plaintiff "failed to prove that [the copyrighted work] was substantially distorted").

156 *See, e.g.*, Blanch v. Koons, 467 F.3d 244, 252 (2d Cir. 2006).

157 *See* Justin Hughes, *American Moral Rights and Fixing the* Dastar *"Gap"*, 2007 UTAH L. REV. 659.

158 17 U.S.C. § 106A (2006).

159 This job has instead been left to a hodgepodge of existing laws. *See* S. REP. No. 100-352, at 9-10 (1988) (accompanying Pub. L. No. 100-568, Berne Convention Implementation Act of 1988) ("However, protection is provided under existing U.S. law for the rights of authors listed in Article 6bis . . . . This existing U.S. law includes various provisions of the Copyright Act and Lanham Act, various state statutes, and common law principles such as li-

protect moral rights under U.S. copyright law should be made consciously and carefully — and by Congress, not the courts.[160]

Put simply, the right of paternity has no place in the fair use analysis. A lack of attribution does not reflect whether the secondary use is transformative or whether it usurps the market for the original, or shed light on any other issue relevant to fair use. Moreover, penalizing the defendant for failing to acknowledge the original author assumes that he or she is entitled to such acknowledgment. The Supreme Court's decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.* rejected the notion that authors have a right to demand attribution under the Lanham Act for copyrighted works.[161] While *Dastar* concerned a work that had fallen into the public domain, the same rule has since been applied equally to works still under copyright.[162] It would contravene at least the spirit of *Dastar* to allow authors to raise the same basic claim — that lack of attribution is a legally cognizable harm supporting a finding of infringement — under the guise of the first fair use factor.

Protecting the author's right of integrity through the bad faith subfactor is similarly inappropriate. A work that qualifies as transformative under the first factor is more likely to be a fair use. That a transformed work can often be re-characterized as a "distortion" should not weigh against the defendant. Of course, the fact that the defendant "distorted" or "mischaracterized" the plaintiff's work may be relevant in the fair use analysis if the focus is on *how* the defendant altered the earlier work and whether, as a result, the new work serves a different purpose. But using "distortion" and "mischaracterization" as moral descriptions of the defendant's purpose and conduct should have no place in the fair use analysis.[163]

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bel, defamation, misrepresentation, and unfair competition, which have been applied by courts to redress authors' invocation of the right to claim authorship or the right to object to distortion.").

160 *See* Leval, *supra* note 7, at 1128-29 ("If we wish to create such [moral] rights for the protection of artists, we should draft them carefully as a separate body of law, and appropriately define what is an artist and what is a work of art. These difficult definitions should be far narrower than the range of copyright protection. We ought not simply distort copyright to convey such absolutes.").

161 539 U.S. 23, 38 (2003).

162 *See* Michael Grecco Photography, Inc. v. Everett Collection, Inc., 589 F. Supp. 2d 375, 387-88 (S.D.N.Y. 2008), *vacated on other grounds*, 2009 U.S. Dist. LEXIS 35718 (S.D.N.Y. Apr. 7, 2009).

163 *See* Savage v. Council on Am.-Islamic Relations, Inc., 2008 U.S. Dist. LEXIS 60545, at *11 (N.D. Cal. July 25, 2008) ("Plaintiff tries to conflate 'motive' with the purpose and character of the use, which is not permitted by the case law. Rather, even assuming the truth of plaintiff's allegations about

The last way in which some courts have considered the defendant's intent as to use is in determining whether the secondary use is sufficiently transformative. As we have discussed, *Campbell* directed courts to conduct an objective analysis under the first factor: what purpose and character "may reasonably be perceived"? Such an analysis might incorporate the defendant's stated purpose in making the work, as it will often provide helpful evidence of the actual purpose.[164] It would be a mistake, however, to take the defendant entirely at his or her word.[165] Ultimately, what the defendant intended and what the defendant achieved are two different things, and it is the latter that courts must discover.[166] That is, the defendant's asserted intent and subjective perception of his or her work will be relevant to the fair use inquiry, but only to the extent such intent is reflected in — can "reasonably be perceived" in — the actual work that the defendant created.[167]

As the bad faith inquiry has become more accepted in the case law, some courts have effectively combined the three categories just discussed — access, permission, and use — to create a kind of super-subfactor that

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motive, it is the manner of use, not the motivation behind it, which must be analyzed: 'what use was made,' rather than 'who is the user.'").

164 *See* Henley v. Devore, 2010 U.S. Dist. LEXIS 67987, at *25-26 (C.D. Cal. 2010) ("[T]he parties dispute whether the parodist's subjective contemporaneous intent in making the work is relevant to the parody inquiry. The answer is clearly yes, at least as evidence of whether the work actually contains parodic character. In *Campbell*, Justice Kennedy cautioned courts to be wary of post hoc rationalizations of parody, and courts have consistently looked to contemporaneous evidence of defendants' intent in making the alleged parody.").

165 For an apparent example of conflating stated purpose and actual purpose, see Blanch v. Koons, 467 F.3d 244, 252 (2d Cir. 2006) ("Koons is, by his own undisputed description, using Blanch's image as fodder for his commentary on the social and aesthetic consequences of mass media. His stated objective is thus not to repackage Blanch's 'Silk Sandals,' but to employ it in the creation of new information, new aesthetics, new insights and understandings." (citations omitted)).

166 *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 583 n.17 ("We note in passing that 2 Live Crew need not label their whole album, or even this song, a parody in order to claim fair use protection, nor should 2 Live Crew be penalized for this being its first parodic essay. Parody serves its goals whether labeled or not, and there is no reason to require parody to state the obvious (or even the reasonably perceived).").

167 This can be seen as the flip side of the conclusion that the subjective perceptions of members of the public who see a defendant's work are also not relevant to determining whether it is sufficiently parodic and therefore transformative to qualify as a fair use. *See* Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 801 (9th Cir. 2003) ("We decline to consider Mattel's survey in assessing whether Forsythe's work can be reasonably perceived as a parody. Parody is an objectively defined rhetorical device.").

asks whether the defendant "reasonably believed" the secondary use was fair.[168] Intent is treated as a balancing test, in which good faith and bad faith may cancel each other out.[169] In addition to the many problems we identify above, this approach raises the further possibility of introducing a negligence standard into fair use doctrine. Defendants would have to prove not only that the accused work satisfies the criteria of Section 107 but also that, under the circumstances, a yet-to-be-defined "reasonable person" would have believed the work met these criteria. This would greatly increase the evidentiary burden placed on defendants and, with it, the uncertainty of succeeding on fair use.[170]

V. BROADER IMPLICATIONS

A recent empirical study revealed that approximately one-sixth of the fair use opinions issued between 1978 and 2005 considered the issue of bad faith.[171] In those cases, courts found that the defendant had acted in bad faith about a quarter of the time, and nearly all findings of bad faith coincided with a finding of no fair use.[172] Still, the data proved to be of somewhat limited significance. As the author of the study, Barton Beebe, observed, the bad faith inquiry more than any other subfactor "appears to be susceptible to a basic circularity: did the court find the defendant's use to be unfair because the defendant's conduct was improper, or did the court find the defendant's conduct to be improper because its use was unfair?"[173]

The study suggests two important aspects of bad faith in fair use. One is how little is understood about the role that bad faith plays — and should play — in the fair use analysis. The other is that the subfactor has become

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168 *See, e.g.*, Warner Bros. Entm't Inc. v. RDR Books, 575 F. Supp. 2d 513 (S.D.N.Y. 2008) ("This subfactor weighs only slightly in favor of Plaintiffs, as the Court finds that Defendant reasonably believed its use was ultimately fair."); *cf.* Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146, 1164 n.8 (9th Cir. 2007) ("Unlike the alleged infringers in *Video Pipeline* and *Atari Games*, who intentionally misappropriated the copyright owners' works for the purpose of commercial exploitation, Google is operating a comprehensive search engine that only incidentally indexes infringing websites. This incidental impact does not amount to an abuse of the good faith and fair dealing underpinnings of the fair use doctrine.").

169 Gulfstream Aerospace Corp. v. Camp Sys. Int'l, Inc., 428 F. Supp. 2d 1369, 1377 n.5 (S.D. Ga. 2006) ("[A]ny bad faith inference that might be drawn is negated by other evidence demonstrating [defendant's] good faith belief that it was using the manuals appropriately.").

170 *See infra* Part V.B.

171 Barton Beebe, *An Empirical Study of U.S. Copyright Fair Use Opinions, 1978-2005*, 156 U. PA. L. REV. 549, 608 (2008).

172 *Id.*

173 *Id.*

a fixture in the law. To the first point, we have tried to demonstrate that the bad faith inquiry is an historical and doctrinal anomaly and that it has no practical or theoretical value in deciding fair use cases. To the second point, we now briefly consider some of the most pressing reasons to eradicate the bad faith inquiry from fair use once and for all, including its effects on the central goals of copyright and the danger it poses to free speech.

A. Bad Faith or Social Value?

As we have seen, fair use plays a critical role in maintaining copyright's economic bargain between authors and the public.[174] By allowing a defendant to make transformative, non-competitive uses of the copyrighted work, fair use follows the constitutional mandate to promote progress while still protecting the core rights of the original author, which in turn maintains the incentive to create. Congress has decided that where a use satisfies the criteria of Section 107, the benefit to the public outweighs the original author's interests in preventing such uses.

Because society's interests are at stake, courts have for the most part been careful to evaluate fair use based on the works themselves. After all, the only way to verify that society will benefit from a claimed fair use is by reference to the secondary use and its relationship to the copyrighted work. The actions and intent of either party, beyond what is reflected in the works themselves, are at best tangential to the analysis. Certainly, society might be harmed by the defendant's bad acts, such as breach of a duty to maintain secrecy or theft of another's property, but, as we have suggested, these harms are already adequately addressed outside the realm of copyright law.[175] Society does not gain in any way by making such conduct subject to scrutiny under the auspices of fair use doctrine.

Instead, the bad faith inquiry threatens to override copyright law's goal of serving the public interest. The harm caused by a defendant's bad behavior rarely has anything to do with the social value created by the secondary use. As Professor Nimmer observes, investigative journalism offers an instructive example:

> Imagine an undercover reporter who obtains access to a public figure's private writings under false pretenses — should the socially valuable revelations contained in those writings be lost to the public based on the circumstances of a lie having been told? Presumably, sound public policy counsels against such a result.[176]

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[174] *See supra* Part I.A.

[175] *See supra* Part IV.A.

[176] 3 NIMMER & NIMMER, *supra* note 67, § 13.05[A][1][D] n.133.14.

To ensure that fair use effectively protects this policy interest and others like it, courts must refuse to consider bad faith. A devious and deceptive investigative reporter (or biographer or satirist) may be liable for trespass, invasion of privacy, or some other civil wrong. But such conduct should not be relevant to whether or not that author's works are deemed a fair use.

B. Increased Uncertainty and Cost

Another way in which bad faith impairs the goals of copyright law is by making fair use less predictable and more costly. Whether a fair use defense will succeed is already notoriously difficult to predict.[177] But such prediction becomes considerably more difficult if the relevant inquiry goes beyond a side-by-side comparison of the two works and consideration of potential market effects. Publishers and other content providers will likely be more reluctant to distribute a work without assurances of the propriety of the author (or of the author's source, who may be the one who obtained a "purloined manuscript"), whether or not the work otherwise has a strong claim to fair use.[178]

Considering bad faith also raises the costs of litigating fair use. Where the court must consider a party's actions and state of mind, more discovery will be necessary to litigate fully whether a use is fair. Cases will more often involve messy factual disputes unrelated to the question of infringement.[179] When discovery is complete, there are more likely to be

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[177] *See* James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 889 (2007) ("From the ex post perspective of the defendant already embroiled in expensive litigation, an adaptable, equitable defense is useful. But for the prospective defendant wondering whether a given act will prove to be infringing, fair use is too ambiguous to provide much ex ante guidance.").

[178] *See* NXIVM Corp. v. Ross Inst., 364 F.3d 471, 486 (2d Cir. 2004) (Jacobs, J., concurring). Of course, authors and publishers face the risk of being unpleasantly surprised even in the absence of a bad faith inquiry. Sometimes, for example, an author may lie about his sources to his lawyer. *See* Liz Robbins, *Artist Admits Using Other Photo for 'Hope' Poster*, N.Y. TIMES, Oct. 17, 2009, http://www.nytimes.com/2009/10/18/arts/design/18fairey.html. Other times, the author himself might not realize he has copied. *See* Bright Tunes Music Corp. v. Harrisongs Music, Ltd., 420 F. Supp. 177, 180-81 (S.D.N.Y. 1976) (unconscious copying by George Harrison).

[179] *See, e.g.*, Monge v. Maya Magazines, Inc., 688 F.3d 1164, 1173 n.6 (9th Cir. 2012) ("[Plaintiffs] claim[ ] that [defendant Maya Magazines] acted in bad faith by failing to: seek permission from them; confirm that the copyrights in the images belonged to Viqueira; and seek any documentation as to ownership. Maya presents evidence, however, that it procured a written copyright assignment from Viqueira, and argues that it had no reason to believe that the known paparazzo did not have rights to the photos."); Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc., 923 F. Supp. 1231,

genuine issues of material fact, such as the question of how the defendant obtained a copy of the plaintiff's work or whether the defendant first sought permission, so decreasing the chances of resolving fair use on summary judgment. And because fair use is an affirmative defense, the increased litigation burden will fall disproportionately on defendants, especially in courts that look for proof of a reasonable belief that the use was fair.[180] The effect will be to drive up the cost of discovery and prolong litigation, all while doing nothing to resolve the critical issue: whether the defendant's work lies outside the proper reach of plaintiff's copyright.

C. First Amendment Concerns

Finally, it is important to note that accusations of bad faith often arise in disputes over news reporting,[181] critical commentary,[182] and other secondary uses vital to the free flow of information and ideas. The Supreme Court in *Eldred v. Ashcroft* held that fair use, along with the idea/expression dichotomy, serves as one of copyright's built-in First Amendment protections.[183] After *Eldred*, courts will be unwilling to scrutinize copyright law under the First Amendment except in extraordinary circumstances.[184] This places enormous pressure on fair use to prevent the statutory monopoly of copyright from being used to obstruct free speech.

Keeping bad faith part of the fair use analysis jeopardizes First Amendment protection for public speakers of all kinds. As one court noted in a recent decision finding fair use despite the fact that the defendant news organization obtained the copyrighted work through allegedly surreptitious means, "[t]he robust quality of the First Amendment would be compromised if the news media were confined to authorized sources for its reporting."[185] And the media are not the only ones affected, as the bad faith inquiry also creates an opening for plaintiffs to try to suppress

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1244-45 (N.D. Cal. 1995) (analyzing at length whether defendant's access to various works was unauthorized).

180 *See supra* Part IV.C.

181 *See, e.g.*, Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985).

182 *See, e.g.*, Fisher v. Dees, 794 F.2d 432, 437 (9th Cir. 1986).

183 537 U.S. 186, 219 (2003).

184 *Id.* at 221 ("[W]hen, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary."); *see* Golan v. Holder, 132 S. Ct. 873, 889-94 (2012) (declining to apply heightened First Amendment scrutiny to Section 514 of the Uruguay Rounds Agreements Act, in large part because "Section 514 leaves undisturbed the 'idea/expression' distinction and the 'fair use' defense").

185 Swatch Group Mgmt. Servs., Ltd. v. Bloomberg, L.P., 2012 WL 1759944, at *4 (S.D.N.Y. May 17, 2012).

the speech of those who oppose them on political,[186] religious,[187] or other grounds.[188] Even if courts ultimately reject such attempts, the increased uncertainty and cost already noted could be enough to intimidate some defendants to recant rather than risk litigation. Together with the many problems addressed above, this threat to free speech is a further reason to discard bad faith from fair use.

CONCLUSION

The Supreme Court's footnote in *Campbell* appeared to invite serious reevaluation of the role of bad faith in the fair use analysis.[189] Having conducted such an examination, we find many reasons to leave behind the bad faith inquiry and no reasons to keep it. It is rooted in a misunderstanding of the "equitable" nature of fair use. It is inconsistent with a traditional analysis of fair use, which centers on the works and not their makers. It tends to confuse fair use with other areas of law like contracts, torts, and criminal law and to introduce new considerations like moral rights without careful inspection. It makes fair use more costly and less predictable for both defendants and plaintiffs and raises concerns about copyright's built-in First Amendment protections. And, perhaps most important, it does not further and often frustrates the basic goal of the fair use doctrine, and of copyright generally, to increase public access to new, socially valuable works. The time has come for the bad faith inquiry to go.

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[186] See Savage v. Council on Am.-Islamic Relations, Inc., 2008 U.S. Dist. LEXIS 60545, at *11 (N.D. Cal. July 25, 2008) ("Plaintiff argues that the fair use defense is inapplicable to defendants' usage of, and comment on, segments of the copyrighted audio work because defendants' 'infringement was not done for genuine criticism or comment,' but instead misrepresented plaintiff's views with the intention to raise funds for their own political purposes as 'a foreign agent for international terror' under the guise of a non-profit, civil rights group.").

[187] *See* Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc., 923 F. Supp. 1231, 1244-45 (N.D. Cal. 1995) (infringement claim against critic of the Church of Scientology).

[188] *See* NXIVM Corp. v. Ross Inst., 364 F.3d 471, 486 (2d Cir. 2004) (Jacobs, J., concurring) ("Dr. Ross and his co-defendants quoted from NXIVM's manual to show that it is the pretentious nonsense of a cult.").

[189] *See* Pierre N. Leval, California Bar Copyright Lecture (Mar 3. 2008) (on file with authors) ("The Court's use of the subjunctive — 'Even if it were' — strongly suggests that [good faith] is not [central to fair use]. Justice Souter appears to have found a diplomatic way of retreating from the earlier assertion without requiring Justices who joined in both to acknowledge error.").

PART II

RECENT DEVELOPMENTS IN COPYRIGHT

"RECENT DEVELOPMENTS IN COPYRIGHT" SELECTED ANNOTATED CASES

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These annotations cover cases reported since our report at the 35th Copyright Society Annual Meeting of 2011.

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I. JURISDICTION AND PROCEDURAL ISSUES

A. Subject Matter Jurisdiction

Bisnews AFE, Ltd. v. Aspen Research Group, Ltd., No. 11-3108, 2011 U.S. Dist. LEXIS 99047 (S.D.N.Y. Aug. 2, 2011)

District court granted defendant's motion to dismiss for lack of subject matter jurisdiction where allegedly infringing acts occurred outside U.S. Plaintiff, Thailand corporation, provided real-time stock prices, analysis, news and other related information via Bisnews product utilizing Apex

software licensed from defendant. Defendant, Colorado corporation, provided pre-packaged software services to clients worldwide. Defendant granted plaintiff non-exclusive license to use Apex and to provide sublicense for use of Apex to plaintiff's subscribers in Thailand. License agreement limited parties to whom defendant could provide Apex in Thailand. Defendant entered in joint venture with Thai news agency to develop new real-time stock information service Aspen. Plaintiff filed copyright infringement claim, alleging that Aspen was substantially similar to Apex. Defendant filed motion to dismiss under Rule 12(b)(1) for lack of subject matter jurisdiction, arguing that there was no predicate act committed in U.S. upon which copyright claim could be brought. Court agreed, reasoning that copyright laws generally do not have extraterritorial application, and that defendant's acts alleged by plaintiff failed to satisfy exception to rule, *i.e.*, to allege that infringing act occurred within U.S., and this act initiated further infringement abroad. Court found that entry into joint venture with news agency and review of allegedly infringing product by defendant's principal in U.S. were insufficient as matter of law, and that alleged joint development of infringing product and sale of infringing product from U.S. to Thailand were unsupported and in certain key respects contradicted by documents on which plaintiff relied. Court reasoned further that alleged sales occurred in Thailand, and such foreign sales did not support subject matter jurisdiction.

Prado v. Cunningham & Assocs., Inc., No. 11-371, 2011 U.S. Dist. LEXIS 77699 (D. Ariz. July 15, 2011)

Plaintiff brought claim for breach of contract based on defendant's failure to render payment for services in connection with photographs used in online auction. After defendant filed claim against third-party defendant Auction Nation, independent contractor that prepared copyrighted photographs, Auction Nation brought counterclaim against defendant for infringement on ground that defendant had used copyrighted photographs without rendering payments required under parties' agreement. Upon Auction Nation's admission that there had been implied license agreement between the parties, defendant moved to dismiss infringement claim. Court granted defendant's motion, finding that Auction Nation's grant of implied non-exclusive license to defendant to use copyrighted photographs barred its infringement claim as matter of law. For copyright claim to exist, Auction Nation was required to show that it had rescinded (terminated) agreement based upon defendant's failure to pay, and that defendant had thereafter used copyrighted photographs without authorization. Court held that Auction Nation had shown neither; instead, Auction Nation had merely asserted claim for breach of contract that involved copyright elements, which was insufficient to confer federal jurisdiction.

B. Personal Jurisdiction and Venue

Mavrix Photo, Inc. v. Brand Technologies, Inc., 647 F.3d 1218 (9th Cir. 2011)

Plaintiff, celebrity photo agency, brought infringement suit against operator of "Hollywood" celebrity gossip website, alleging that defendant had posted copyrighted photographs without plaintiff's authorization. Plaintiff regularly licensed celebrity photos to magazine publications such as *People* and *Us Weekly*. Defendant, Ohio corporation, moved to dismiss for lack of personal jurisdiction. District court granted defendant's motion. On appeal, Ninth Circuit held that defendant's contacts with California were not sufficiently "continuous and systematic" to confer general personal jurisdiction, since defendant had no offices or staff in California, was not registered to do business in state, had no registered agent for service of process in state, and paid no state taxes. However, court reversed lower court's dismissal upon finding "minimum contacts" with California sufficient to confer specific personal jurisdiction over defendant. Court found that defendant had "purposefully directed" its activities toward California where (1) defendant had intentionally reposted allegedly infringing photos on its website; (2) defendant's acts were "expressly aimed" at California, since substantial number of hits to defendant's website came from California residents, defendant sold advertising space to third-party advertisers who posted advertisements (*e.g.*, travel ads) directed to Californians, and defendant's website had overarching "focus on the California-centered celebrity and entertainment industries" such that it "anticipated, desired, and achieved a substantial California viewer base"; and (3) defendant knew its acts were likely to cause plaintiff harm in California, since substantial part of photos' value derived from likelihood that significant number of Californians would have otherwise purchased magazine publications like *People* and *Us Weekly* in order to view copyrighted photos.

Byun v. Amuro, No. 10-5417, No. 10-5417, 2011 U.S. Dist. LEXIS 100472 (S.D.N.Y. Sept. 6, 2011)

District court granted defendants' motion to dismiss where plaintiff did not adequately allege statutory basis for personal jurisdiction over defendants, Japanese individual and corporate entities. Every corporate defendant was Japanese company with its principal place of business in Japan. Plaintiff, professional photographer and New York resident, owned copyright in image of woman ripping photograph of her own face in half as she stares at camera through tear. Defendant Japanese recording artist released album featuring on promotional materials series of photographs in which defendant looks through picture of herself as she tears it in half.

Plaintiff alleged that defendants expected and intended that album would be promoted, distributed and sold worldwide, including in New York, and that album was sold in New York City and could be purchased over Internet by buyers anywhere in U.S. Defendants moved to dismiss complaint under Fed. R. Civ. P. 12(b)(2) for lack of personal jurisdiction. Corporate defendants asserted that they did not own any property in New York, did not have bank accounts in New York, and did not own any interest in New York entities. Defendant Amuro asserted that, although she briefly vacationed in New York, she conducted no business with New York entities, and had never performed or promoted album in New York. Analyzing alleged facts under New York long-arm statute, CPLR 302(a), court concluded that plaintiff failed to state prima facie case for personal jurisdiction. Plaintiff did not allege that any New York seller acted with defendants' knowledge or consent or was under their control, or that defendants sold album to importer with full knowledge that it would be resold in New York. Plaintiff also did not allege that any defendant regularly conducted business in New York, derived revenue in New York, or engaged in persistent conduct in New York. Further, mere likelihood or foreseeability that defendants' product would find its way into New York was not sufficient to show injury to plaintiff within New York, and plaintiff failed to allege facts suggesting that defendants intended directly or indirectly to serve New York market. Court accordingly granted motion to dismiss.

C. Standing

Righthaven, LLC v. Hoehn, 792 F. Supp. 2d 1138 (D. Nev. 2011)

Plaintiff brought suit for infringement of literary work, alleging that defendant had uploaded work to website without plaintiff's authorization. Plaintiff was not copyright owner when work was posted online, but rather alleged ownership based on subsequent assignment. Defendant moved to dismiss, arguing that plaintiff lacked standing to sue, on ground that it was not owner of exclusive right in copyright at issue. Although assignment purported to transfer all rights in copyrighted work to plaintiff, plaintiff could not exploit or profit from work in any way other than receipt of proceeds in connection with infringement action, and assignment was fully terminable by assignor at any time. Court therefore granted defendant's motion to dismiss, since plaintiff possessed no right other than "bare right to sue," which did not constitute "exclusive right" in copyrighted work necessary for standing. Court further found that revised assignment did not remedy standing defect, since plaintiff was still foreclosed from exploiting copyrighted work for any purpose other than bringing infringement action, and since assignor could in its sole discretion repurchase all right and title to copyright for nominal fee.

Righthaven, LLC v. Democratic Underground, LLC, 791 F. Supp. 2d 968 (D. Nev. 2011)

District court dismissed plaintiff's complaint for lack of standing, but maintained jurisdiction over defendant's declaratory judgment counterclaim against counterdefendant Stephens Media, LLC. Plaintiff sued defendant for infringement after user posted, without permission, article about Tea Party's effect on Sharon Angle's senatorial campaign on Democratic Underground's website. Plaintiff alleged that it purchased copyright in article from Stephens Media, including right to sue for past infringements. However, plaintiff's Strategic Alliance Agreement ("SAA") with Stephens, which plaintiff initially failed to disclose, revealed that plaintiff acquired only bare right to sue. Court rejected plaintiff's argument that SAA did not alter or limit rights it purportedly obtained by subsequent assignment from Stephens, finding that plain language of SAA prevented plaintiff from ever acquiring any exclusive right other than bare right to sue. Court, citing *Silvers v. Sony Pictures Entertainment, Inc.*, 402 F.3d 881 (9th Cir. 2005), explained that "[s]ince the right to sue is not one of the exclusive rights, transfer solely of the right to sue does not confer standing on the assignee." Court also rejected plaintiff's argument that court should construe SAA to confer standing based on parties' intent, finding (1) plain language of SAA was unambiguous in conveying intent of parties to deprive plaintiff of all rights but right to sue; and (2) since SAA was not void or unenforceable, court had no basis to amend or reinterpret SAA to confer standing on plaintiff. Lastly, court rejected plaintiff's argument that amendment to SAA executed by parties well after commencement of action cured defects of SAA and gave plaintiff standing to sue. Since standing depends on facts as they exist at time complaint is filed, plaintiff cannot subsequently amend facts to manufacture standing.

Brownmark Films, LLC v. Comedy Partners, 800 F. Supp. 2d 991 (E.D. Wis. 2011)

District court denied defendant's motion to dismiss for lack of standing where plaintiff became copyright co-owner via assignment from two of three original copyright owners. Plaintiff was co-owner of copyright in music video entitled *What What (In the Butt)* (WWITB). Defendants were entities involved in production of *South Park*. Plaintiff sought damages and injunctive relief based on *South Park* episode in which character Butters is coaxed by his friends to record Internet video in hopes of making "Internet money." Video replicated parts of WWITB video, with Butters singing WWITB's central lines while dressed as teddy bear, astronaut and daisy. In episode, video went viral; however, *South Park*'s fourth graders' attempts to collect "Internet money" were fruitless. Defendants filed motion to dismiss, arguing, inter alia, that plaintiff lacked standing to sue be-

cause only two of three original copyright owners assigned their rights to plaintiff. Defendants cited *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137 (9th Cir. 2007), which held that only means by which party may obtain exclusive license of copyright in joint work is to have all co-owners grant such license. Court found *Sybersound* unpersuasive. Instead court adopted position that determination of whether grant is exclusive or non-exclusive "depends on the grant." Congress intended co-owners to be able to grant nonexclusive licenses and to transfer their proportional share in whole without others' permission, and transferee should be able to stand in shoes of transferor. Accepting allegation in complaint as true, court found grant by two original owners of their interest in WWITB to be complete assignment of their rights, and concluded that plaintiff had standing to sue for infringement of underlying copyright.

D. Miscellaneous

Property Science Group, Inc. v. Pinnacle Capital Mortgage Corp., No. 11-2687, 2011 U.S. Dist. LEXIS 100977 (N.D. Cal. Sept. 8, 2011)

District court granted defendant's motion to compel arbitration in infringement action against former licensee of web-based system, where license agreement included arbitration provision requiring arbitration for claims arising out of agreement. Plaintiff provided home appraisal services and developed web-based appraisal order management and tracking system (AMCTrak). Defendant, mortgage lender, entered into license agreement with plaintiff to use AMCTrak. Agreement prohibited defendant from reverse-engineering and creating derivative works based on AMCTrack, and included arbitration provision stating that "any claim or controversy arising out of or relating to this Agreement, which cannot be resolved between the Parties shall be settled by arbitration in . . . in accordance with the Commercial Arbitration Rules of the [AAA]." Defendant terminated agreement and launched its own web-based appraisal management system, which plaintiff claimed was substantially similar to AMCTrack. Plaintiff filed complaint for copyright infringement. Defendant requested to submit dispute to arbitration, to which plaintiff responded that it would agree if defendant agreed in advance that arbitrator had authority to grant equitable relief. Defendant sought order from court to compel arbitration without preconditions. Reasoning that FAA requires court to compel arbitration of issues covered by arbitration agreement, court analyzed Agreement between plaintiff and defendant. Plaintiff argued that its complaint alleged copyright infringement, not breach of Agreement, that defendant rescinded Agreement, and that Agreement did not extend to claims in complaint, and thus was not applicable. Court disagreed. In determining whether particular claim is within Agreement's

scope, court must focus on factual allegation of complaint, not legal theories. Court found that all of plaintiff's claims, including copyright infringement, arose from or related to Agreement, because right to use copyrighted material was very subject of Agreement. Court also found it unnecessary for parties to agree in advance on whether arbitrator had authority to grant equitable relief; it was up to arbitrator to decide on form of relief, and Agreement had no limits on type of relief. Accordingly, court granted motion to compel arbitration without preconditions.

Art of Living Foundation v. Does 1-10, 100 U.S.P.Q.2d 1604 (N.D. Cal. 2011)

District court granted defendant's motion for relief from Magistrate Judge's order denying motion to quash, and stayed discovery related to defendant's identity, pending resolution of defendant's motion to strike and for summary judgment. Plaintiff Art of Living Foundation (AOLF) was international educational and humanitarian organization dedicated to teachings of spiritual lessons of "His Holiness Ravi Shankar." Defendants, allegedly disgruntled former students/teachers of AOLF, operated blog criticizing plaintiff, and posted on blog materials allegedly infringing plaintiff's copyright. Plaintiff filed complaint alleging copyright infringement based on publication by defendant of plaintiff's copyrighted *Breathe Water Sound Manual* (BWSM). Plaintiff served subpoenas seeking defendants' identities from companies hosting blog. Defendants filed motion to quash, arguing that disclosure of their identities would violate their First Amendment rights. Magistrate Judge, applying factors enumerated in *Sony Music Entertainment, Inc. v. Does 1-40*, 326 F. Supp. 2d 556 (S.D.N.Y. 2004), denied motion to quash as to one of defendants, Skywaker, who later moved for relief from discovery order, arguing that because his speech concerned matter of public interest, more rigorous standard articulated by *Highfield Capital Management, L.P. v. Doe*, 385 F. Supp. 2d 969 (N.D. Cal. 2005), should have been applied instead. District court agreed, finding that, given nature of Skywalker's speech — heated discussion and criticism of AOLF raising significant constitutional issues — and recent Ninth Circuit decision in *Perry v. Schwarzenegger*, 591 F.3d 1147 (9th Cir. 2010), suggesting that where substantial First Amendment concerns are at stake, courts should determine whether discovery request is likely to result in chilling protected activity, *Highfield* more appropriately balanced parties' competing interests. Applying *Highfield*, court reasoned that disclosure of Skywalker's identity was itself irreparable harm, and declarations from affected individuals alone have been found to demonstrate that disclosure would chill protected conduct. In contrast, (1) plaintiff was unable to explain why information sought by plaintiff — motives for and extent of defendant's misconduct as well as other persons

involved and financial benefits obtained — could not be obtained through interrogatories; (2) some information, such as who viewed and downloaded BWSM and any revenue generated by defendant's blog, could be acquired from companies hosting blog; and (3) plaintiff was unable to explain why deposition was necessary at time when motions to strike and for summary judgment had been fully briefed and were pending, rather than after resolution of these motions. Accordingly, court found that injury to defendant outweighed injury to plaintiff, and granted defendant's motion to quash.

II. COPYRIGHTABILITY

A. Originality

Swatch Group Management Services, Ltd. v. Bloomberg L.P., 808 F. Supp. 2d 634 (S.D.N.Y. 2011)

District court denied defendant's motion to dismiss, finding authorized audio recording of conference call entitled to copyright protection. Executives of plaintiff hosted invite-only conference call with securities analysts to discuss plaintiff's worldwide business performance. Without invitation or plaintiff's consent, defendant tapped into and created unauthorized recording of plaintiff's conference call, which defendant made available online to its "Bloomberg Professional" paid subscribers. Court found that because plaintiff recorded its conference call simultaneously with its live transmission, plaintiff's audio recording of call satisfied fixation requirement. With respect to originality, court noted that defendant did not contest plaintiff's independent creation of work, and found that plaintiff's audio recording "easily satisfies the relatively low bar for creativity." Because plaintiff's executives did not simply recite unprotected facts and figures without context or embellishment, according to court, "there can be no real doubt that the spoken-word contributions of [plaintiff's] senior executives possesses the requisite creativity to qualify for copyright protection." Even executive's "unique pronunciation of words and their inflection and tone of voice" possessed sufficient creativity to qualify for copyright protection, at least in form of sound recording. Accordingly, court found that plaintiff sufficiently pleaded its claim for copyright infringement against defendant, and denied defendant's motion.

Nielsen Co. (US) v. Truck Ads, LLC, 102 U.S.P.Q.2d 1020 (N.D. Ill. 2011)

District court granted in part plaintiff's motion for partial summary judgment on its ownership of valid copyright, denied plaintiff's and defendant's motions on direct copying, and denied plaintiff's motion for summary judgment on infringement as premature. Nielsen Co. brought

action for infringement, alleging that Truck Ads, LLC copied Nielsen's "Designated Market Area" (DMA) maps displaying media markets throughout United States. It was undisputed that plaintiff had valid copyright registrations for three years of maps, providing presumption of validity. Defendant challenged on four grounds: (1) plaintiff did not create maps, but copied them from third party; (2) maps lacked sufficient creativity to support copyright; (3) FCC's use of maps removed copyright protection; and (4) plaintiff's copyright would be limited to any year-to-year changes in maps. Court dealt with challenges in turn. Plaintiff made original contributions to maps; therefore, even if not novel, works were sufficiently original for copyright protection. Maps showing television viewing market areas were not simply "facts" or "ideas" that would be ineligible for protection under *Feist*. Use by FCC did not place maps in public domain. Finally, defendant could not show that plaintiff copied maps; based on unrebutted evidence of plaintiff's annual review process, court concluded plaintiff held valid copyright.

Reliant Care Management, Co. v. Health Systems, Inc. No. 10-38, 2011 U.S. Dist. LEXIS 104579 (E.D. Mo. Sept. 15, 2011)

District court denied defendant's motion for summary judgment, finding plaintiff's Focus Program, unique treatment system for treating patients with behavioral management problems, was entitled to copyright protection. Court disagreed with defendant's claim that plaintiff's behavioral treatment program consisted only of unprotectable ideas, processes, and systems: "Although plaintiff cannot seek copyright protection for various ideas expressed in the [program], [plaintiff's] unique expression of those ideas — including their selection and arrangement of the treatments to be used and their use of questions to the patient . . . is entitled to copyright protection." Court also rejected defendant's contention that plaintiff's program was factual compilation entitled to only thin copyright protection, such that plaintiff must show "extensive verbatim copying" in order to prevail. Court distinguished plaintiff's program from collection of data on schools in *Schoolhouse, Inc. v. Anderson,* 275 F.3d 726 (8th Cir. 2002), and collection of names, addresses, and telephone numbers in *Feist Publications, Inc. v. Rural Telephone Service Co.,* 499 U.S. 340 (1991). Rather, court found plaintiff's program more analogous to communication and negotiation training manuals in *Situation Management Systems, Inc. v. ASP Consulting, LLC,* 560 F.3d 53 (1st Cir. 2009). Because plaintiff's original expression of ideas was entitled to full copyright protection, plaintiff needed only to establish substantial similarity to prevail on its infringement claim.

B. Pictorial, Graphic and Sculptural Works

Jovani Fashion, Ltd. v. Cinderella Divine, Inc., 808 F. Supp. 2d 542 (S.D.N.Y. 2011)

District court granted defendant's motion to dismiss complaint claiming that defendant's dress infringed plaintiff's copyright in design of prom dress. Design was not protected by valid copyright because none of style elements were physically or conceptually separable from dress as whole. Plaintiff Jovani, designer and manufacturer of women's evening dresses, received copyright registrations for dress catalogs. Plaintiff sued defendant for manufacturing and selling dresses in style that allegedly infringed style from copyrighted catalog. Plaintiff argued that its style included original artwork incorporated in dress, including ornamental design and arrangement on face of fabric of dress, selection and arrangement of sequins and beads and their respective patterns on bust portion, and wire-edge tulles added to lower portion of dress. Defendant moved to dismiss under Fed. R. Civ. P. 12(b)(1) and/or 12(b)(6), arguing (1) plaintiff's copyright registration only accorded copyright protection to 2D images of dresses in catalogs; and (2) nothing that it was alleged to infringe was copyrightable. Court disposed first argument, reasoning that registration of catalog as single work is commonly used to register 3D copyrightable items pictured in catalog, rather than 2D pictures themselves. Regarding second argument, court observed that, although it is well settled that dresses are useful articles, and thus are not typically copyrightable, elements of dress design may be protected where they are "physically or conceptually" separable. However, court found that no elements of dress design were physically or conceptually separable from plaintiff's dress as whole. In particular, each element was only usable as component of dress, and had no value in its freestanding form, and thus was not physically separable. Regarding conceptual separability, court observed that Second Circuit had not established exclusive test, but under any of tests employed, none of dress elements were conceptually separable: (1) no elements invoked concept separate from clothing function; (2) elements — cloth swatch containing sequins and beads formed to compose bust portion of dress, ruched-satin fabric shaped into waistband, layers of tulle making skirt — did not reflect artistic judgment exercised independently of functional influences, but were choices directed to basic dress requirements; (3) primary role of each element was to contribute to attractiveness of prom dress, and aesthetic appeal was primary purpose of prom dress; and (4) none of elements had any independent marketable worth. Court noted that plaintiff, by arguing that individual elements are not copyrightable, but only their "selection, coordination, and arrangement," undercut any argument that those ele-

ments were conceptually separable from dress itself. Accordingly, court granted defendant's motion to dismiss.

C. Compilations and Derivative Works

Centrifugal Force, Inc. v. Softnet Communications, Inc., No. 08-5463, 2011 U.S. Dist. LEXIS 100465 (S.D.N.Y. Sept. 1, 2011)

Court denied defendant's summary judgment motion. Plaintiff developed and sold Wise Choice and RightClick, business management software for jewelry and gem businesses. In 2005, plaintiff discovered that defendant was selling competing software program that plaintiff claimed infringed its copyrights in RightClick and Wise Choice, which were registered as derivative works of 1986 software program created by founder, president and sole shareholder of plaintiff company. Defendant argued that to establish infringement, plaintiff must prove that defendant copied original elements of Wise Choice and RightClick that were not part of 1986 program, and that without copy of original source code from 1986 program, plaintiff could not prove that defendant copied original elements of Wise Choice and RightClick. Court found that while copyright protection for derivative works only extends to original elements of derivative works, plaintiff did not need copy of original work in order to establish that certain elements of Wise Choice and RightClick were original; original aspects of works could be established through other means. Fact that plaintiff did not register copyright in original 1986 program was not fatal to infringement claim, since claim was based on copyright in derivative works, Wise Choice and RightClick.

III. OWNERSHIP

A. Works Made for Hire

Marvel Worldwide, Inc. v. Kirby, 777 F. Supp. 2d 720 (S.D.N.Y. 2011)

District court granted plaintiff's motion for summary judgment finding that iconic comic strips were works for hire under 1909 Act, and thus incapable of statutory termination and recapture by defendant. Plaintiff Marvel was well-known publisher of comics and related media. Defendants were heirs of legendary comic book artist Jack Kirby, who while working for defendant prepared iconic comic strips, including *Spiderman*, *Incredible Hulk*, *Avengers* and *Fantastic Four*. In 1972, Kirby assigned to Marvel any and all right, title, and interest that Kirby "may have or control" in any works created by Kirby for Marvel. Assignment also included acknowledgment that Kirby had created works as employee for hire. In 2009, defendants served plaintiff with 45 notices purporting to terminate Kirby's assignment of his copyrights in number of Marvel's editions. Mar-

vel commenced action seeking declaration that termination notices were nullity. Parties filed cross-motions for summary judgment, plaintiff arguing that there were no disputed issues of material fact that Kirby works were work for hire under 1909 Act, defendants arguing that there were disputed issues of material fact, but none that would prevent Court from finding that Kirby works were not works for hire. Since Kirby works were published between 1958 and 1963, court relied on 1909 Act, under which employer who hires another to create copyrightable work is author of work, absent agreement to contrary. Applying "instance and expense" test used by Second Circuit, court found that Kirby works were created at instance and expense of Marvel, and thus presumed works for hire, because Kirby did not create comic strips until assigned to do so; Marvel supervised creation of comic books from conception to publication and frequently exercised authority to ask artists to revise and edit their work before publication; Marvel generated plot and synopsis from which drawings were created; and Kirby received only fixed sum for his work, and no royalties. Court further found that defendants failed to rebut work-for-hire presumption, finding that only arguably possible agreement to contrary — 1972 assignment — merely referred to rights that Kirby "may have" in works, and furthermore included Kirby's admission that he created works as employee for hire. Accordingly, court concluded that Kirby works were works for hire, and that defendant's termination notices did not operate to convey any federally-protected copyrights in Kirby works to defendants.

721 Bourbon, Inc. v. B.E.A., Inc., No. 11-710, 2011 U.S. Dist. LEXIS 95405 (E.D. La. Aug. 25, 2011)

Court denied plaintiff's motion to dismiss infringement counterclaim. Plaintiff's New Orleans French Quarter bar, Tropical Isle, for almost 25 years sold famous specialty cocktail known as Hand Grenade, served in green, translucent plastic "yard glass" container with oversized, bulbous, textured base shaped like grenade, with anthromorphic features, including black oval eyes and upturned smile, and legend in bold, black lettering extending vertically down neck. Defendants, operators of competing French Quarter bar, Turtle Bay, sold souvenir cup and cocktail, The Turtle, that was "substantially similar" to Hand Grenade. Defendants, who had been involved in Tropical Isle in various capacities, started Turtle Bay after their relationship with proprietors of Tropical Isle had disintegrated. Plaintiff sued, alleging various unfair competition claims; defendants asserted counterclaims including copyright infringement, alleging that individual defendant Bohannan alone designed Hand Grenade yard cup and filed application to register his copyright in design. Tropical Isle moved to dismiss copyright infringement counterclaim on ground that, even taking

as true claim that Bohannan designed Hand Grenade cup, Bohannan did so while employed at Tropical Isle, and therefore design was work for hire. Determination whether work is work made for hire requires consideration of numerous factors to establish (1) whether party is "employee," and (2) whether work was created in scope of employment, including whether work was type plaintiff was hired to perform; whether work was created substantially within authorized time and space limitation of job; and whether work was created at least partially for employer's benefit. Court denied motion to dismiss because of fact-intensive nature of analysis.

B. *Transfer of Ownership*

Fleischer Studios, Inc. v. A.V.E.L.A., Inc., 654 F.3d 958 (9th Cir. 2011)

Appellate court affirmed dismissal of copyright infringement claim due to lack of standing. Plaintiff was descendant of original Betty Boop artist. Artist had abandoned and sold cartoon and character rights in 1946, but family sought revival of business in 1970s, including repurchase or rights. Parties disputed plaintiff's copyright ownership. Various chain-of-title theories were presented to district court, only one pursued on appeal. Parties agreed Betty Boop character was separate copyrightable component of 1930s films. Appeals court found contract for sale did not include character in plaintiff's chain-of-title claim. Further, "doctrine of indivisibility" was inapplicable, as prior copyright owner could transfer (or retain) component parts of copyright when transferring entirety. Contract for sale was clear in intent, and contracting parties' further actions confirmed that no transfer of Betty Boop character took place in plaintiff's alleged chain of title. Because plaintiff could not show valid chain of title, plaintiff's copyright claim failed, and was properly dismissed.

C. *Joint Works and Co-Ownership*

Corbello v. Devito, No. 08-867, 2011 U.S. Dist. LEXIS 124778 (D. Nev. Oct. 26, 2011)

Plaintiff was widow and heir of Rex Woodard, who assisted defendant "Tommy" DeVito, member of The Four Seasons, in writing unpublished biography that was one basis for *Jersey Boys* musical. DeVito, without plaintiff's knowledge, granted defendants Valli and Gaudio exclusive, irrevocable, perpetual, worldwide, assignable license to use and adapt materials including biographies for purpose of creating musical. Court denied plaintiff's summary judgment motion for declaration that DeVito, as joint owner of work, lacked authority to issue exclusive license to Valli and Gaudio, rendering license void ab initio; or alternatively, that if license was effective, it was nonexclusive license that Valli and Gaudi could not

further license or assign without plaintiff's consent; or alternatively, that license constituted transfer of DeVito's rights in biography rather than license, but because DeVito did not assign all exclusive rights in biography, Valli and Gaudio could not further transfer rights without plaintiff's consent. Court found that biography was joint work because DeVito made non-de minimis contributions. Moreover, court found that license was exclusive license as against DeVito, but nonexclusive license as against plaintiff, and that Valli and Gaudio could further assign license because of DeVito's explicit permission to do so. Moreover, license did not transfer DeVito's copyright to Valli and Gaudio, because although license purported to give exclusive rights to materials irrevocably and perpetually to Valli and Gaudio, license did not sufficiently identify work, which is necessary for copyright ownership in work to be transferred.

D. Contracts and Licenses

Falcon Enterprises, Inc. v. Publishers Service, Inc., 438 Fed. App'x 579 (9th Cir. 2011)

Ninth Circuit affirmed district court decision that defendant was not liable for infringement, and denial of plaintiff's motion for partial summary judgment. Plaintiff contended that district court erred by rejecting its copyright claim after finding that plaintiff granted defendant nonexclusive license to publish its images. Court found that while transfers of copyright ownership, including exclusive licenses of copyrighted work, must be in writing, nonexclusive licenses are not considered transfer of ownership under Copyright Act and may be agreed upon orally or implied through conduct. Further, copyright owners granting nonexclusive licenses for use of copyrighted works generally waive right to sue licensees for copyright infringement and can sue only for breach of contract. Court found that parties' conduct, that plaintiff delivered copyrighted material to defendant with intent that defendant would distribute it, demonstrated that plaintiff granted defendant ongoing nonexclusive implied license to use images for fee. Plaintiff never declined to give defendant nonexclusive license, supporting contention that implied license was granted by plaintiff to defendant. Further, defendant's obligation to pay for copyrighted images, which arose only after images were published, was covenant rather than condition precedent which would trigger copyright infringement lawsuit. Therefore, district court correctly characterized defendant's failure to pay plaintiff after publication as breach of contract rather than copyright infringement.

Powlus v. Chelsey Direct, LLC, No. 09-10461, 2011 U.S. Dist. LEXIS 127637 (S.D.N.Y. Nov. 1, 2011)

Court denied defendants' motion for summary judgment. Defendants used plaintiffs' photographs in marketing campaign. Plaintiffs brought claims of copyright infringement against defendants on basis that defendants failed to satisfy oral condition precedent to pay plaintiffs in full, preventing defendants from obtaining valid license to use plaintiffs' photographs. Defendants argued that they could not be liable for copyright infringement because written agreement granted them irrevocable license to use photographs from shoot, and no oral condition precedent existed to agreement requiring them to pay plaintiffs in full before acquiring right to use photographs. Court denied defendants' motion for summary judgment; although defendants brought forth evidence to support license to use photographs, plaintiffs produced evidence that fairly disputed license.

Hackett v. Feeney, No. 09-2075, 2011 U.S. Dist. LEXIS 101485 (D. Nev. Sept. 8, 2011)

Court denied defendants' motion for partial summary judgment on plaintiff's infringement claim. Plaintiff and defendants formed TRP Entertainment in 2002 to produce live tribute show to Rat Pack. Plaintiff wrote script for show, and in 2005 registered copyright in script. Plaintiff's involvement in show was terminated by defendants in 2009, whereupon plaintiff informed defendants that he terminated "any license or consent that may have been granted" in his copyrighted works. Plaintiff formed new production company to produce new Rat Pack tribute show, based on plaintiff's original script. Defendants continued production of show and use of plaintiff's copyrighted works. Court found that defendants failed to show that no material question of fact existed as to whether plaintiff granted them nonexclusive perpetual license that could not be terminated. Court found that plaintiff's termination of "any license or consent that may have been granted" was not admission that he granted license, and that, even if license were granted, there was no evidence demonstrating that license was indeterminate. Finally, court found that mere existence of license did not preclude possibility of infringement because licensee could exceed scope of license, and reasonable jury could find that defendants' use of copyrighted material exceeded any potential license.

Corbello v. Devito, No. 08-867, 2011 U.S. Dist. LEXIS 124778 (D. Nev. Oct. 26, 2011)

Plaintiff was widow and heir of Rex Woodard, who assisted defendant "Tommy" DeVito, member of The Four Seasons, in writing unpublished biography that was one basis for *Jersey Boys* musical. DeVito, without

plaintiff's knowledge, granted defendants Valli and Gaudio exclusive, irrevocable, perpetual, worldwide, assignable license to use and adapt materials including biographies for purpose of creating musical. Court denied plaintiff's summary judgment motion for declaration that DeVito, as joint owner of work, lacked authority to issue exclusive license to Valli and Gaudio, rendering license void ab initio; or alternatively, that if license was effective, it was nonexclusive license that Valli and Gaudi could not further license or assign without plaintiff's consent; or alternatively, that license constituted transfer of DeVito's rights in biography rather than license, but because DeVito did not assign all exclusive rights in biography, Valli and Gaudio could not further transfer rights without plaintiff's consent. Court found that biography was joint work because DeVito made non-de minimis contributions. Moreover, court found that license was exclusive license as against DeVito, but nonexclusive license as against plaintiff, and that Valli and Gaudio could further assign license because of DeVito's explicit permission to do so. Moreover, license did not transfer DeVito's copyright to Valli and Gaudio, because although license purported to give exclusive rights to materials irrevocably and perpetually to Valli and Gaudio, license did not sufficiently identify work, which is necessary for copyright ownership in work to be transferred.

Gerffert Company, Inc. v. William J. Hirten Co., LLC, 815 F. Supp. 2d 521 (D.R.I. 2011)

District court granted defendant's motion for summary judgment, finding creation of implied irrevocable nonexclusive license. Plaintiff initially purchased non-exclusive license to use certain works by artist Larry Ruppert in connection with sale of religious books. Plaintiff's employee then commissioned Ruppert to modify works for use by defendant in connection with similar books. Plaintiff subsequently obtained exclusive license to original works from Ruppert, and sought to terminate whatever license rights defendant had in modified works. Plaintiff sued defendant, alleging that sale of books containing modified works infringed plaintiff's copyrights in original works. In granting summary judgment for defendant, court applied three-prong test for creation of implied nonexclusive license, finding that (1) defendant's employee commissioned Ruppert to create modified works on behalf of defendant; (2) Ruppert created modified works for defendant; and (3) Ruppert understood modified works were to be used by defendant. Since undisputed facts satisfied three-prong test, court held that "[defendant] received a non-exclusive license to use the Modified Works that, once conferred, insulated it from liability for infringement." Court rejected plaintiff's argument that defendant's implied non-exclusive license fell under statute of frauds, finding statue of frauds did not apply where, as here, "the existence of a nonexclusive license is

implied by the conduct of the parties and asserted as an affirmative defense." Moreover, court disagreed with plaintiff's contention that defendant's implied nonexclusive license was revocable, citing rule that nonexclusive license is irrevocable where, as here, license is supported by consideration.

IV. FORMALITIES

A. Registration

L.A. Printex Industries, Inc. v. Aeropostale, Inc., 676 F.3d 841 (9th Cir. 2012)

Ninth Circuit found defendants not entitled to summary judgment on ground that plaintiff's copyright registration was invalid. Plaintiff sued defendants for infringement of its copyright in floral design called C30020. In 2002 Copyright Office issued certificate of registration for Small Flower Group A, group of five textile designs that included C30020. Small Flower Group A was registered as single unpublished collection pursuant to 37 C.F.R. § 202.3(b)(4)(i)(B). After commencing action, plaintiff learned that registration for Small Flower Group A contained error: two of five designs, but not C30020, had been published before date of registration. Plaintiff then filed application for supplementary registration to add April 1, 2002 as date of first publication for Small Flower Group A, and thereafter contacted Copyright Office to ask about its registration of single unpublished work that contained both published and unpublished designs. Copyright Office told plaintiff that unpublished designs, including C30020, would retain copyright protection but that previously published designs would not. Plaintiff filed second application for supplementary registration to remove two previously published designs from Small Flower Group A. Copyright Office approved application and issued supplementary registration certificate for Small Flower Group A. Defendants argued that registration was invalid because Small Flower Group A was registered as unpublished collection, but included two designs that were published before work was registered. Plaintiff argued that its erroneous inclusion of two previously published designs did not invalidate its registration because it did not intend to defraud Copyright Office and because Copyright Office allowed plaintiff to correct error through supplementary registration. Ninth Circuit agreed with plaintiff. Initial error in itself did not invalidate registration; there was no evidence that plaintiff knew that two designs had been published at time it submitted its application, or that it intended to defraud Copyright Office. Upon learning of error, plaintiff corrected it, filing application for supplementary registration, communicating with Copyright Office about error through email and phone correspondence, and filing second application for supplementary registration. Moreover,

Copyright Office issued certificate of supplementary registration. Office's decision to do so after it was told of two designs' prior publication shows that error was not one that "if known, would have caused Register of Copyrights to refuse registration." Plaintiff's registration error, accordingly, did not bar action against defendants for infringement of its copyright in C30020.

Curington v. UMG Recordings, Inc., No. 10-890, 2011 U.S. Dist. LEXIS 90343 (M.D.N.C. Aug. 12, 2011)

District court granted defendants' motion for summary judgment, finding plaintiffs failed to state claim upon which relief could be granted. Plaintiffs alleged that defendants infringed their copyright in particular sound recording of song *Last Night Changed It All (I Really Had a Ball)*. Plaintiffs had copyright registration for "musical work" but not for particular "sound recording" in question. "A 'sound recording' and a 'musical composition' of the same song are not the same thing for copyright purposes." There was no registration attached to complaint for sound recording, which was what plaintiffs alleged had been infringed. Plaintiffs accordingly had not adequately alleged facts to support their claim of registration and ownership of copyright in sound recording of song. Court, therefore, dismissed claim of copyright infringement in sound recording.

B. Restoration

Golan v. Holder, 132 S. Ct. 873 (2012)

Orchestra conductor and others brought constitutional challenge to Section 104A, which restored copyright in certain non-U.S. works that had lapsed into U.S. public domain for technical reasons such as failure to renew, publication without notice, or lack of copyright relations between U.S. and source country of work. Petitioners argued, inter alia, that statute was violation of their First Amendment free speech rights because it impaired their ability to make unfettered use of musical compositions they had previously performed, published and recorded without restriction. Supreme Court, agreeing with initial district court decision, found that under *Eldred v. Ashcroft*, 537 U.S. 186 (2003), no separate First Amendment scrutiny is required. Restoration statute did not alter "traditional contours of copyright protection" because it left undisturbed fair use doctrine and idea-expression distinction; *Eldred*'s "traditional contours" language refers to these two principles and nothing more. Moreover, Court rejected petitioners' argument that they had "vested First Amendment interest" in restored works. Initial Tenth Circuit opinion had raised "vested interest" argument as way to distinguish *Eldred*, saying that once work enters public domain its restoration does more harm to free speech than

did mere extension of existing protection at issue in *Eldred*. For *Golan* Court, however, public domain had no "constitutional significance," and vested rights formulation urged by petitioners seemed "exactly backwards." Rights typically vest in author or rightholder at *outset* of copyright protection; once term of protection ends, rights do not revest in any rightholder. Instead, works simply lapse into public domain. Anyone has free access to public domain, but no one, after copyright term has expired, acquires ownership rights in once-protected works. Court cited long series of prior legislative acts granting protection to previously uncopyrightable works, and rhetorically inquired, "[i]f Congress could grant protection to these works without hazarding heightened First Amendment scrutiny, then what free speech principle disarms it from protecting works prematurely cast into the public domain for reasons antithetical to the Berne Convention?" Majority concluded its First Amendment discussion by noting that restored works do not become inaccessible or cease to serve broad public interest simply because they are protected by copyright; they merely become subject to licensing in commercial marketplace. Justice Breyer's dissent dealt mostly with petitioners' alternative argument that restoration act was invalid under Copyright Clause of Constitution because it did not induce creation of new works. Dissent also explicitly took issue with majority's First Amendment analysis, specifically as to need for *some* heightened First Amendment review of copyright statutes even where, as here, they leave works fully subject to "traditional contours" of fair use and idea-expression dichotomy.

V. INFRINGEMENT

A. Access

L.A. Printex Indutries, Inc. v. Aeropostale, Inc., 676 F.3d 841 (9th Cir. 2012)

Ninth Circuit reversed district court's grant of summary judgment to defendants, finding genuine issue of material fact on access. Plaintiff sued defendants for infringement of its copyright in floral design called C30020. District court granted defendants' motion for summary judgment, holding that there was no genuine issue of material fact as to defendants' access to C30020, because "only evidence of widespread dissemination" was declaration stating that plaintiff first sold C30020 in October 2002 and "produced and sold thousands of yards of fabric" bearing C30020 to numerous customers from 2002–2008. District court concluded that declaration statements created no more than "bare possibility" that defendants may have had access to C30020, and that "bare possibility" was insufficient to create genuine issue on access. Ninth Circuit found, however, that declaration statements were not only evidence of widespread dissemination; re-

cord also contained sales records showing that plaintiff sold more than 50,000 yards of C30020 through May 2006, before defendants ordered allegedly infringing items. Court concluded that plaintiff's sale of more than 50,000 yards of C30020 created genuine dispute of material fact as to whether C30020 was widely disseminated. Evidence required to show widespread dissemination will vary from case to case. Here, parties operated in same industry in same Los Angeles area. Dissemination of C30020 occurred over four-year period immediately preceding defendants' alleged infringement. Reasonable jury could find that C30020 was widely disseminated in Los Angeles-area fabric industry, and hence that there was "reasonable possibility" that defendants had opportunity to view and copy plaintiff's design.

B. Copying and Substantial Similarity

L.A. Printex Industries, Inc. v. Aeropostale, Inc., 676 F.3d 841 (9th Cir. 2012)

Ninth Circuit reversed district court's grant of summary judgment to defendants, finding genuine issue of material fact on substantial similarity. Plaintiff sued defendants for infringement of its copyright in floral design called C30020. District court granted defendants' motion for summary judgment, holding that there was no genuine issue of material fact as to substantial similarity between defendants' allegedly infringing design and C30020. District court compared copy of C30020 that plaintiff deposited with Copyright Office to defendants' allegedly infringing shirts and concluded that no reasonable juror could find that two works were substantially similar. District court reasoned that "observable similarities" between designs were "of surface nature only," in that both designs represented small-scale overall floral patterns of approximately same size. District court stressed "critical differences" between designs: (1) flowers, stems, and leaves on C30020 were "far more detailed" than those on defendant' items; (2) on C30020, multiple shades of color were used to give flowers definition and sharper edges, with multiple shades of green used to give leaves and stems definition and clean lines, while on allegedly infringing design, flowers were of one uniform color, with leaves and stem single shade of green; (3) C30020 contained overall background pattern that was completely lacking on defendants' design; and (4) groupings of flowers, stems, and leaves were "spaced much farther apart" on C30020 than on defendants' design. Ninth Circuit's comparison of designs led, however, to conclusion that reasonable juror could find that two designs were substantially similar. Court noted that "[t]hough the Second Circuit's 'ordinary observer' and 'more discerning ordinary observer' tests differ somewhat from our two-part extrinsic/intrinsic test for substantial similarity, its reasoning, at least in the context of fabric designs, is persuasive, and it guides

our comparison of the designs in this case." Idea of floral pattern depicting bouquets and branches is not protectible, court noted, and C30020 had elements that were not protectible, *e.g.*, combination of open flowers and closed buds in single bouquet or green color of stems and leaves. However, plaintiff's original selection, coordination, and arrangement of such elements were protectible. Because there is wide range of expression for selecting, coordinating, and arranging floral elements in stylized fabric designs, copyright protection is "broad," and work will infringe if "substantially similar" to copyrighted work. Court's own comparison of designs revealed objective similarities in protectible elements. Both patterns featured two types of small bouquets of flowers, one featuring largest flower in profile view, other featuring largest flower in open-face view, and both emerging from three buds. Both patterns also depict small, three-leaf branches interspersed between two types of bouquets. Shape and number of flower petals and leaves are similar in two designs. Bouquets are arranged at similar angles in both designs, and bouquets and branches coordinated in similar spatial combinations on grid of similar scale and layout. Differences noted by district court did not compel conclusion that no reasonable juror could find that defendants' design was substantially similar to C30020. Rather, in light of similarities described above, differences support opposite conclusion, that there is genuine dispute of material fact on substantial similarity. Rational jury could find that differences result from fabric-printing process generally and are "inconsequential." Because stylized fabric designs like C30020 are properly entitled to "broad" copyright protection, it is not necessary that defendants' design be "virtually identical" to infringe. It is enough that defendant appropriated substantial portion of plaintiff's work. Rational jury could find that despite some differences between defendants' design and C30020, similarities in selection, coordination, and arrangement of bouquets and three-leaf branches were sufficiently substantial to support inference of copying. Objective similarities in expressive elements of defendants' design and C30020 presented genuine dispute of material fact under extrinsic test. Accordingly, issue of substantial similarity must go to jury.

Airframe Systems v. L-3 Communications Corp., 658 F.3d 100 (1st Cir. 2011)

First Circuit affirmed district court's order granting summary judgment for defendant, finding that plaintiff produced insufficient evidence to create genuine issue of material fact regarding necessary element of substantial similarity. Plaintiff developed proprietary aircraft maintenance tracking software (ARMS) and had continually modified and expanded ARMS source code. In 2003, plaintiff registered four versions of ARMS source code. In 1986, plaintiff started licensing ARMS to defendant, with license

limited to use of ARMS in compiled object code format. In 2003, plaintiff discovered, on defendant's computers, unspecified version of ARMS source code, which allegedly was copied by plaintiff's employee without authorization. Subsequently, plaintiff initiated series of copyright infringement suits, alleging that defendant copied ARMS source code to create replacement maintenance program M3 by translating ARMS source code, and that defendant used plaintiff's proprietary report formats, menu terms and headings, and user interfaces. Defendant moved for summary judgment, contending that plaintiff failed to produce sufficient evidence to support claim of copyright infringement. Plaintiff opposed, relying on undisputed access by defendant to unspecified versions of ARMS and declaration by principal designer of ARMS. who compared about 15% of M3 source code and most current version of ARMS source code (2009 version), finding some portions to be identical "down to the use of improper hyphenation and misspelled words that appeared in the original ARMS program," and programmers' comments. District court agreed with defendant, finding that comparing updated ARMS source code with allegedly infringing M3 source code would not do as matter of logic, and that plaintiff failed to produce relevant source code, and granted defendant's summary judgment motion. Plaintiff appealed. First Circuit reasoned that plaintiff was required to present sufficient evidence of copying, including substantial similarity, with respect to at least one of ARMS source code versions covered by registrations at issue. However, plaintiff compared only 2009 version of ARMS to M3 source code, without claiming that 2009 version was registered or that it was same as one of registered versions at issue. First Circuit further reasoned that 2009 version could not be same as ones at issue because it was updated in ordinary course of business. Accordingly, First Circuit affirmed district court's decision.

Stiles v. HarperCollins Publishers, LLC, 801 F. Supp. 2d 233 (S.D.N.Y. 2011)

Plaintiffs brought suit for infringement of copyrighted "tree-house-in-one-tree" designs and related illustrations, featured in children's book, against publisher of book that similarly taught how to build "basic" tree house in single tree. Defendants moved to dismiss complaint on ground that works at issue were not substantially similar. Court granted defendants' motion, finding that plaintiffs' and defendants' works were not substantially similar as matter of law. Court held that any alleged similarities between plaintiffs' and defendants' works (*e.g.*, concept of tree house built in single tree; idea for tree house with four short walls, pyramid-shaped roof, and trapdoor) were nonprotectible ideas. With respect to protectible elements, court found that literary expression of two works differed significantly (*e.g.*, use of short captions versus paragraphs of text) such that "the total

concept and overall feel of the respective chapters on tree houses is distinct," and further found that visual comparison of plaintiffs' and defendants' illustrations revealed "significant aesthetic differences" (*e.g.*, differences in angles used, amount of trees featured in illustrations, and inclusion of children in illustrations) such that "the overall feel varies, namely in that plaintiffs' illustrations . . . are much more animated than defendants', which come across as more utilitarian."

Gottwald v. Jones, No. 11-1432, 2011 U.S. Dist. LEXIS 103414 (S.D.N.Y. Sept. 12, 2011)

Court granted declaratory judgment plaintiffs' motion to dismiss infringement counterclaim, finding Kesha's popular hit song "Tik Tok" not substantially similar to defendants' lesser known musical composition "My Slushy." Plaintiffs brought action for defamation in response to defendants' "smear campaign" on internet alleging Kesha's single infringed defendants' song, which was played on popular on-line video game. Defendants counterclaimed, alleging that plaintiffs had access to "My Slushy" through connection with producers. Plaintiffs moved to dismiss counterclaim. Even though recordings were not attached to complaint or counterclaim, under Rule 12(b)(6) court may consider "documents that the plaintiffs either possessed or knew about and upon which they relied in bringing suit." Court therefore analyzed actual recordings, and found that "no average lay observer would recognize [Tik Tok] as having been appropriated from [My Slushy]." Court first analyzed lyrics, finding songs only shared one non-trivial word, "drop top," which was not protectable. Court also analyzed overall theme of lyrics, finding themes "completely different." Plaintiffs' song is about girl going out on town, while defendants' song is about girl quenching her thirst. Court finally analyzed music of works, finding even though both incorporate woman in sing-song type of voice, "My Slushy" is in major key, while "Tik Tok" is darker, in minor key. Songs shared same rhythmic pulse, which was not copyrightable. Court did not reach analysis of actual copying, finding defendants' counterclaim failed under substantial similarity standard incorporated in unlawful appropriation analysis.

Gordon v. McGinley, No. 11-1001, 2011 U.S. Dist. LEXIS 92470 (S.D.N.Y. Aug. 18, 2011)

Court granted defendants' motion for summary judgment dismissing plaintiff's copyright infringement claim. Plaintiff was professional photographer who had practice photography for more than 15 years; her work had appeared in such major venues as Whitney Museum. Defendants were rival photographer, and various art galleries that had sold his work. Defendants moved to dismiss copyright claims based primarily on absence of

substantial similarity. Court, employing "ordinary observer" test, found that "total look and feel" of defendant photographer's works did not match that of plaintiff's works. Court rejected testimony of plaintiff's experts; although courts have occasionally permitted expert testimony on substantial similarity in technical fields such as computer programming, such exceptions are "not intended to disturb the traditional role of lay observers in judging substantial similarity in copyright cases that involve the aesthetic arts, such as music, visual works or literature." As district court could not find substantial similarity between works, summary judgment dismissing complaint was appropriate.

LaChapelle v. Fenty, 812 F. Supp. 2d 434 (S.D.N.Y. 2011)

District court denied defendants' motion to dismiss. Plaintiff was artist, photographer and director, who alleged that defendants, pop star Rihanna, Island Def Jam Music Group, et al., used protected expression from eight of his photographs in Rihanna's music video *S&M*. Plaintiff's complaint alleged direct evidence of actual copying — that storyboards for music video contained prints of plaintiff's photographs — and circumstantial evidence of actual copying — that defendants had access to and were aware of photographs through prior collaborations with plaintiff, and through various publications containing plaintiff's photographs. Further, *S&M* video contained similarities to photographs probative of copying. Plaintiff also successfully alleged that his photographs contained protectible elements, because he selected and orchestrated his photographic subjects' themes, props, wardrobes and color schemes, as well as certain lighting, poses and angles that extended beyond elements of photographs that "flow naturally and necessarily" from S&M as subject matter. *S&M* video had substantial similarities to protectible elements in photograph, *e.g.* hot-pink and white striped walls, hot-pink ceiling, man wrapped in black tape, and women wearing frizzy red wigs. Defendants argued that despite similarities in works, differences in works precluded finding substantial similarity. However, actionable copying is determined by "total concept and feel" of works, and need not relate to every detail of works. Accordingly, court found that because "both works share the frantic and surreal mood of women dominating men in a hyper-saturated, claustrophic domestic space," ordinary observers would overlook differences between works and regard aesthetic appeal as same.

Alexander v. Murdoch, No. 10-5613, 2011 U.S. Dist. LEXIS 79503 (S.D. N.Y. July 14, 2011)

In 2006, plaintiff wrote treatment and pilot script entitled "Loony Ben," and circulated it to television producers, directors, executives and agents. In 2009, defendants debuted *Modern Family* on ABC network. Plaintiff's

pilot script story followed individual, and activities of his extended family. *Modern Family* was mock-documentary following large extended family with three distinct units. Plaintiff alleged that defendants' *Modern Family* infringed his treatment and pilot script. Defendants filed motion to dismiss. Court found that no reasonable jury could find substantial similarity between plaintiff's script and defendants' show. Court analyzed whether ordinary observer would find two shows similar, considering "plot, characters, total concept and feel (mood), setting, format and pace." Court found that plot similarities were common to situation comedies, and not subject to copyright protection. After analyzing various characters developed within each show, court rejected any stock character similarities, holding any shared attributes or traits to be so common as to be unprotectible. Similarly, setting of both shows in Los Angeles was unprotectible, as many shows are set there. Shows did not share format or pace, and use of slapstick comedy was not protectible. Court found that even total concept and feel of both shows were different; therefore, no reasonable jury could find substantial similarity, and plaintiff's copyright claim was dismissed.

C. *Contributory/Vicarious Infringement*

Capitol Records, Inc. v. MP3Tunes, LLC, 821 F. Supp. 2d 627 (S.D.N.Y. 2011)

District court granted in part and denied in part plaintiffs' motion for summary judgment. Plaintiffs, record companies and music publishers, brought copyright infringement action against defendants. Individual defendant, "online music entrepreneur familiar with high-stakes copyright litigation," ran two websites, one that had online storage "locker" service through Internet links to songs, and another related website that allowed users to search for free music files on Internet. Defendants' service also began to allow users to retrieve and display cover art, with link to Amazon.com to drive traffic there. Users of defendants' locker services had to agree to terms of use that included prohibition against storage of materials that infringe copyrights. Plaintiffs, pursuant to DMCA, sent defendants takedown notices identifying some song titles that allegedly infringed plaintiff's copyrights, and requesting that defendant take down all plaintiffs' copyrighted works. Defendants removed links to specific web addresses, but not songs from specific user lockers, and asked plaintiffs to identify other infringing links. Court found that defendants were generally protected by DMCA safe harbor, as they complied with its requirements. Defendants tracked source and web address of stored copyrighted material and took down after receiving proper takedown notice, and were not required to take down those songs not listed by plaintiffs; however, defendants did not qualify for protection for not disabling links to materi-

als located in users' lockers. Court found that defendants did not have specific "red flag" knowledge of infringement, did not receive direct financial benefit or controlled infringing activity. Defendants thus qualified for safe harbor protection under DMCA. Court, however, found defendants liable for contributory infringement with respect to songs listed in takedown notices and not removed from users' lockers. Defendants had knowledge of unauthorized use via three takedown notices, and continued to provide access to unlawfully downloaded material.

Flava Works, Inc. v. Marques Rondale Gunter, 2011 U.S. Dist. LEXIS 98451 (N.D. Ill. Sept. 1, 2011)

Plaintiff, producer and distributor of adult entertainment DVDs, brought infringement action against operator of website known as "myVidster," which allows users to post (or "bookmark") video clips onto site through "inline linking" process. Court previously granted preliminary injunction in favor of plaintiff upon finding that plaintiff was likely to succeed on merits of contributory infringement claim against defendants. Defendants moved for reconsideration of decision on ground that actions of myVidster users did not constitute direct infringement under *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007). Court denied defendants' motion for reconsideration, holding *Perfect 10* inapplicable to instant case. Court distinguished *Perfect 10* by stating that its finding of no direct infringement was based on fact that process used by Google to display user search results through inline linking was automatic in nature. In contrast, although instant case also involved inline linking, myVidster users personally selected and submitted videos for bookmarking onto defendants' website, such as to cause unauthorized display of protected work whenever such users clicked "play." Individualized actions by myVidster users therefore constituted direct infringement, subjecting defendants to potential liability for contributory infringement.

Bertam Music Co. v. P & C Enterprises, Inc., No. 09-2253, 2011 U.S. Dist. LEXIS 71967 (C.D. Ill. July 5, 2011)

District court granted plaintiff's motion for summary judgment, finding defendant vicariously liable for willful copyright infringement. Plaintiffs, copyright owners who granted ASCAP nonexclusive right to license nondramatic performances of their copyrighted musical compositions, sued defendants, corporation and its two principals who operated radio station, alleging copyright infringement resulting from defendants' repeated broadcasting of plaintiffs' compositions without license from ASCAP or payment of license fees. Following death of one principal defendant, remaining defendant moved to dismiss on ground that he could not be personally liable because there was no basis to pierce corporate veil. Court,

finding defendant's argument irrelevant, held that "[v]icarious liability may be imposed for copyright infringement even if the evidence is not sufficient to pierce the corporate veil." Here, court found that remaining principal defendant had both right and ability to control infringing conduct of radio station, including programming, and had direct financial interest in activities of defendant corporation and activities of radio station. Since defendant did not otherwise contest allegations of infringement in motion to dismiss, court held defendant vicariously liable for copyright infringement.

Disney Enterprises, Inc. v. Hotfile Corp., 798 F. Supp. 2d 1303 (S.D. Fla. 2011)

District court granted in part and denied in part defendants' motion to dismiss, finding that plaintiffs failed to allege all elements necessary to support claim of direct infringement, but properly pleaded secondary infringement claim. Plaintiffs were major motion-picture studios that created and distributed films, for which they owned copyrights. Defendants were Panamanian corporation and individual that operated website hotfile.com. Visitors to website uploaded electronic files, which were then stored on defendant's servers, and received in return unique links to copies of uploaded files that allowed users to download uploaded file. Defendants made profits by charging for faster downloads and membership. Defendants paid users to upload most popular content to its servers, and asked users to promote their links. Most popular links, and bulk of files downloaded from hotfile.com, contained material in copyright. Defendant had physical control over its servers and premises, and could block anyone's access to hotfile.com. Plaintiffs sued defendant for direct and secondary copyright infringement. Defendants filed motion to dismiss claims arguing that plaintiffs failed to state their case under either theory. Court dismissed plaintiff's argument that defendants, by creating business plan that induced infringement, were liable for direct infringement, reasoning that merely owning and managing Internet facilities that allow others to upload and download copyrighted material is insufficient to establish direct infringement. Court concluded that complaint failed to allege that defendants took direct, volitional steps to violate plaintiff's copyrights. Accordingly, court concluded that plaintiffs failed to plead direct infringement claim. Regarding secondary liability, court found that allegations that defendants promoted copyright infringement and took affirmative steps to foster infringement, by creating structured business model that encourages copyright infringement, were sufficient to plead induced and contributory infringement claims. Court found further that because complaint alleged that defendants (1) had complete control over servers that users employ to infringe; (2) had the technology necessary to stop this type

of infringement; (3) refused to stop massive infringement; and (4) actually encouraged infringement because it increases profits, plaintiff properly pleaded claim for vicarious infringement.

Home Design Services, Inc. v. Starwood Construction, Inc., 801 F. Supp. 2d 1111 (D. Colo. 2011)

District court granted in part and denied in part plaintiff's motion for summary judgment, as to vicarious liability of defendant company's owners. Plaintiff residential design firm made and sold house plans that were available through magazines, publications and Internet. Plaintiff claimed defendants, construction company and its principals, infringed plaintiff's registered designs when building house in 2003. Defendants disputed that plaintiff could show ownership of valid copyright in two designs at issue. Plaintiff asserted infringement claim based on architectural work, which can include plans but not technical drawings (which would require separate registration). Defendants challenged originality; however, court found originality of plaintiff's plans was question of fact inappropriate for summary judgment. Additionally, court could not find as matter of law defendant had access to plaintiff's plans and whether there was substantial similarity between designs. As defendant construction company had two employees who were other co-defendants, court found that since defendants did not rebut plaintiff's argument of receiving all financial benefit of construction company, individual defendants could be vicariously liable for construction company's infringement.

D. Miscellaneous

Sony BMG Music Entertainment v. Tenenbaum, 660 F.3d 487 (1st Cir. 2011)

Plaintiffs, major U.S. recording companies, brought suit for infringement against defendant Joel Tenenbaum, based on his longstanding use of filesharing software ("peer-to-peer networks"), whereby he had committed unauthorized downloading and distribution of literally thousands of songs in privacy of his own home. Lower court found that defendant infringed 30 copyrighted works owned by plaintiffs due to his downloading and distribution activities. Defendant appealed decision on ground that he could not be found liable for infringement based on mere "consumer copying." Court rejected argument and affirmed finding of liability, holding that under text and plain meaning of Act, there was no provision immunizing defendant from liability if purpose of his actions was noncommercial in nature. Court held that Act makes no distinction between "consumer" and "non-consumer" infringement of protected materials; instead, Act refers to "anyone" as potential infringers and permits

owners to pursue actions against "any infringement." Defendant could therefore be subject to liability under Act based on his unauthorized use of copyrighted works.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

Brownmark Films, LLC v. Comedy Partners, 682 F.3d 687 (7th Cir. 2012)

Plaintiff was small film producer that scored unexpected "viral" video hit on YouTube with gay-themed dance number called *What What in the Butt* (hereafter, "WWITB"). In video, featured performer, professionally known as Samwell, dances on distinctive red, white and blue stage, occasionally being shown in close-ups as he nibbles on large chocolate heart or turns to reveal words "What What" spelled out in sequins on seat of pants. Defendant's video, part of episode of satirical animated series *South Park*, likewise featured one of principal characters, particularly naïve nine-year-old boy named Butters, dancing to same song, on red, white and blue stage, intercut with close-ups of chocolate heart nibbling and "What What" lettering on back of his pants. Plaintiff sued, claiming infringement based defendant's distribution of *South Park* episode on television, through *South Park* website, iTunes, Amazon.com, and on DVD and Blu-Ray. Complaint referenced works at issue, but did not attach them. Defendant moved to dismiss under Rule 12(b)(6), attaching copies of works and claiming that its video was fair use parody of plaintiff's. District court, observing that "context is king" in fair use cases, granted motion. Here context was whole *South Park* episode in which video appeared. Accordingly, court focused on whether defendants' use of copyrighted material in context of episode was fair use. Viewing works satisfied court that use of WWITB video was fair use under § 107. Therefore, allegations of complaint and materials expressly referenced in complaint set forth everything necessary to satisfy affirmative defense; dismissal was warranted because complaint was purely speculative. Court also found nothing wrong with resolving fair use question on 12(b)(6) motion; given scope and nature of alleged infringement, coupled with "rather obvious" resolution of substantive underlying issue, court concluded dispute did not warrant putting defendant through expense of discovery. Court noted that plaintiff's opposition to dismissal motion dealt solely with procedural issue of reaching affirmative defense at 12(b)(6) stage. Plaintiff had "not even bothered" to address substance of fair use question, providing court with no indication of any evidence or factors outside of episode in question that could possibly influence resolution of fair use issue in plaintiff's favor. Seventh Circuit affirmed, stating, "This is a case about how a court may

dispose of a copyright infringement action based on the fair use affirmative defense while avoiding the burdens of discovery and trial." Court *sua sponte* considered propriety of reviewing video clips at issue, since they had not been attached to complaint. Defendants below had relied on incorporation-by-reference doctrine to avoid violating Rule 12(d), which requires that Rule 12(b)(6) or 12(c) motions containing materials outside of pleadings be converted into motions for summary judgment. Seventh Circuit observed that no court of appeals had ruled that content of television programs and similar works may be incorporated by reference, but thought "it makes eminently good sense to extend the doctrine to cover such works, especially in light of the technological changes that have occasioned widespread production of audio-visual works. . . . District courts need not, and indeed ought not, allow discovery when it is clear that the case turns on facts already in evidence." Court concluded that pre-discovery dismissal may be proper on basis of affirmative defense, typically through Rule 12(c) motion for judgment on pleadings. However, rather than decide whether videos may be incorporated by reference in defendant's motion to dismiss, Seventh Circuit elected to treat defendant's motion as motion for summary judgment. Turning to fair use issue, Seventh Circuit stated that since plaintiff never opposed fair use argument in district court, court considered argument waived. But even if argument were not waived, district court was correct to find in defendant's favor. *South Park* episode was "clearly a parody of the original WWITB video, providing commentary on the ridiculousness of the original video and the viral nature of certain YouTube videos. This kind of parodic use has obvious transformative value." As to fourth factor, market harm, parody could not have actionable effect on potential market for or value of original video. As *South Park* episode aptly pointed out, there was no "Internet money" for video itself on YouTube, only advertising dollars that correlated with number of views video had. Parody's likely effect, ironically, would only increase ad revenue. Any effect on derivative market for criticism was not protectable, and plaintiff failed to give district court or court of appeals any concrete suggestion about potential evidence indicating that *South Park* parody had cut into any "real market (with real, non-Internet dollars)" for derivative uses of original WWITB video.

Righthaven, LLC v. Hoehn, 792 F. Supp. 2d 1138 (D. Nev. 2011)

Plaintiff brought suit for infringement of literary work, alleging that defendant had uploaded work to website without plaintiff's authorization. Defendant moved for summary judgment, arguing that its use of copyrighted work was protected by fair use. After analyzing statutory factors governing fair use, court granted defendant's motion and dismissed case. First, court found that defendant did not profit from his use of copyrighted

work, and that such noncommercial use was presumptively fair. Second, scope of fair use was greater since work was editorial containing "a significant informational element," as opposed to purely creative works within core of intended copyright protection. Third, plaintiff did not present any evidence that market for copyrighted work had been harmed due to defendant's conduct. Although defendant reproduced entire work, which weighed against finding of fair use, on balance defendant's use was deemed fair.

Brownmark Films, LLC v. Comedy Partners, 800 F. Supp. 2d 991 (E.D. Wis. 2011)

District court granted defendant's motion to dismiss, finding plaintiff's barred by fair use doctrine, where videos in question were expressly referred to in complaint. Court found that defendant used parts of plaintiff's video to not only poke fun at video, but also to comment on social trend, solidifying defendant's work as parody. Plaintiff was co-owner of copyright in music entitled *What What (In the Butt)* (WWITB), four-minute ditty regarding singer's derriere. Video featured adult African American male, dressed in bright red, half-buttoned silk shirt, dancing, grinning and singing phrases featuring "butt." Defendants were entities involved in production of *South Park.* Plaintiff sought damages and injunctive relief for infringement based on *South Park* episode in which one of characters, nine-year-old Butters, is coaxed by his friends to record Internet video in hopes of making "Internet money." In episode, Internet video lasts 58 seconds out of 25 minutes and replicates parts of WWITB video, with Butters singing WWITB's central lines while dressed as teddy bear, astronaut and daisy. In episode, video goes viral, however, *South Park*'s fourth graders attempts to collect "Internet money" are fruitless. Defendants filed motion to dismiss, arguing that use of plaintiff's video was fair use, and submitting copies of plaintiff's and defendants' videos to court. Court determined that although videos were materials outside pleadings, they could be considered because they were central to plaintiff's claim, and plaintiff referred to them in complaint. Court further observed that, although evaluating affirmative defense at pleading stage is unusual, given limited scope and nature of alleged infringement — use of WWITB in context of episode only — it was appropriate. Applying statutory factors and principles underlying fair use doctrine, court concluded that defendants' use was fair. In particular, court reasoned that defendants used parts of plaintiff's video to not only poke fun at video by replacing African American adult male singer with innocent nine-year-old dressed in adorable outfits, but also to comment on bizarre social trend by showing fourth graders discovering that, while society is willing to watch absurd videos on Internet, it assigns little monetary value to such works, thus establishing

defendants' work as classic parody. Court further noted that defendants' use of WWITB in episode was relatively insubstantial because it was derivative work, cartoon, and used less than third of original work; and that there was little risk that defendants' work would somehow usurp market demand for original. Court, accordingly, granted defendants' motion to dismiss.

Fuentes v. Mega Media Holdings, Inc. et. al., No. 09-22979, 2011 U.S. Dist. LEXIS 70996 (S.D. Fla. June 9, 2011)

District court granted defendants' motion for summary judgment, finding fair use defense insulated defendants against plaintiff's copyright infringement claim. Plaintiff was well-known Cuban author and journalist who created approximately 10–12 hours of video of certain events in Angola related to high-ranking members of Castro's military (who were ultimately sentenced to death for "atrocities . . . against the state"). Two hours of video were registered, 10 months after clips were first aired, entitled *Angola 1988/1989*. Plaintiff eventually sought asylum in United States without videotapes and, after reacquiring control, tried to commercialize videos between 1994 and 2008. Defendants acquired video footage shot by plaintiff from third party in summer of 2008. Defendants' show host, Maria Elvira Salazar, aired portions of *Angola 1988/1989* on her show, including after being warned by plaintiff's wife that clips belonged to her husband. Court found use was news reporting under preamble of statute; subject matter was of historical importance and never seen before. Use was transformative; defendants did not merely show *Angola 1988/1989*, but edited clips and added commentary. Nature of work was factual, and plaintiff did exercised only minimal direction over work. Despite using much of two hours of registered material, selected 60-minute scenes could not be considered fundamental to work. Effect on market value weighed slightly in plaintiff's favor, but court noted that defendants' use may have enhanced market value by generating interest. Potential harm to market value could not overcome weight of first three factors in favor of defendants. Thus, summary judgment was granted.

B. Statute of Limitations

Zalewski v. T.P. Builders, Inc. No. 1-10-876, 2011 U.S. Dist. LEXIS 84953 (N.D.N.Y. Aug. 2, 2011)

District court granted defendants' motion to dismiss plaintiffs' second amended complaint, but reluctantly granted plaintiffs limited leave to amend complaint third time. Plaintiffs, building designer who registered copyrights in original architectural home designs, brought suit for copyright infringement against 90 defendants, including homeowners, in con-

nection with homes built using plaintiffs' designs. After over 75 defendants were dismissed from action as not amenable to suit, some remaining defendants filed motion to dismiss second amended complaint, alleging that plaintiffs' claims were barred under three-year statute of limitations pursuant to § 507(b). Court, anticipating further motions to dismiss, ordered limited discovery deposition of plaintiffs on issue of accrual of plaintiffs' causes of action. Defendants argued accrual is governed by "injury rule"; i.e, "a claim accrues at the time of the infringement." In contrast, plaintiffs argued accrual is governed by "discovery rule": "a copyright claim begins to accrue when plaintiff 'knows or has reason to know of the injury upon which the claim is premised.'" Without deciding issue of accrual, court noted "its receptiveness to the discovery's rules continued viability," reasoning that "as to civil copyright claims, the discovery rule best comports with the text and structure of the Copyright Act."

Habersham Plantation Corp. v. Art & Frame Direct, Inc., 2011 U.S. Dist. LEXIS 100726 (S.D. Fla. Sept. 8, 2011)

Plaintiffs brought suit for infringement of furniture designs. Defendants moved for summary judgment, based in part on ground that plaintiffs were barred from recovery of damages under three-year statute of limitations. Court rejected defendant's argument upon adopting "discovery rule" (in accord with sister district court) which holds that plaintiff may recover damages for infringement that occurred more than three years prior to bringing suit, provided plaintiff was unaware of infringement and its lack of knowledge was "reasonable" under circumstances. Court found summary judgment inappropriate since there was disputed issue of material fact regarding plaintiffs' knowledge of defendants' infringement.

C. *First Sale Doctrine*

John Wiley & Sons v. Kirtsaeng, 654 F.3d 210 (2d Cir. 2011)

Second Circuit held that goods manufactured abroad and imported into U.S. without authorization from copyright owner cannot qualify for "first sale" defense. Plaintiff published, inter alia, scientific and educational textbooks for sale domestically and abroad. Although content of books was generally same whether for domestic or international sale, copies of books manufactured for international market often had significant variations in design and printing materials, as well as variations in quality of photographs and graphics. Plaintiff's foreign editions generally contained bold legend stating, *e.g.*, "Authorized for sale in Europe, Asia, Africa and the Middle East Only." Plaintiff thus divided markets territorially, granting exclusive licenses to third parties or affiliates territory-by-territory, in effort to maximize total revenues derived from worldwide exploitation of

rights. Second Circuit noted that § 602(a) of Act was "obviously intended to allow copyright holders some flexibility to divide or treat differently international and domestic markets for a particular copyrighted work." Court also observed that purpose of § 602(a) would be defeated in most cases if § 109(a) defense could be asserted with respect to lawfully-made goods manufactured abroad. In that event, only piratical or other unlawful or unauthorized copies made abroad would fail to qualify for defense. Defendant Kirtsaeng moved to U.S. from Thailand in 1997 to study. Kirtsaeng claimed that to fund his education he sold plaintiff's foreign edition textbooks, printed in Asia, which his friends and family shipped to him in U.S. Plaintiff sued Kirtsaeng for copyright infringement. Jury found Kirtsaeng liable for willful infringement, and awarded plaintiff statutory damages of $75,000 for each of eight works infringed, and district court issued permanent injunction. On appeal, Second Circuit in 2-1 decision upheld both district court's ruling that first sale defense did not apply and jury's statutory damage award. Court stated that "threshold question is whether, pursuant to § 109(a) of the Copyright Act . . . the District Court correctly determined that the phrase 'lawfully made under this title' does not include copyrighted goods manufactured abroad." Court relied primarily on text of § 109(a), "structure of Copyright Act," and Supreme Court opinion in *Quality King Distributors v. L'anza Research International*, 523 U.S. 135 (1998). Plaintiff contended that because books were manufactured outside United States, they were not "made under this title." Therefore, goods made abroad were not subject to first sale defense. Kirtsaeng argued that as long as books were manufactured pursuant to arrangement that would be lawful had U.S. law applied, e.g., under authority of copyright owner, copies should be considered lawfully made under Title 17. Court concluded that phrase "lawfully made under this title" was unclear and could be read to favor either interpretation. Court next considered whether "interplay" of § 602(a) and 109(a) favored applying first sale defense to foreign-made goods, and concluded that "while perhaps a close call," structure of Act favored interpretation of § 109(a) as applying only to domestically manufactured goods in order to avoid nullifying § 602(a)'s clear intent to enforce, within United States, limitations on territorial grants of foreign rights. Court declined, however, to follow Ninth Circuit exception for foreign manufactured goods once authorized sale was made in United States, which court noted had not been adopted by other courts of appeals. Court then weighed impact of Supreme Court's decision in *Quality King* and concluded that its *dicta*, discussed above, supported interpretation of "lawfully made under this title" as only applying to goods manufactured in United States or its territories. Thus, court stated, "we are comforted by fact that our interpretation of § 109(a) is one that the Justices appear to have had in mind when deciding *Quality King*." On

balance, notwithstanding "utterly ambiguous text" of § 109(a) and "close call" in reconciling that provision with § 602(a), court concluded that structure of Title 17 and Supreme Court opinion in *Quality King* supported limiting first sale defense to domestically made goods. Dissent set forth several reasons why § 109(a) should apply to all lawfully made goods, wherever manufactured, including that (i) "the statutory text does not refer to the place of manufacture"; (ii) "regardless of the place of manufacture, a copy authorized by the U.S. rightsholder is lawful under U.S. copyright law"; (iii) Congress could have, but did not, explicitly limit § 109(a) to "copies lawfully manufactured in the United States"; and (iv) limitation on § 109(a) to domestically made copies would effectively permit copyright owner importing goods to exercise perpetual control over those goods, in contrast to domestic goods which are subject to first sale defense.

D. Misuse

Omega S.A. v. Costco Wholesale Corp., No. 04-05443, 2011 U.S. Dist. LEXIS 155893 (E.D. Cal. Nov. 9, 2011)

Court granted defendant's motion for summary judgment. Plaintiff, Swiss watch manufacturer, distributed watches through authorized distributors throughout world. Defendant, not authorized importer or retailer, sold plaintiff's watches in its stores at prices well below plaintiff's suggested retail price. In 2003 plaintiff started engraving 3-millimeter "Globe Design" on reverse side of "Seamaster" watches at its Swiss factory. Defendant purchased Seamaster watches with Globe Design from distributors outside U.S. to sell at defendant's stores within U.S. In 2004 plaintiff filed action against defendant for violating § 602, which prohibits importation of copyrighted work without copyright holder's permission. Plaintiff advised its authorized distributors that purpose of lawsuit was to "stem the tide of the grey market" and "unauthorized importation of Omega watches into the U.S." "In other words," court stated, "Omega used the defensive shield of copyright law as an offensive sword." Under Ninth Circuit precedent "the misuse defense prevents copyright holders from leveraging their limited monopoly to allow them to control areas outside of their monopoly." Here, plaintiff conceded that purpose of copyrighted Globe Design was to control importation and sale of its uncopyrightable watches containing design. Accordingly, plaintiff misused its copyright in Globe Design by leveraging its limited monopoly — ability to control importation of design — to control importation of Seamaster watches. While plaintiff conceded that one purpose of Globe Design was to control importation of watches, it argued that another purpose was to promote creativity and aesthetics of Globe Design itself, and to increase value design gives to watch. Court held that while Globe Design might have its own indepen-

dent aesthetic value, those aspects of design were protected by copyright, and were not defense to copyright misuse.

E. Miscellaneous

Evergreen Safety Council v. RSA Network, Inc., No. 09-1643, 2011 U.S. Dist. LEXIS 64261 (W.D. Wash. June 17, 2011)

Court granted plaintiff's motion for summary judgment, finding laches barred defendant's counterclaim for copyright infringement. Plaintiff nonprofit provided certification program for pilot drivers, who escort trucks transporting oversize loads. Defendant corporation provided similar program. Randy Sorenson created manual to promote pilot training programs, and in 1993 registered copyright, which he transferred to defendant RSA, owned by his wife. Sorenson revised manual and registered updated copyright in 2009. In 1996, Sorenson sent agency in Washington State course materials for new pilot program. Two years later, Washington adopted new escort vehicle requirements, and Department of Transportation founded committee for pilot car training. Sorenson attended committee meetings, including one held at plaintiff's office, where Sorenson's manual was discussed and members acknowledged concern with copyright. In 1999, plaintiff sent Sorenson copy of draft training manual with letter thanking him and inviting further input. Plaintiff's manual was printed in 1999, with subsequent version in 2003. Defendant sent plaintiff cease and desist letters in 2009. Sorenson claimed he did not open envelope with manual and letter until 2010. Plaintiff filed action for declaratory relief that manual did not infringe defendant's copyright. Defendant counterclaimed for copyright infringement, and filed motion for partial summary judgment on infringement claim. Plaintiff asserted affirmative defenses of implied license, laches and fair use. Ninth Circuit requires two factors for laches: (1) unreasonable delay in bringing suit; and (2) prejudice resulting from delay. Court found delay period is determined from when plaintiff *should have known* infringement occurred to when plaintiff brought suit. Court found first requirement met, as defendant had manual in possession in 1999, and did not allege infringement for 10 years. Court also found second requirement met; delay caused economic prejudice, because potential damages would be significantly greater due to 10-year delay.

VII. REMEDIES

A. Damages and Profits

Sony BMG Music Entertainment v. Tenenbaum, 660 F.3d 487 (1st Cir. 2011)

Plaintiffs, major U.S. recording companies, brought suit for infringement against individual defendant based on his long-standing use of filesharing software ("peer-to-peer networks"), whereby he had committed unauthorized downloading and distribution of literally thousands of songs in privacy of his own home. Defendant continued unlawful downloading and distribution even after warnings from father and receipt of notices from plaintiffs, and only ceased offending activities after lawsuit was filed. Lower court found that defendant infringed 30 copyrighted works owned by plaintiffs due to his downloading and distribution activities. Although jury returned statutory damages award of $675,000 based on defendant's willful infringement, lower court reduced award to $67,500, finding award unconstitutionally excessive in violation of defendant's due process rights under factors set forth in *BMW v. Gore*, 517 U.S. 559 (1996). Court reversed lower court's reduction of damages, holding that under doctrine of constitutional avoidance, it was error for lower court to reach constitutional due process issue before considering common law *remittitur*. Court also questioned propriety of reducing statutory damages award on due process grounds under *Gore*, since such decision assumed statutory damages were wholly punitive in nature, while statutory damages have both compensatory and punitive elements. Further, concerns regarding fair notice to parties of range of possible punitive damage awards are not present with statutory damages since statute itself provides notice of scope of statutory damages. Court suggested, without deciding, that standard set forth by *Gore* and its progeny regarding constitutionality of punitive damages awards was not appropriate standard of review for statutory damages awards under Act.

Disney Enterprises, Inc. v. Bouncing 4 Fun, No. 10-3100, 2011 U.S. Dist. LEXIS 102692 (E.D. Cal. Sept. 9, 2011)

Plaintiff sued defendants for copyright infringement based on defendants' selling and renting unlicensed and counterfeit "moonwalks" ("a large inflatable bounce house used for entertainment, typically by children") that incorporated plaintiff's copyrighted characters and logos. Plaintiff moved for default judgment and sought $25,000 for each of 24 alleged infringements. Court found plaintiff's request at high end of permissible damages range, due to small scale nature of defendants' business, which included only five to 10 employees. Court instead awarded $10,000 per infringement, considering: (1) defendants' willfulness, as they continued infringe-

ment despite receiving multiple cease-and-desist letters; (2) number of likenesses used; and (3) defendants' personal and substantial profit from use of copyrights. Court also awarded permanent injunction and prejudgment interest.

Bertam Music Co. v. P & C Enterprises, Inc., No. 09-2253, 2011 U.S. Dist. LEXIS 71967 (C.D. Ill. July 5, 2011)

District court granted plaintiffs' motion for summary judgment, finding defendants vicariously liable for willful copyright infringement. Court awarded statutory damages, issued permanent injunction, and awarded attorneys fees and costs. Plaintiffs, copyright owners who granted ASCAP nonexclusive right to license nondramatic performances of their copyrighted musical compositions, sued defendants, corporation and its two principals who operated radio station, alleging copyright infringement resulting from defendants' repeated broadcasting of plaintiffs' compositions without license from ASCAP or payment of license fees. Facts showed that defendants were sued for copyright infringement twice before under similar circumstances, and were on notice by ASCAP of potential liability for copyright infringement. In finding defendants liable for willful copyright infringement, court noted that despite notice, defendants made no effort to avoid broadcasting music from ASCAP repertoire in violation of plaintiffs' rights. Court also found permanent injunction warranted because "plaintiffs have made a clear showing of past infringement in this case and, frankly, not just a substantial likelihood but in actuality almost a certainty of future infringement." Court also granted plaintiffs attorneys' fees and costs and post-judgment interest.

Ackourey v. Mohan's Custom Tailors, Inc., No. 09-5454, 2011 U.S. Dist. LEXIS 98636 (E.D. Pa. Aug. 29, 2011)

District court granted in part and denied in part defendant's motion for partial summary judgment on issue of statutory damages and attorneys' fees, finding that plaintiff was limited to pursuing single statutory damage award for infringement of compilation, which, although not timely registered, included several works that had independent timely registrations. In 2006, plaintiff published stylebook including drawings of men's and women's clothing styles. Stylebook was registered as compilation work in 2009. Defendant received copy of plaintiff's stylebook in 2006. In 2008, defendant printed catalog. In 2009, plaintiff sued defendant alleging that 123 images included in defendant's catalog were copied directly from 2006 stylebook without authorization, and sought statutory damages and attorneys' fees. Defendant filed summary judgment motion, arguing that because alleged infringement was based solely on material copied from 2006 stylebook and copyright in stylebook was not timely registered, statutory

damages and attorneys' fees were barred. Plaintiff argued that stylebook included images reproduced from 12 stylebooks that were timely registered, prior to publication of 2006 stylebook, thus entitling plaintiff to statutory damages on each of those stylebooks. Court reasoned that under § 412, copyright in 2006 stylebook as compilation extends only to new, previously uncopyrighted material in book, and copyright in preexisting material remains undisturbed and independently enforceable. Accordingly, court concluded that plaintiff was not precluded from seeking statutory damages and attorneys' fees based on copyrights in 12 stylebooks. However, court further reasoned that, although it is treated differently under § 412, for purpose of computing statutory damages and fees under § 504, compilation constitutes "one work," and because plaintiff alleged infringement of 2006 stylebook only, plaintiff was limited to pursuing single statutory damages award.

Tattoo Art, Inc. v. TAT International, LLC, 794 F. Supp. 2d 634 (E.D. Va. 2011)

Plaintiff brought suit for infringement of copyrighted tattoo artwork designs against seller of stencils used in applying airbrush "body art." Over 700 tattoo designs were at issue; approximately 212 designs were drawn from 24 different registered books (each consisting of 50 designs), while remaining designs were unregistered. Upon court's finding that defendants had infringed plaintiff's copyrights through, inter alia, unauthorized exploitation of tattoo designs, trial was held on issue of damages only. Court ruled that statutory damages were available for 212 registered designs in standard range of $750 to $30,000 per work, since defendants' actions, while not innocent, did not rise to level of willfulness. Further, for purposes of statutory damages, court determined that total number of works infringed was 24, corresponding to number of registered books of tattoo designs that had been infringed. In so ruling, court rejected "independent economic value" test in favor of "plain-language" test, which holds that plaintiff is entitled to only one statutory damage award per compilation or collective work, even where those compilations or collective works are comprised of multiple, individually copyrightable works. Finally, court rejected award of actual damages for infringement of nearly 500 unregistered designs pursuant to plain language of § 411(a) requiring registration of works. Although Supreme Court previously found that language of § 411(a) was not jurisdictional in nature, court ruled that registration still functioned as statutory precondition for award of damages in infringement suit.

B. Attorneys' Fees

Airframe Systems v. L-3 Communications Corp., 658 F.3d 100 (1st Cir. 2011)

First Circuit affirmed district court's order denying defendant's motion for attorneys' fees, finding that district court did not abuse its discretion. Plaintiff developed proprietary aircraft maintenance tracking software (ARMS) and licensed compiled object code, but not source code, of ARMS to defendant. After discovering unspecified version of ARMS source code on defendant's computers, plaintiff initiated series of copyright infringement suits, alleging that defendant copied ARMS source code to create replacement maintenance program M3 by translating ARMS source code. To support its claims, plaintiff provided declaration by ARMS designer who compared M3 source code to most current version of ARMS source code (2009 version), but not to any of versions whose copyright registrations were named in complaint. Defendant moved for summary judgment and for attorneys' fees. District court granted defendant's summary judgment motion, finding that plaintiff failed to produce relevant source code. First Circuit affirmed grant of summary judgment. However, district court denied defendant's attorneys' fees motion. Defendant appealed, arguing that district court (1) applied incorrect standard or (2) abused its discretion in declining to award fees. First Circuit disagreed, noting (1) district court cited Supreme Court standard from *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1944), and was not required to elaborate by citing First Circuit opinions; and (2) district court applied each of *Fogerty* factors, and concluded that despite of failure of proof issue, there were no particular circumstances in favor of compensation by attorneys' fees. Plaintiff's claims had not been frivolous, improperly motivated, or objectively unreasonable; and "contentious nature" and "reasonably swift resolution" factors weighed against fee award. Accordingly, First Circuit affirmed district court's decision.

Righthaven, LLC v. Hill, No. 11-00211, 2011 U.S. Dist. LEXIS 101783 (D. Colo. Sept. 9, 2011)

District court denied defendant's motion for attorneys' fees under four exceptions to American Rule. Plaintiff Righthaven, LLC sued mentally and physically disabled individual Hill for copyright infringement after Hill without permission posted on his website photograph, owned by Righthaven, of TSA Agent performing pat-down search. Righthaven initially denied Hill's request for extension of time to answer, then later dismissed suit with prejudice. Hill moved for attorneys' fees under (1) § 505 of Copyright Act; (2) 28 U.S.C. § 1927; (3) C.R.S. 13-17-102; and (4) bad faith exception. Court denied fees under § 505 of Copyright Act. Section

505 allows award of attorneys' fees to prevailing party, defined as "*judicially sanctioned* material alteration of legal relationship of parties." As Righthaven dismissed suit voluntarily with prejudice, without court order, district court found Hill not to be prevailing party, and denied fees. Under 29 U.S.C. § 1927, court found Righthaven did not meet extremely high standard of "multiplying the proceedings in any case unreasonably and vexatiously," as Righthaven only filed one substantive motion and voluntarily dismissed case in less than three months. Court denied fees under CRS 13-17-102, as state law is inapplicable once work falls within ambit of federal copyright law. Finally, court found that even though there were significant legal questions concerning viability of Righthaven's cause of action, as Righthaven had engaged in pattern of filing copyright infringement suits to secure settlement agreements, there was no evidence that Righthaven brought suit solely for purpose of extorting settlement, thus making it improper to award fees under bad faith exception. Court overall found that even if conduct of Righthaven was deplorable, it did not justify award of attorneys' fees under any statutorily created or judicially recognized exceptions to prevailing American rule.

C. Injunction/Impoundment

Flexible Lifeline Systems, Inc. v. Precision Lift, Inc., 654 F.3d 989 (9th Cir. 2011)

Ninth Circuit vacated preliminary injunction issued against defendant and remanded to district court for further proceedings where district court presumed irreparable harm when it made determination to issue injunction. Plaintiff and defendant were in business of manufacturing and distributing aircraft maintenance stands. Defendant was sole distributor of aircraft maintenance stands designed by West Coast. West Coast and defendant formed joint venture to bid on government contract for Air Force platform C-130, using drawings developed by West Coast. Due to financial difficulties, West Coast sold most of its assets to plaintiff, including drawings, for which plaintiff later obtained copyright registration. Plaintiff did not continue joint venture with defendant, and sought to enjoin defendant from using drawings for maintenance stands for aircraft other than C-130. Plaintiff argued only presumption of harm and did not provide evidence of actual harm. District court granted preliminary injunction after finding that plaintiff was likely to succeed on merits of copyright infringement claim. Defendant appealed issuance of preliminary injunction, arguing that Ninth Circuit standard of presuming irreparable harm, as expressed in *Elvis Presley Enterprises, Inc. v. Passport Video*, 349 F.3d 622 (9th Cir. 2003), had been effectively overruled by Supreme Court's decisions in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), and *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7 (2008). After analyz-

ing *eBay* and *Winter*, Ninth Circuit agreed with defendant, finding that *eBay* was not limited to patent infringement matters, and that *Winter* reaffirmed principles relied upon in *eBay*: plaintiff must satisfy four-factor test in order to obtain equitable injunctive relief, even if that relief is preliminary, and overruled *Elvis Presley* to extent of its support of presumption of irreparable harm in issuing injunctive relief. Ninth Circuit also distinguished its previous decision in post-*Winter* case *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*, 571 F.3d 873 (9th Cir. 2009), affirming district court's decision resting on presumption of harm in trademark infringement matter. Ninth Circuit observed that *Marlyn* contains no analysis post-*Winter*, and that parties in *Marlyn* did not brief issue of whether presumption of harm survived *eBay* or *Winter*. Because *Marlyn* panel did not consider this issue, circuit court found that it was not bound by *Marlyn's* decision. Accordingly, Ninth Circuit concluded that presuming irreparable harm in copyright infringement case is inconsistent with, and disapproved by, Supreme Court in *eBay* and *Winter*; found district court's presumption of harm to be error; and remanded to district court to make requisite factual determinations regarding irreparable harm.

Perfect 10, Inc. v. Google, Inc., 653 F.3d 976 (9th Cir. 2011)

Ninth Circuit affirmed district court's denial of adult website owner's motion for preliminary injunction against Google. Plaintiff alleged Google's practice of forwarding plaintiff's DMCA takedown notices to chillingeffects.org for posting on its website, among other practices and policies of Google, constituted copyright infringement. Because takedown notices included URLs for infringing content, even if Google removed URLs from search results, viewers could still find URLs for infringing content on chillingeffects.org. Court rejected plaintiff's argument "that because it has made a strong showing of likelihood of success on the merits of its copyright claims, a court must presume it will suffer irreparable harm." In so doing, court departed from well-established Ninth Circuit precedent under *Apple Computer, Inc. v. Formula International, Inc.*, 725 F.2d 521(9th Cir. 1984), instead following Supreme Court's decision in *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), holding that injunction for patent infringement must comport with "traditional equitable principals" using fact-specific application of traditional four-factor test for injunctive relief, and not presumptions or categorical rules. In *eBay*, Supreme Court looked to Copyright Act for guidance, noting permissive language in § 502(a) of Copyright Act that courts "may" grant injunctive relief on such terms as they deem reasonable to prevent infringement does not indicate congressional intent to depart from traditional equitable principles. Here, court held that "the propriety of injunctive relief in cases arising under the Copyright Act must be evaluated on a case by case basis in accord with

traditional equitable principles and without the aid of presumptions." Accordingly, district court did not err in failing to presume plaintiff would suffer irreparable harm, or abuse its discretion in ruling that plaintiff failed to satisfy requirements for injunctive relief.

Bouchat v. Baltimore Ravens, Ltd. Partnership, 2011 U.S. Dist. LEXIS 129530 (D. Md. Nov. 9, 2011)

Plaintiff brought suit for infringement of copyrighted "Flying B" logo against defendants Baltimore Ravens and NFL based on, inter alia, defendants' public display of logo in season highlight films and video clips played during Ravens' home games. Fourth Circuit reversed lower court's finding that defendants' conduct constituted fair use, holding that defendants' use of logo in highlight films and video clips played during home games infringed plaintiff's rights in work. On remand, court declined to enjoin defendants' use of depictions of copyrighted logo in films upon finding that plaintiff failed to satisfy *eBay* test for injunctive relief, instead holding that award to plaintiff of reasonable compensation for defendants' use of copyrighted logo provided plaintiff with adequate legal remedy. Specifically, court found that balance of hardships weighed in favor of defendants, since NFL films at issue resulted from collaborative efforts of numerous individuals (*e.g.*, depicted players, producers), and therefore enjoining presentation of films would have imposed hardship on defendants which exceeded that imposed on plaintiff. Additionally, court held that public interest in preserving and presenting to public images of "historical" sporting events outweighed public interest in granting plaintiff monopoly that would have enabled him to block presentation of films.

D. Sanctions

IO Group Inc. v. GLBT, Ltd., No. 10-1282, 2011 U.S. Dist. LEXIS 120819 (N.D. Cal. Oct. 19, 2011)

Plaintiffs moved for sanctions for spoliation of evidence. UK defendants operated websites from which members could upload and download videos in manner that infringed plaintiffs' copyrights. Court found that defendants violated duty to preserve relevant evidence and that spoliation occurred with respect to takedown notices, audiovisual files removed from websites, and emails containing DMCA notices. Defendants' only justification for destruction of emails was that UK's Data Protection Act ("DPA") did not allow them to retain personal date for longer than necessary, and required them to delete emails. However, court found that defendants offered no evidence that audiovisual files and takedown notices contained personal data protected by DPA; since defendants conceded that they destroyed evidence, and did not demonstrate that preservation

of spoliated evidence would have been impossible or subject them to civil or criminal sanctions, sanctions were appropriate. In assessing appropriate sanctions, court considered three *Schmid* factors, specifically (1) degree of defendants' fault; (2) degree of prejudice suffered by plaintiffs; and (3) whether lesser sanction would avoid substantial unfairness to defendants. While defendants "consciously disregarded" obligation to preserve relevant evidence, and plaintiffs were prejudiced as result of spoliation, court found that lesser sanctions were appropriate because defendants' deceptive conduct ceased, and defendants retrieved some missing documents and files and took steps to avoid further deletions. Court found that plaintiffs were entitled to adverse inference sanctions in form of rebuttable presumptions that (1) third parties posted materials on defendants' websites infringing plaintiffs' copyrights; (2) plaintiffs submitted takedown notices to defendants regarding infringing material; and (3) defendants did not take steps to remove plaintiffs' infringing material from websites.

VIII. PREEMPTION

Barclays Capital Inc. v. Theflyonthewall.com, Inc. 650 F.3d 876 (2d Cir. 2011)

Second Circuit reversed, in part, district court's judgment and injunction against defendant news website operator, finding plaintiffs' "hot news" misappropriation claim preempted by federal copyright law. Plaintiffs, major financial institutions that provided financial research and analysis services to investors, alleged that defendant's practice of republishing plaintiffs' securities recommendations before this information would be accessed by plaintiffs' subscribers constituted copyright infringement and "hot news" misappropriation under New York state law. District court found for plaintiffs on copyright infringement and hot news misappropriation claims, but defendant appealed only hot news misappropriation claim. Following Second Circuit precedent under *National Basketball Association v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997), court held that "because the plaintiff's claim falls within the 'general scope' of copyright, 17 U.S.C. § 106, and involves the types of works protected by the Copyright Act, 17 U.S.C. §§ 102 and 103, and because the defendant's acts at issue do not meet the exceptions for a 'hot news' misappropriation claim as recognized by [the Court in] *NBA*, the claim is preempted." Specifically, court found (1) plaintiffs' reports and recommendations satisfied subject matter requirement of Copyright Act § 102 because they are "original works of authorship fixed in a tangible medium of expression," and it is not determinative that such recommendations themselves are not copyrightable; (2) plaintiffs' reports and recommendations satisfied "general scope" requirement because "the rights 'may be abridged by an act which, in and of itself, would infringe one of the exclusive rights provided by federal

copyright law'"; and (3) plaintiffs' claim did not meet exceptions applicable to "hot news" misappropriation claims because defendant was not free-riding on plaintiffs' product, but rather was collecting and disseminating, through substantial organizational effort of its own, fact that plaintiffs had made recommendations as to trading of certain securities, and attributing such "news" to plaintiffs as source. Accordingly, district court erred in finding plaintiffs' "hot news" misappropriation claim not preempted by federal copyright law.

Quadrille Wallpapers and Fabric, Inc. v. Pucci, No. 10-1394, 2011 U.S. Dist. LEXIS 95457 (N.D.N.Y Aug. 24, 2011)

Court granted plaintiff's motion to remand case to state court, finding Copyright Act did not preempt state law claims. Plaintiff corporation was in business of designing and selling custom fabric, wallpaper and women's clothing. Plaintiff built personal client relationships and kept confidential client databases. Defendants were married couple; wife was former employee of plaintiff and had access to confidential client lists and database, as well as details regarding manufacturers. Defendants became partners of clothing company that sold clothing in plaintiff's designs to manufacturers of plaintiff. Plaintiff sued in state court for alleged unlawful marketing of plaintiff's patterns and solicitation of plaintiff's clients. Defendants moved to remove case based on complete preemption by Copyright Act. To determine preemption, courts in Second Circuit rely on two-part test: (1) whether particular work is under subject matter of works protected by §§ 102 and 103 of Copyright Act; and (2) whether state law creates rights equivalent to exclusive rights provided by copyright law. State law claims, therefore, that include any "extra elements" beyond reproduction, adaptation, performance, distribution or display, and make claim "qualitatively different" from copyright infringement claim, are not preempted. Court first analyzed subject matter of works, finding claims relating to client lists and identifies of manufacturers did not fall under scope of Act, but claims regarding clothing designs fit within category, as (1) fabric designs are copyrightable; and (2) scope of copyrightable work under preemption statute is broader than scope of copyright protection. Court then analyzed specific claims under second requirement, finding plaintiff's claims for (1) unfair competition; (2) misappropriation of trade secrets; (3) tortious interference with business relations and prospective economic advantage; (4) breach of fiduciary duty; and (5) breach of implied contract not preempted, as they contained "extra element" beyond copyright infringement. Under Second Circuit law, unfair competition claims based upon breaches of confidential relationships, breaches of fiduciary duties, and trade secrets contain "extra element." As plaintiff's claim was based upon wife's confidential relationship as employee and alleged misuse of trade

secrets to compete with plaintiff, court found claim not preempted. Additionally, misappropriation of trade secrets claims are generally not preempted by Copyright Act, as they often involve breach of duty of trust or confidence to plaintiff through improper disclosure of confidential material, separating claim from claim solely based on copying. As complaint alleged that one defendant disclosed former employer's confidential information in breach of fiduciary duty, and other defendant aided and abetted breach, court found extra element test was met. Court used same reasoning under tortious interference and breach of fiduciary duty claims. Finally, court analyzed breach of implied contract claim, finding such claims generally not preempted, as they are based on allegations of contractual right not existing under copyright law. Court found plaintiff's allegation akin to breach of non-disclosure or non-competitive agreement, where allegation is based on promise to maintain confidentiality of employer's information, and not use information to compete with that employer in future, and thus beyond claim of mere reproduction, and outside scope of copyright infringement claim.

Customguide v. Careerbuilder, LLC, 813 F. Supp. 2d 990 (N.D. Ill. 2011)

District court denied in part and granted in part defendant's motion to dismiss plaintiff's claims, based upon defendant's alleged unauthorized access and use of plaintiff's on-line training courses, as preempted by Copyright Act. Plaintiff developed online courses and guides that trained users how to operate software programs. Plaintiff entered Partnership and Development Agreement with defendant, allowing defendant to use and sell products only to individual consumers, but not engage in business-to-business sales. Defendant accessed and used plaintiff's content for business-to-business sales, promoted and misrepresented products as own products, and provided link to users on defendant's website that directed to plaintiff's products rebranded with defendant' logo. Plaintiff brought suit, in relevant part, for (1) breach of contract; (2) violation of Illinois Uniform Deceptive Trade Practices Act; (3) violation of Illinois Consumer Fraud Act; (4) common law misappropriation of intellectual property rights; and (5) unjust enrichment. Defendant moved to dismiss claims as preempted. Seventh Circuit distills two elements of copyright preemption: (1) work in which right is asserted must be in fixed tangible form and come within subject matter of § 102 of Copyright Act; and (2) right must be equivalent to any right encompassing reproduction, adaptation, publication, performance and display of copyrighted work. To avoid preemption, state law must regulate conduct "qualitatively distinguishable" from copyright law. Court found breach of contract claim not necessarily preempted. While Seventh Circuit does not adopt rule that anything with label "contract" is

necessarily outside Copyright Act's preemption clause, court relied on precedent stating "simple two-party contract is not 'equivalent to any of the exclusive rights within the general scope of copyright' and therefore may be enforced." Court also analyzed claims under Illinois Uniform Deceptive Trade Practices Act and Illinois Consumer Fraud Act. Court found plaintiff's claims to be based on theory of reverse passing off, which is preempted by Copyright Act, as defendant promoted and misrepresented plaintiff's products as its own, and provided link on its website directing to unauthorized samples of plaintiff's products with defendant's logo. Plaintiff argued claim contained likelihood of confusion allegation in addition to reverse passing off, rendering nature of claim outside scope of copyright. Court found likelihood of confusion claims derived from inherent misrepresentation and unauthorized copying and distribution of work, and thus did not amount to "extra element" needed to make claim "qualitatively distinguishable" from scope of copyright law. Court found that misappropriation allegation only provided facts regarding defendant's distribution of plaintiff's product, and unjust enrichment allegation only provided facts regarding defendant's improper use of plaintiff's works, both of which are covered by Copyright Act. Plaintiff argued, however, that complaint contained additional allegations that defendant engaged in fraudulent conduct, which were expressly incorporated by reference in misappropriation and unjust enrichment claims, thus bringing both claims outside scope of copyright. Court refused to consider additional allegations, stating that pleadings where each count incorporates all preceding paragraphs of complaint, also known as "shotgun pleadings," are discouraged, because facts alleged in such preceding paragraphs are usually not material to specific claim in count's heading. Relying solely on specific facts provided under each count heading, court found misappropriation and unjust enrichment claims preempted.

Globeranger Corp. v. Software, AG, No. 11-0403, 2011 U.S. Dist. LEXIS 91511 (N.D. Tex Aug. 15, 2011)

District court granted defendants' motion to dismiss plaintiff's state law trade secret misappropriation, conversion, unfair competition, conspiracy and tortious interference claims as preempted. Plaintiff software company used its copyrighted radio frequency identification (RFID) software platform to provide custom RFID solutions to its customers. Plaintiff alleged that defendant reverse-engineered plaintiff's RFID program to create its own RFID solution and tortiously interfered with plaintiff's ability to obtain U.S. Navy contracts. Having previously determined that plaintiff's misappropriation and unfair competition claims were preempted, court found plaintiff's tortious interference claim also preempted because "core" of plaintiff's complaint was plaintiff's allegation that defendant

misused its copyrighted software. Following Fifth Circuit precedent in *Carson v. Dynegy, Inc.*, 344 F.3d 446 (5th Cir. 2003), court also found plaintiff's conversion claim preempted because claims alleging conversion of physical property are "qualitatively different" than claims alleging conversion of intellectual property rights. Here, plaintiff's conversion claim was preempted, because plaintiff alleged conversion of intangible copyrighted material, namely, computer software. Having already dismissed plaintiff's misappropriation, unfair competition, tortious interference and conversion claims, court also dismissed plaintiff's derivative conspiracy claim.

Price v. New Light Church World Outreach and Worship Centers, Inc., No. 10-02540, 2011 U.S. Dist. LEXIS 123210 (S.D. Tex. Oct. 25, 2011)

Defendants used and allegedly profited from song composed by plaintiff to promote sale of DVD and other products on website home page, as background to webcast, in audio CDs and DVDs and in performances. District court dismissed plaintiff's unjust enrichment and conversion claims as preempted. To determine whether claims were preempted by Copyright Act, court evaluates whether claim falls within subject matter of copyright as defined in § 102, and whether cause of action protects rights that are equivalent to any exclusive rights under federal copyright contained in § 106. If defendants' act would violate both Copyright Act and state law, state law claim is preempted by Copyright Act. However, if plaintiff alleged facts that add "extra element" distinguishable from copyright claim, then state laws not preempted. Here, court found that plaintiff's unjust enrichment claim related to interest protected by Copyright Act, specifically exploitation of her song for use in various media, and was therefore, preempted by Copyright Act. Moreover, plaintiff's conversion claim was also preempted by Copyright Act because plaintiff only alleged conversion of intangible property, her song, which merely asserts claim regarding wrongful copying, distribution or performance actionable under Copyright Act.

Chen v. Cayman Arts, Inc., No. 10-80236, 2011 U.S. Dist. LEXIS 99678 (S.D. Fla. Sept. 6, 2011)

At issue was whether Copyright Act applied to Trademark Agreement related to artist's employment agreement, and whether Copyright Act preempted state law claim that certain clause of agreement was unlawful restrictive covenant, as claimed by defendant. Parties' Trademark Agreement fell within subject matter of copyright because it addressed plaintiff's artwork. Court disagreed with plaintiff's claim that Copyright Act did not apply because plaintiff's work was not "fixed," as required under Act.

Copyright Act does not apply to artist's ideas, thoughts and concepts, but as artwork was "fixed," it fell under Copyright Act; therefore to extent plaintiff's works were fixed, Trademark Agreement fell within Copyright Act. Copyright Act only preempts state law when rights fall within subject matter of copyright in § 102 and 103, and are also equivalent to exclusive rights under § 106. Parties disputed validity and enforceability of contract provision of Trademark Agreement. Such dispute as to validity of license agreement was "extra element" and not within general scope of copyright and not equivalent to § 106 exclusive rights, and therefore not preempted.

Chris-Leef General Agency, Inc. v. Rising Star Insurance, Inc., No. 11-2409, 2011 U.S. Dist. LEXIS 122909 (D. Kan. Oct. 24, 2011)

Plaintiff brought action against defendants alleging various state law claims including violation of Kansas Uniform Trade Secrets Act ("KUTSA"). Defendants removed action to district court, claiming that action provided federal question jurisdiction because it involved copyright claim regarding controversy over authorship and/or ownership rights to software program. Plaintiff moved to remand case to state court on basis that KUTSA claims did not fall within scope of Copyright Act and were not preempted, and therefore, district court lacked subject matter jurisdiction. While plaintiff's complaint only asserted state law claims, defendants argued that plaintiff's KUTSA claims were preempted under "complete preemption" doctrine. Under "complete preemption doctrine," federal court may have jurisdiction over claim purportedly brought only under state law when claim can only actually be based on federal law. Court found that "complete preemption" doctrine did not apply here; for doctrine to apply, court must find that state cause of action falls within scope of Copyright Act, and here, court found that Copyright Act did not preempt claims for misappropriation of trade secret under KUTSA. Copyright Act will preempt state law claim when work is within subject matter of copyright and rights granted under state law are equivalent to exclusive rights set out in § 106. If state law claim requires extra element, Copyright Act will not preempt state law claim. Court found that because plaintiffs were required to prove improper means under KUTSA claim, which was additional element not found in infringement claim, misappropriation of trade secrets claim under KUTSA was not preempted by Copyright Act. Moreover, court found that because state law claims were not preempted by Copyright Act, "complete preemption" doctrine was inapplicable and case must be remanded to state court.

IX. DIGITAL MILLENNIUM COPYRIGHT ACT

Capitol Records, Inc. v. MP3Tunes, LLC, 821 F. Supp. 2d 627 (S.D.N.Y. 2011)

Individual defendant, "online music entrepreneur familiar with high-stakes copyright litigation," ran two websites, one that had online storage "locker" service through Internet links to songs, and another related website that allowed users to search for free music files on Internet. Plaintiffs, record companies and music publishers, sent defendants DMCA takedown notice that identified 350 infringing songs, and demanded that defendants in addition take down all of plaintiffs' copyrighted works, even those not specifically identified. In response defendants removed unauthorized websites from its link index, but did not remove infringing songs from users' lockers. Defendants took no action regarding works not specified in notice except to request further identification, which plaintiffs declined to give. Defendants claimed protection under DMCA safe harbor, under which OSP must, inter alia, implement policy of terminating users who are repeat infringers; comply with takedown notices; not have actual or "red flag" knowledge of infringement; and not directly benefit from infringement when OSP has control over infringing activities. Court found defendants generally eligible for DMCA safe harbor protection. Plaintiffs argued that defendants were not implementing adequate repeat infringer policy. Court disagreed, holding that because users could not know whether source of their music files was infringing or not, users who "sideloaded" music for personal use did not constitute repeat infringers. Court found defendants' existing repeat infringer policy, under which defendants terminated 153 users who illegally shared music, to be adequate for safe harbor requirements. Plaintiffs claimed that defendants failed to comply with takedown notices by not removing infringing songs from users' lockers, and by not removing infringing links to other works of plaintiffs not identified on takedown notice. Defendants argued that under *Viacom v. YouTube*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010), defendants were only obligated to remove infringing links specified by plaintiffs. Court agreed with defendants that takedown notice must list specific instances of infringement. However, court also held that defendants were obligated to remove infringing songs from users' lockers, since defendants tracked source of each file, and could easily find files that were copied from specified infringing links. In contrast, it would be impossible for plaintiffs to externally identify infringing songs in users' lockers in order to list them in takedown notice. Plaintiffs claimed that defendants had actual and "red flag" knowledge of infringement because they listed songs from unauthorized websites, from which defendants' own executives "sideloaded" songs. Plaintiffs argued sites were obviously dedicated to

copyright infringement, as indicated by association of sites with words such as "free," "MP3" and "file-sharing." Court disagreed; because sites were general-purpose, non-pirate-themed file-sharing and cyberlocker sites, there was no direct indication of infringing intent by their names or URLs alone. Defendants were not obligated to go to websites or otherwise investigate them further in order to determine their legitimacy. Plaintiffs claimed that defendants directly benefited from users' infringement, and had ability to control infringing activities. Court disagreed, finding no direct benefit, since infringing and non-infringing users paid same fee, and because defendants did not promote infringement or reward users for it. Defendants' ability to monitor use or terminate accounts was merely ability to control own system, and not ability to control infringement arising from users' activities and decisions. Defendants were not required to monitor use or prevent infringement. Mere linking to infringing content, whether or not links were user-supplied, did not create liability where safe harbor requirements were otherwise met; "If enabling a party to download infringing material was sufficient to create liability, then even search engines like Google or Yahoo! would be without DMCA protection." Court found further that plain meaning of DMCA safe harbors, read in light of their purpose, covers both state and federal copyright claims. Thus, court held, DMCA applies to sound recordings fixed prior to February 15, 1972.

Ground Zero Museum Workshop v. Wilson, 813 F. Supp. 2d 678 (D. Md. 2011)

Plaintiff, non-profit that operated museum exhibiting photographs and artifacts from aftermath of September 11 attacks, brought suit against defendant for, inter alia, violations of Digital Millennium Copyright Act ("DMCA"). Defendant had provided plaintiff with online "shopping cart services," which were used to create and maintain donations page on plaintiff's website. Plaintiff claimed that defendant accessed plaintiff's website without authorization, whereupon he allegedly hid and/or deleted files and then subsequently terminated shopping cart support, preventing plaintiff's donations page from receiving any data from defendant's database. Meanwhile, defendant sent DMCA notice to plaintiff's web hosting service, alleging that defendant's shopping cart design logo was protected copyrighted material and that plaintiff's continued use of that logo on its donations page was unauthorized. Plaintiff first argued that defendant violated DMCA provision prohibiting party from "circumvent[ing] a technological measure that effectively controls access to" protected work. Court held that plaintiff failed to show necessary element that defendant's access was "unauthorized," since plaintiff admitted that it or its hosting service had supplied defendant with security access codes

enabling it to log in to access plaintiff's webpage files. Plaintiff next alleged that defendant's false claim in his DMCA notice to plaintiff's hosting service that his trademarks constituted copyrighted material violated DMCA provision prohibiting knowing, material misrepresentations. Court similarly rejected this argument, holding that any misrepresentation by defendant was not "material" since hosting service's only response to DMCA notice was to inform defendant that it no longer hosted plaintiff's website and therefore DMCA notice did not result in any harm or damages to plaintiff.

PART III

ADMINISTRATIVE DEVELOPMENTS

PART III

ADMINISTRATIVE DEVELOPMENTS

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Postponed because of bad weather: Copyright Matters Program March 6, 2013: "Nimmer on Copyright." The U.S. Copyright Office was to have a Copyright Matters program on March 6, 2013, in the Coolidge Auditorium of the Library of Congress. A panel of experts was to have addressed "Nimmer on Copyright: Celebrating 50 Years" with reflections about the treatise and copyright law. The panel includes David Nimmer, UCLA School of Law and Irell & Mangella LLP, and Jon Baumgarten, former general counsel in the Copyright Office; Barton Beebe, professor of law at New York University School of Law; Robert Brauneis, professor of law at The George Washington University Law School; and Shira Perlmutter, chief policy officer and director for international affairs at the U.S. Patent and Trademark Office. Joseph Salvo, president of the Copyright Society of the USA, was scheduled for opening remarks. The event has now been rescheduled for May 6.

PART IV

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PART IV

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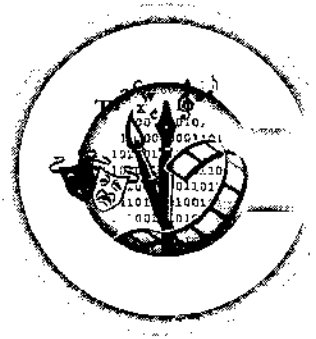

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FROM THE DESK OF THE CO-EDITORS-IN-CHIEF

Volume 60, Issue 2, of the *Journal of the Copyright Society of the USA* contains a collection of essays written in honor of the fiftieth anniversary of Melville B. Nimmer's and David Nimmer's classic treatise, *Nimmer on Copyright*. The issue opens with *Stewarding the Common Law of Copyright* by Shyamkrishna Balganesh, which delves into the judicial development of copyright law, discusses how it has survived over the past several decades, and notes the role *Nimmer on Copyright* "has had on its evolution, legitimacy, transparency, and robustness." The author concludes that: "It is hard to think of another area that has seen a treatise play as pervasive and influential a role in the development of the law, along the lines that the Nimmer treatise has played in copyright."

The next essay, *Factorless Fair Use? Was Melville Nimmer Right?*, by former Society president Richard Dannay recalls that when the 1976 Copyright Act was being drafted Melville B. Nimmer wanted the fair use provision to be "a spare, unadorned statement that 'fair use of a copyrighted work . . . is not an infringement of copyright . . . .'" He concludes by noting that: "Professor Melville Nimmer may have hit the fair-use sweet spot when he proposed a factorless fair use and that David Nimmer may have recognized its wisdom by concluding that the four factors are, really, only a 'fairy tale.'"

In *A Story of Two Anniversaries: Nimmer and the* Bulletin/Journal of the Copyright Society, current *Journal* co-editor-in-chief, F. Jay Dougherty notes that this is also the sixtieth anniversary of the Bulletin/Journal and discusses Melville Nimmer's service as a member of the *Bulletin/Journal's* editorial board, discusses references to his writings, including the then-new treatise, in the *Journal* and *Bulletin*, and citations to *Bulletin/Journal's* articles in the Nimmer treatise. He also notes that the *Journal* has also been fortunate to publish fine articles by the current author of the treatise, David Nimmer.

Next, former Society president Corey Field discusses the origins of the Nimmer treatise in *Melville Nimmer the Writer: A Review of the 1963 First Edition of* Nimmer on Copyright *on the Occasion of the Fiftieth Anniversary of its Publication.* He also analyzes the contents of the first edition, noting that "everything is questioned, everything is examined, and nothing is taken at face value without thorough research, analysis, and context."

In *How to Practice Copyright Law Internationally in Perplexing Times?*, author Paul Edward Geller recalls the advice and encouragement

that he received from Melville B. Nimmer when he was preparing his treatise on international copyright. He then discusses the problems faced by courts and lawyers in cross-border cases and provides guidelines for handling them. Regarding the role of the Nimmer treatise in international copyright law, he notes that it: "introduced U.S. counsel and courts to the Berne regime . . . ."

Register of Copyrights Maria A. Pallante's essay, *Saluting* Nimmer on Copyright, mentions her ongoing reliance on the treatise and asks how Melville B. Nimmer might deal with twenty-first century copyright issues. She notes that: "The more one learns about copyright law the more there is to learn," and asks: "What better symbol is there of this fact than the enduring legacy of *Nimmer on Copyright*?"

I Licensed Nimmer by Judge Alex Kozinski of the U.S. Court of Appeals for the Ninth Circuit relates the Judge's experiences while taking Melville B. Nimmer's contracts class in law school. He tells of how he decided to take photos of all his professors and subsequently gave Nimmer the photo of himself. Later, Nimmer confessed to having committed copyright infringement by using the photo in a lecture announcement, a problem that was instantly solved when the future judge author granted Nimmer a license. This same photo accompanies the essay.

The final essay in this special issue is *Performance Anxiety: Copyright Embodied and Disembodied*, by Rebecca Tushnet, in which the author maintains that: "copyright has never fully conceptualized performance, and this has led to persistent confusion about what copyright protects." Her article deals with such issues as identifying creative elements and how can performers' creative contributions be recognized. She concludes that: "Although formalistic solutions have obvious costs and inherent arbitrariness at the edges, it is worth considering default categories of protected authors and presumptions against cross-genre infringement," and adds: "Manageability, at this point in our copyright history, may be more beneficial than a regime that claims to protect every instance of creativity in any form — especially when that promise is so often unrealized."

The issue concludes with Part III, Administrative Developments, and Part IV, the Bibliography.

As always, your comments and suggestions are welcome.

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PART I

ARTICLES

STEWARDING THE COMMON LAW OF COPYRIGHT

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INTRODUCTION

Copyright law is today perceived as principally statutory in origin. The Copyright Act of 1976 is thought to have codified most questions of copyright policy and doctrine, and delegated a fairly limited set of questions to courts for them to resolve incrementally on a case-by-case basis.[1] This is in contrast to prior copyright enactments, which were brief and open-ended in structure, and seemingly envisaged a more active role for courts in rule- and policy-making. Judge Leval thus notes how over time, the idea of a constructive "partnership" between the legislature and courts in making and developing copyright law that once existed, has all but disappeared, and that today "[c]ourts are regarded with suspicion" in the belief that they ought to defer to the intentions of Congress.[2] On the face of things then, courts are today believed to have a fairly minimal role to play in the copyright system, restricted to interpreting the statute and applying it to individual cases.[3] Broader questions — including ones about copyright's proper goals and scope — are thought to be within the sole purview of Congress, except when expressly delegated to courts,[4] or when infused with constitutional significance.[5] Justice Brandeis's famous claim that "[c]ourts are ill-equipped to make the investigations" needed to determine the scope and extent of exclusive rights in information is in many ways the dominant way of thinking about copyright law and reform.[6]

The downsides to this approach are multiple. First, it commits copyright doctrine to a uni-dimensional justificatory account, as determined by

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1 *See* Joseph P. Liu, *Regulatory Copyright*, 83 N.C. L. REV. 87, 103 (2004) (discussing the regulatory turn that the copyright law has taken since 1976, and noting how this approach "seeks to specify the precise results and lay them out in the statute itself").

2 Pierre N. Leval, *An Assembly of Idiots?*, 34 CONN. L. REV. 1049, 1062 (2002).

3 *Id.*

4 *See, e.g.*, 17 U.S.C. § 107 (2006) (codifying fair use and delegating its development to courts).

5 *See, e.g.*, Eldred v. Ashcroft, 537 U.S. 186 (2003); Golan v. Holder, 132 S. Ct. 873 (2012).

6 Int'l News Serv. v. Assoc. Press, 248 U.S. 215, 267 (1918) (Brandeis, J., dissenting).

Congress in its legislative fact-finding. As a result, copyright is today routinely justified almost exclusively as an incentive to create, despite the lack of empirical support for the idea and indeed the deep disconnect between its theory of incentives and its actual structure.[7] Second, it ensures that copyright law reform is slow, broad-based, and premised on a one-size-fits-all approach, rather than cautious, incremental, and temporally responsive to technological change.[8] New technologies and developments necessitate new solutions, and the idea of legislative supremacy in the area of copyright law impedes courts' willingness and ability to develop them contextually and experimentally.[9] Third, and perhaps most perniciously, it ensures that the copyright system (and as a result, copyright doctrine) is almost entirely the product of political compromises between industry actors; with the public and courts relegated to bearing the externalities of those compromises and/or alleviating their unforeseen burdens.[10]

For a variety of reasons then, copyright law and policy would be better off if courts were active participants in the law-making process. I have elsewhere developed a fuller account of how and why courts' greater involvement would benefit law-making in the copyright (and overall intellectual property) context, in pragmatic terms.[11] Yet in relation to copyright law at least, the fact of the matter is that courts have indeed remained directly involved, even in the face of heightened congressional activity in the area. Despite the illusory dominance of the belief that courts ought to defer to Congress with regard to copyright policy, federal

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[7] For critical elaborations of copyright's theory of incentives, see Shyamkrishna Balganesh, *Foreseeability and Copyright Incentives*, 122 HARV. L. REV. 1569 (2009); Stewart E. Sterk, *Rhetoric and Reality in Copyright Law*, 94 MICH. L. REV. 1197 (1996); Sara K. Stadler, *Incentive and Expectation in Copyright*, 58 HASTINGS L.J. 433 (2007); Abraham Drassinower, *A Note on Incentives, Rights, and the Public Domain in Copyright Law*, 86 NOTRE DAME L. REV. 1869 (2011); Diane Leenheer Zimmermann, *Copyright as Incentives: Did We Just Imagine That?*, 12 THEORETICAL INQUIRIES L. 29 (2011).

[8] *See* Jessica Litman, *Real Copyright Reform*, 96 IOWA L. REV. 1, 3 (defining the current copyright statute as a "swollen, barnacle-encrusted collection of incomprehensible prose"). For an account of the problems with copyright's one-size-for-all approach, see Michael W. Carroll, *One for All: The Problem of Uniformity Cost in Intellectual Property Law*, 55 AM. U. L. REV. 845, 875 (2006).

[9] *See generally* Christopher S. Yoo, *The Impact of Codification on the Common Law Development of Copyright*, *in* INTELLECTUAL PROPERTY AND THE COMMON LAW (Shyam Balganesh ed. forthcoming 2013).

[10] For general overviews of the copyright law-making process, see JESSICA LITMAN, DIGITAL COPYRIGHT (2006); William F. Patry, *Copyright and the Legislative Process: A Personal Perspective*, 14 CARDOZO ARTS & ENT. L.J. 139 (1996).

[11] *See* Shyamkrishna Balganesh, *The Pragmatic Incrementalism of Common Law Intellectual Property*, 63 VAND. L. REV. 1543 (2010).

courts across the country have continued to have their say in the direction that the copyright system and copyright policy more generally ought to take, through a dialectic and pragmatic interaction with copyright doctrine. Reminiscent of the now-disbanded "declaratory theory" of common law decision-making, wherein judges asserted that they were merely declaring or applying the law, rather than actively making it,[12] courts in copyright law cases continue to mold and refine copyright rules and principles that facially at least, have their origins in the copyright statute. In practice then, copyright adjudication today is (and attempts to be) palpably hyper-realist, despite its superficial and rhetorical adherence to formalist textualism. Judge Boudin's concurring opinion in *Lotus v. Borland* is perhaps the best example of this realism in action, wherein after examining the consequences of allowing either side to prevail, he introspectively and with full candor, conceded that in the dispute at hand "the question is not whether Borland should prevail but on what basis."[13]

While doctrine thus forms a formal constraint on courts in copyright cases, it is routinely overcome by a realist mindset that is nonetheless rarely ever articulated in express terms. All the same, it manifests itself in copyright opinions on a fairly routine basis. It is this body of law, developed in realist and pragmatic fashion, and often times underneath the formalist cloak of textualism, that I refer to here as the common law of copyright. As a preliminary matter, it is important to emphasize that the common law of copyright that I have in mind isn't just interstitial common law, a term that refers to judicial law-making that is used to fill interpretive gaps in statutory enactments; it is more than that.[14] Whereas interstitial common law is seen as perfectly legitimate, and on occasion as a form of actual delegation of law-making power to courts, the common law of copyright isn't an exercise of delegated power. As a structural matter, it is on the other hand mildly subversive, originating in a judicial unwillingness to let the reins of the copyright system fall completely into the hands of the legislature. Among other strategies, it thus involves imbuing ideas and concepts expressly mentioned in the copyright statute with additional (and contextual) meaning, consciously supplementing the statute with new

[12] *See* 1 WILLIAM BLACKSTONE, COMMENTARIES 69 (15th ed. 1809); MATTHEW HALE, THE HISTORY OF THE COMMON LAW OF ENGLAND 45 (University of Chicago Press 1971) (1713); Linkletter v. Walker, 381 U.S. 618, 623 (1965) (stating that under the declaratory theory, "rather than being the creator of the law [the judge] was but its discoverer"); James B. Beam Distilling Co. v. Georgia, 501 U.S. 529, 549 (1991) (Scalia, J., concurring) (judges make law "as though they were 'finding' it- discerning what the law is, rather than decreeing what it is today changed to, or what it will tomorrow be").

[13] 49 F.3d 807, 821 (1995) (Boudin, J., concurring).

[14] *See, e.g.*, Michael Steven Green, *Horizontal* Erie *and the Presumption of Forum Law*, 109 MICH. L. REV. 1237, 1244 (2011).

forms of liability or defenses, or indeed interpreting the structure of the copyright statute to stand for a policy position when its specific provisions are silent or ambiguous on the matter.[15] In short then, despite Congress's efforts to codify the core of copyright's fundamental rules and principles in legislation, courts continue to be active participants in developing copyright law and policy, except that unlike in the past, their involvement is characterized by a marked reluctance to acknowledge its existence.

The common law of copyright is thus as resilient as ever, having survived the onslaught of the codification effort of 1976. In this Essay, I explore a hitherto under-appreciated aspect of the common law of copyright and its survival over the last several decades: the role that *Nimmer on Copyright*,[16] the single-most influential treatise on U.S. copyright law, has had on its evolution, legitimacy, transparency, and robustness. Originally published in 1963, the Nimmer Treatise has since been continuously updated — first by Mel Nimmer, and later by his son, David Nimmer. By no means the only treatise on copyright law, its influence has nonetheless far exceeded that of its competitors — to about 3,000 citations among courts the world-over. Rarely does a federal court deliver a copyright opinion, especially in a case where the law isn't completely settled, without citing to the Nimmer Treatise (even if only to disagree with it), and indeed this has prompted some to characterize it as a "hegemon" in the field.[17]

The focus of my Essay is less with the substantive contributions of the Nimmer treatise, of which there are indeed many, and more with the structural role that it plays in the development of the common law of copyright. In addition to undertaking a comprehensive survey of the case law on copyright, and discussing or citing every last copyright case decided by a federal court in the country, the treatise performs the important role of synthesizing these cases in the search for some semblance of coherence in the doctrine. Yet, what is to be appreciated though is that in undertaking this synthesis, the treatise never claims to be either positive or neutral in both orientation and outlook. Instead, the treatise is both supportive and critical of courts and their reasoning in cases, and at times explicitly suggests how courts ought to approach certain questions. In blending the positive and the normative into a single narrative, without claiming to be neutral, the treatise avoids the formalistic trap of appearing to merely "restate" the law. The treatise is much more than a simple positive restatement of existing copyright law; rather, it remains an active participant in the law-making debate.

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[15] *See infra* Part I, for a discussion of how courts have employed these strategies.

[16] MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT (2013).

[17] *See* Ann Bartow, *The Hegemony of the Copyright Treatise*, 73 U. CINN. L. REV. 581 (2004).

Understanding the role that the treatise plays in stewarding the common law of copyright requires appreciating the somewhat subtle mechanisms and techniques that it employs in its discussion and analysis of copyright doctrine and opinions. In this Essay, I unbundle three such critical mechanisms, to show how they are crucial to the treatise's role in facilitating the development of a common law of copyright. The first, and perhaps most important of these, is the idea of *reflexive transparency*. It entails the treatise's express recognition that courts are engaged in lawmaking when deciding copyright cases, and its willingness to encourage the process along by offering its own commentary on the law developed by courts, and then dialogically highlighting judicial opinions that adopt the treatise's synthesis and analysis. In so doing, it thus opens up a chain of communication with courts, moderates the conversation between different courts, all while openly acknowledging that courts are being normative even if only incrementally. Second, the treatise consciously avoids any significant discussion of copyright theory, and instead takes the institution as a given. This pragmatic refusal to engage in a justificatory endeavor is important, for it aligns itself with courts that have very little say in existential questions involving copyright, and must instead set their theoretical curiosities aside in working with the institution and its doctrines. This isn't of course to suggest that either the treatise or indeed the common law of copyright are in some sense anti-theoretical. To the contrary, it emphasizes that the theoretical ambitions of both are intertwined with the fortunes of various doctrinal questions, with the latter forming the basis of the former. I call this mechanism, the treatise's *justificatory agnosticism.* The third feature is the treatise's open adoption of a prescriptive and normative approach in both its synthesis and analysis, its *explicit normativity*, so to speak. Instead of purporting to remain purely descriptive, and then undermining its own credibility, the treatise readily adopts a normative approach, both in its synthesis of case-law, and in advocating a vision for individual doctrinal questions. What distinguishes this explicit normativity from the treatise's justificatory agnosticism is that the former applies at a much more granular and analytical level, while the latter pertains to the overall functioning of the institution.

These three features, when put together, have played an important role in shepherding the common law of copyright, and judge-made copyright law, through the years. While their influence has varied from one substantive area of copyright law to another, in the aggregate they have undoubtedly had an important role in enabling the common law of copyright to exist, and grow. The argument of this Essay will proceed in two parts. Part I sets out the idea of a federal common law of copyright, traces its origins, and shows how it has continued to thrive despite repeated Congressional activity in the area. It illustrates the claim by examining three

important areas where courts have played an all-important role in the law-making process: the exclusion for useful articles, the work made for hire doctrine, and the award of reasonable attorney's fees. Part II then shows how the treatise has developed mechanisms to facilitate courts' development of the common law of copyright, and illustrates its use of the mechanisms using some of the same areas discussed in Part I. It highlights three important mechanisms that the treatise employs, which enable it to be an active participant in the development of the common law of copyright: its reflexive transparency in purpose, its refusal to engage in justificatory debates about copyright, and its conscious normative orientation.

I. THE FEDERAL COMMON LAW OF COPYRIGHT

As a purely historical matter, copyright's origins are entirely statutory. The Statute of Anne, the first copyright statute is taken to have been the first source of law on the subject,[18] and later courts interpreted it as abrogating any "common law copyright" that might have pre-existed its enactment.[19] Ever since, the principal source of law for copyright has remained legislation. In the U.S., the Copyright Act of 1790 formed the first federal copyright statute.[20] The federal copyright statute has since been comprehensively revised in 1831, 1870, 1909, and most recently in 1976.[21]

In contrast to prior copyright acts, which contained loosely worded rules and were characterized by their "brevity and simplicity," the Copyright Act of 1976 sought to undertake a comprehensive codification of copyright law.[22] Rules that had previously been the creation entirely of courts were under the Act statutorily codified. Even in domains where Congress recognized the importance of common law-like incremental rule development for a principle, it thought it necessary to assert its law-making power by codifying the principle into a common law provision. The fair use doctrine is a prime example. Entirely the creation of courts in the nineteenth century,[23] the doctrine found no mention whatsoever in copyright legislation through the Copyright Act of 1909. The 1976 Act, however, thought it necessary to depart from this. While the legislative history accompanying the Act acknowledges that it wasn't meant to "freeze the

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[18] *See* Lyman Ray Patterson, *The Statute of Anne: Copyright Misconstrued*, 3 HARV. J. LEGIS. 223, 223 (1965).

[19] *See* Ronan Deazley, *The Myth of Copyright at Common Law*, 62 CAMBRIDGE L.J. 106 (2003) (describing the history surrounding courts' eventual adoption of this position).

[20] Patterson, *supra* note 18, at 223.

[21] *See Timeline of Copyright Milestones*, LIBRARY OF CONGRESS, http://www.loc.gov/teachers/copyrightmystery/text/files (last visited Dec. 8, 2012).

[22] *See* Liu, *supra* note 1, at 94, 98-102.

[23] *See* Folsom v. Marsh, 9 F. Cas. 342, 343 (C.C.D. Mass. 1841) (No. 4,901).

doctrine," that "courts must be free to adapt" it to changing circumstances, and that the codification was merely "intended to restate the present judicial doctrine," Congress nonetheless sought to give it some certainty — in the form of four fair use factors.[24] Implicit in this codification, and despite assertions to the contrary, was the belief that the common law process of rule development provided insufficient guidance to actors, and that Congress had to weigh in on the issue to remedy this, even if only in a non-binding fashion. The comprehensive codification was thus a reassertion of legislative supremacy in the domain of copyright law-making, which echoes Judge Leval's suggestion that Congress consciously intended to minimize the independent role of courts in copyright law-making.

The comprehensive codification certainly had some effect on the way that courts approached copyright cases. Even palpably common law doctrines — such as fair use — had to now be understood through the four factors prescribed by the statute,[25] even if they were non-binding; and courts began referring more directly to statutory provisions during their analyses. What is often unappreciated though is that despite the codification, courts in copyright cases nonetheless went about developing the law incrementally. Unlike in the past though, they now had to weave their incremental rule development into a narrative that took the statute as its starting point, but nonetheless recognized the statute to be non-exhaustive of the rule and principle in question. This often meant re-interpreting terms in the statute to imbue them with new meaning, taking Congress to have been silent on an issue by interpreting a provision as not applying to the situation in question, or at times simply recognizing the inadequacy of the statute.

Unlike simple interstitial common law, which is created through statutory interpretation and extension to situations not contemplated by the statute, what courts did (and continue to do) with the Copyright Act was thus mildly subversive. This subversive element was often called out by strong dissenting opinions that accused the majority — which was developing the law — of overriding, or failing to defer to, Congress on the issue. The net result has been the flourishing of a federal common law of copyright, quite independent of the copyright statute, but of deep functional

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[24] H.R. Rep. No. 94-1476 (1976), *reprinted in* 1976 U.S.S.C.A.N. 5659, 5680. *See also* 17 U.S.C. § 107 (2006) (codifying fair use).

[25] For an example, see Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994) (developing the test of "transformative use" but cabining it using the four fair use factors). While it is certainly true that the Act itself doesn't compel courts to rely *only* on these factors, it nonetheless compels them to begin their analysis through them. *See* 17 U.S.C. § 107 (2005) (noting that the factors "shall include").

significance. Congress, it would seem, has acquiesced in this practice as well, having not once sought to step in, even in the face of conflicting interpretations — preferring to leave it to the Supreme Court to resolve the matter. Implicitly then, Congress seems to be a willing partner in the exercise. This pattern — of common law development — can be seen in most areas of copyright law, and I have chosen three to illustrate the point. The three areas that I have chosen aren't the most obvious ones (in contrast to areas such as fair use, or substantial similarity), but instead represent some of the more bread-and-butter instances of copyright doctrine. Two relate to substantive doctrinal areas, while one concerns a copyright-specific remedy. That courts have had a major say in the development of rules here, is a testament to the overall pervasiveness of the common law method of rule development in copyright.

A. Exclusion for Useful Articles

The Copyright Act grants protection for "pictorial, graphic, and sculptural works."[26] In defining this category of works, the statute additionally provides that the design of a useful article is protectable only to the extent that its pictorial, graphic or sculptural features "can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the work."[27] This definition is thought to embody the principle of "separability."[28] The legislative history of the provision additionally indicates that Congress intended such separability to have either a physical and conceptual element.[29] Yet, when presented with the question of what separability actually means in practice, and how it ought to be operationalized as an exclusionary concept — we see courts having to add new meaning to the concept, and indeed take the law in directions very likely not contemplated by Congress.

The Second Circuit's series of opinions on the question are a perfect illustration. In the first of these cases, *Kieselstein-Cord v. Accessories by Pearl, Inc.*,[30] the question considered by the court was whether a unique belt buckle design, which its creator described as a sculpture, but which was used as a fashion accessory, would qualify for copyright protection as

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[26] 17 U.S.C. § 102(a)(5) (2006).

[27] *Id.* § 101 (definition of "pictorial, graphic, and sculptural works").

[28] *See* Shira Perlmutter, *Conceptual Separability and Copyright in the Designs of Useful Articles*, 37 J. COPYRIGHT SOC'Y 339 (1989).

[29] H.R. REP. NO. 94-1476, *supra* note 24, *reprinted in* 1976 U.S.C.C.A.N. at 5668 ("Unless the shape . . . contains some element that, *physically or conceptually*, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted under the bill.") (emphasis supplied).

[30] 632 F.2d 989 (2d Cir. 1980).

a pictorial, graphic, or sculptural work. Answering this question obviously necessitated determining whether its protectable elements were separable from its useful elements. The court readily recognized that the statute and its legislative history both provided insufficient guidance on the issue — and that it needed to come up with an approach of its own.[31] Looking at evidence of how consumers actually used the products, as body ornamentation, the court concluded that the buckles' "primary ornamental aspect" was "conceptually separable from their subsidiary utilitarian function."[32] The court in effect recognized the products to be a form of "body ornamentation," which as long as it rose to the level of creative art, could indeed qualify for copyright protection.[33]

Despite the brevity of the majority's opinion, it produced a dissent.[34] The dissent reached the opposite conclusion on the facts, but in so doing seemed to call the majority out for taking the law in a new direction. It thus openly accused the majority of "twist[ing] the law to achieve a result" and taking it in a direction that Congress had chosen not to go.[35] The court got to revisit the issue of separability again in *Carol Barnhart, Inc. v. Economy Cover Corp.*,[36] where the question was whether mannequins used to display articles of clothing had features that were separable from their utilitarian elements. This time, the court answered the question in the negative.[37] Yet, in so doing, it chose to distinguish the case from its decision in *Kieselstein-Cord*, and in the process clarified its own reasoning in the previous case. Observing that the mannequin's unique form was "required by [its] utilitarian function" whereas the buckle design in the previous case was not, the court thus affirmed its previous holding, while denying protection to the mannequins in the case at hand.[38] Once again, the opinion elicited a dissent.[39] Yet, very interestingly, the dissent this time chose not to defer to Congress's purported intent, but instead sought to advance a test of its own to solve the problem (which the majority described as a "non-test").[40] While they thus disagreed in outcome, both opinions seem to have agreed that it was up to the court to develop a "test" to apply the principle of separability, rather than defer to Congress.

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31 *Id.* at 993.

32 *Id.*

33 *Id.* at 994.

34 *Id.*

35 *Id.* ("[I]t is not for this court to twist the law in order to achieve a result Congress has denied.") (Weinstein, J., dissenting).

36 773 F.2d 411 (2d Cir. 1985).

37 *Id.* at 419.

38 *Id.*

39 *Id.* (Newman, J., dissenting).

40 *Id.* at 423-24 (describing the test); *see also id.* at 419 n.5 (describing the dissent's test as "so ethereal as to amount to a 'non-test'").

A third case, *Brandir International, Inc. v. Cascade Pacific Lumber Co.*, moved the issue along even further.[41] Examining whether the aesthetic elements of a bicycle stand would qualify for protection under copyright, the court revisited its previous decisions, and synthesized them to conclude that "'conceptual separability' is thus alive and well, at least in this circuit."[42] Again, in search of a workable test, the court looked to different sources, and this time found solace in a law review article, which it argued might have solved the problem a long time before, if only prior courts had looked to it.[43] The court then applied the test to the bicycle stand in issue, to deny the plaintiff protection in the end.[44] It nonetheless expounded on the test in some detail, in the hope that it would guide future courts. Yet again, the majority opinion produced a dissent.[45] This time, the dissent concluded that the majority's test "diminishe[d] the statutory concept" of separability to "the vanishing point."[46] Putting aside the disagreement between the opinions for a moment though, this observation effectively recognizes that in formulating *a test* for the question, the court (or to be more accurate, the courts) had moved well beyond the statute, and were completely unapologetic about it.

Leaving aside the reality that there appears to be no one dominant test on the question, what this line of cases reveals is the willingness with which courts have taken the law in new (and at times, interesting) directions, despite Congress's codification of the idea, and its explicit attempt to "draw as clear a line as possible."[47] The recurring observation (in dissents) that the new direction might be one that Congress decided against, has had little effect on courts' motivation to develop the law on its own, and to draw a thread through their past cases to produce the kind of intertemporal coherence one sees in the common law, as opposed to the bright line certainty one envisions in statutory regimes.[48]

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41 834 F.2d 1142 (2d Cir. 1987).

42 *Id.* at 1144.

43 *Id.* at 1145.

44 *Id.* at 1146-47.

45 *Id.* at 1150 (Winter, J. dissenting).

46 *Id.* at 1151.

47 H.R. REP. NO. 94-1476, *supra* note 24, *reprinted in* 1976 U.S.S.C.A.N at 5668.

48 I bracket for now the obvious question of whether the structure of the federal judiciary, the jurisdictional limits of individual circuits, and the shrinking docket of the Supreme Court, all together lend themselves to common law decision-making after all. For leading accounts of federal common law, see Thomas W. Merrill, *The Common Law Powers of Federal Courts*, 52 U. CHI. L. REV. 1 (1985); Martha A. Field, *Sources of Law: The Scope of Federal Common Law*, 99 HARV. L. REV. 881 (1986).

B. Works Made for Hire

The Copyright Act of 1976 for the first time provides a definition of a "work made for hire" — a category of works where the initial ownership of copyright vests with the employer or other person ordering the work, rather than with the author.[49] While describing it as a "basic principle" of existing law, the legislative history accompanying the definition makes it abundantly clear that Congress intended to provide an exhaustive definition of the phrase for copyright purposes.[50] The legislative history thus notes that the definition represents a "carefully balanced compromise," and that many proposals and amendments were consciously omitted from the definition, as finally enacted.[51] Once again, this seems to have done little by way of impeding courts from giving the idea their own understanding.

The principal common law modification this time around came from a unanimous Supreme Court. In *Community for Creative Non-Violence v. Reid*,[52] the Court examined the first prong of the statute's definition, which defines a work made for hire as "a work prepared by an employee within the scope of his or her employment."[53] While it began its discussion of the law with the statute, the Court's opinion rather quickly concluded that the Act's failure to define the terms contained in the definition necessitated developing an independent test to give effect to the idea.[54] The Court then went on to note that even though its analysis took as its "starting point" the statute's "language," Congress's failure to define certain terms *required* (as opposed to merely permitted) it to look to the "common law."[55] And in this context, it meant looking to the common law of agency, where the employer-employee relationship was well defined and parsed out analytically.

What is interesting about this move though, is that unlike in the cases previously discussed, the Court here provided a justification for its recourse to the common law — by invoking an interpretive principle that scholars have referred to as the rule of "common law conformity," the idea that Congress should be presumed to have used common law terms in their original common law understanding, unless it expressly states otherwise.[56] Referencing the statute's use of the phrase "scope of employ-

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49 17 U.S.C. § 101 (2006) (definition of "work made for hire").
50 H.R. Rep. No. 94-1476, *supra* note 24, *reprinted in* 1976 U.S.S.C.A.N at 5736.
51 *Id.*
52 490 U.S. 730 (1989).
53 17 U.S.C. § 101 (2006).
54 In *Community for Creative Non-Violence v. Reid*, 490 U.S. at 739.
55 *Id.*
56 *See* NLRB v. Amax Coal Co., 453 U.S. 322, 329 (1981); Perrin v. United States, 444 U.S. 37, 42 (1979).

ment" in its definition of work made for hire, the opinion thus concluded that Congress must have been alluding to the general common law of agency.[57] Even after this groundwork though, the Court didn't simplistically incorporate principles of agency law into its interpretation of the definition. Instead, it examined four possible "test[s]" to see which one fit best with the purpose, language, structure, and background of the Act — and concluded that no test other than the common law agency one worked well with the statute.[58]

The genius of the opinion is hardly in its substantive outcome; but is rather in the subtlety with which it realizes its subversive goal. Despite its deferential language to Congress, the recognition that Congressional "intent" was guiding its interpretation, and the concession that Congress's codificatory goals were central to its decision, the Court in reality added its own imprint on the law. Consider for example, the Court's observation that it was seeking to enhance the "predictability and certainty of copyright ownership" through its interpretation, which was also Congress's "paramount goal" during the codification in 1976.[59] While the common law principles of agency may be cogent and comprehensible, the common law is hardly thought of as the embodiment of predictability and certainty. Indeed, if that were indeed the Court's real (or paramount) goal, it might have much preferred one of the bright-line approaches that the petitioner suggested in its briefs, and which it expressly rejected. The Court was, unquestionably then, developing an approach to the question as a matter of federal common law, despite its deferential rhetoric.

C. Attorney's Fees

In addition to overhauling and codifying a good chunk of substantive copyright law, the Copyright Act of 1976 also carried forward the prior Act's provisions on remedies that courts could award litigants in copyright infringement suits.[60] One such remedy is the award of "attorney's fees," which usually constitutes a major portion of a party's litigation costs. The statute provides that a "court may award a reasonable attorney's fee to the prevailing party as part of the costs."[61] It seeks to accord courts discretion on the question, and is therefore structured as a permissive provision.[62]

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57 *Community for Creative Non-Violence v. Reid*, 490 U.S. at 740.

58 *Id.* at 741.

59 *Id.* at 749.

60 *See* 17 U.S.C. §§ 502–505 (2006).

61 *Id.* § 505 ("Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.").

62 H.R. REP. NO. 94-1476, *supra* note 24, *reprinted in* 1976 U.S.S.C.A.N at 5779 ("Under section 505 the awarding of costs and attorney's fees are left to the court's discretion").

All the same, giving courts discretion on the question of whether to award litigants such fees is different from delegating the question of developing standards for such awards to courts. Not unsurprisingly though, courts took the latter approach and built an entire body of law on the issue.

One set of courts adopted an approach that awarded attorney's fees to prevailing plaintiffs as a matter of course, but refused to make such awards in favor of defendants unless it was shown that the plaintiff's suit was frivolous or brought in bad faith.[63] Their logic was that awarding defendants such fees as well would diminish a copyright owner's incentive to sue, which was the Act's primary purpose.[64] Another set of courts, however, treated both prevailing plaintiffs and defendants in a similar manner.[65] What is to be noted about both these positions though is that nothing whatsoever in the Act or indeed in the legislative history suggested that one approach had to be preferred to the other, or more fundamentally, that any systematic "rule" had to be followed. The discretion had in effect been turned into a basis for rule-making.

This division in approach soon reached the Supreme Court, in *Fogerty v. Fantasy, Inc.*[66] In rejecting the rule that treated successful defendants differently from prevailing plaintiffs, the Court sought to unbundle the "policies served by the Copyright Act" and found them to be "more complex, more measured, than simply maximizing the number of meritorious suits."[67] It then went on to note — seemingly justifying its own rule-development — that "[b]ecause copyright law ultimately serves the purpose of enriching the general public through access to creative works, it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible."[68] Implicit in this observation is that the boundaries of copyright law need to be clear, *and that courts should play a role in effecting this clarity.* Much like its opinion in *Reid*, the Court purports to find nothing in the legislative history of the Act to support one position over the other, and thereupon attempts to give effect to the purposes of the Act by developing its own standard: that prevailing parties are to be treated in

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[63] *See, e.g.*, McCulloch v. Albert E. Price, Inc., 823 F.2d 316, 323 (9th Cir. 1987); Diamond v. Am-Law Publ'g Corp., 745 F.2d 142, 148-149 (2d Cir. 1984); Video Views, Inc. v. Studio 21, Ltd., 925 F.2d 1010, 1022 (7th. Cir. 1991); Reader's Digest Ass'n, Inc. v. Conservative Digest, Inc., 821 F.2d 800, 809 (D.C. Cir. 1987).

[64] Fantasy, Inc. v. Fogerty, 984 F. 2d 1524, 1532 (9th Cir. 1993).

[65] *See, e.g.*, Sherry Mfg. Co. v. Towel King of Florida, Inc., 822 F.2d 1031, 1034-1035 (11th Cir. 1987); Lieb v. Topstone Indus., Inc., 788 F.2d 151, 156 (3d Cir. 1986).

[66] 510 U.S. 517 (1994).

[67] *Id.* at 526.

[68] *Id.* at 527.

like manner, but only as a matter of the court's discretion and not as a matter of rule.

Once again, the Court's narrative begins with the Act and a reference to the legislative history of the provision in question.[69] Yet, in so doing the Court falls back on its account of the purposes of copyright law, at one point even referring to its own justificatory understanding of copyright, and noting that "[w]e have often recognized the monopoly privileges [of copyright to be] . . . limited in nature and [that they] must serve the public good."[70] The courts — both circuit courts and the Supreme Court — were thus clearly engaged in rule-development, despite the existence of a statutory provision. The absence of clear legislative guidance, even if unintentional, formed the basis for courts' construction of the institution's purpose, and the adoption of a rule to give effect to this purpose. Indeed, the law concerning attorney's fees in copyright cases is today to be extracted almost entirely from these cases, rather than from the statute.

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Each of the areas just described is fairly typical of the manner in which courts undertake the process of interpreting, applying, and thereby *developing* the common law of copyright. All the same, only rarely do they openly acknowledge what they are doing; routinely preferring instead to articulate their approach as being necessitated by the structure, purpose, and history of the Act, or indeed Congress's goals and intention behind its enactment. It is indeed in this latter respect that the approach has strong undercurrents of the now defunct declaratory theory of common law. Paying lip service to the idea of legislative supremacy in the area, courts thus continue to play an integral role in formulating, developing, and adapting the rules and doctrines of copyright law to new circumstances — in effect converting the Copyright Act into a "common law statute."[71]

II. THE NIMMER TREATISE AND THE COMMON LAW OF COPYRIGHT

As the single most influential treatise in the area of copyright law, and one that is routinely referenced by courts at all levels, the Nimmer treatise plays an underappreciated behind-the-scenes role in facilitating the continued development of the common law of copyright among courts across the country. Several of its mechanisms openly contribute to this phenomenon,

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[69] *Id.* at 522-24, 527-28.

[70] *Id.* at 526 (citing its own prior opinions for the proposition).

[71] *See* William N. Eskridge, Jr., *Overruling Statutory Precedents*, 76 GEO. L.J. 1361, 1392 (1988).

producing a coherent conversation among courts on the topic of copyright law.

The coherence of the common law of copyright necessitates a comprehensive synthesis of copyright doctrine for courts to have a coherent conversation amongst themselves, and learn from each other's approaches to similar questions. At the same time though, the synthesis needs to be fully aware of what courts are in reality doing, and their nascent reliance on the declaratory theory of law-making. The conversation thus necessitates more than just rote, descriptive, synthesis of case law. It instead necessitates an approach that adopts the same assumptions about the copyright system, its origins, and its institutional dynamics as the courts themselves have. This certainly doesn't imply an overtly uncritical engagement with the law or with individual courts' decisions. To the contrary, it entails an engagement that is either supportive or critical, dependent on context; but at the same time sees the need to move the conversation along incrementally — much like a good moderator during a panel discussion, who must cover a set of issues, but looks for hidden transition points in the conversation to realize this end. It is precisely by adopting an approach along these lines that the treatise has over time become an important participant in the conversation about the common law of copyright. In this Part, I unpack three specific mechanisms that the treatise employs, each of which forms an integral part of this approach just alluded to.

A. Reflexive Transparency of Purpose

The first mechanism that the treatise employs towards facilitating the development of a common law of copyright is its practice of recognizing judge-made law for what it is, synthesizing this law and contributing to its development, and then engaging courts in a direct dialogue by indicating the various opinions that cite to the treatise. Each of these steps requires some elaboration.

To begin with, the treatise in numerous places both implicitly and explicitly recognizes that courts deciding copyright cases are doing much more than just interpreting and applying the statute, and that they are indeed making copyright law. To be sure, the recognition is most often implicit, but it is fairly widespread rather than isolated. In discussing case law on a topic, the treatise thus explicitly notes that courts are routinely moving the law in new directions, often in furtherance of their vision of what copyright policy demands. While the treatise then engages this case law critically — highlighting its upsides and downsides, and routinely offering refinements — it seems to routinely abjure a heavy-handed reliance on the idea of separation of powers that would emphasize legislative supremacy in the domain of copyright law. The treatise, in other words, recognizes judge made copyright law for what it is, and remains willing

and able to play along with courts in this narrative, i.e., that takes the statute as a starting point, but fills it with new (and potentially different) considerations.

In engaging the case law, the treatise is at times complimentary and at other times critical. In addition, and perhaps more importantly though, its basis for such criticism is often the inconsistency that it produces across courts or circuits.[72] The synthesis that it attempts is therefore one that emphasizes the need for a uniform, copyright law — even at the level of judge-made law. In the process, the treatise routinely offers its own attempts at refining and synthesizing such inconsistencies, to produce its own tests or approaches for different doctrinal questions. The criticism and synthesis is thus more than a fault-finding mission, but is always followed up by a constructive effort to suggest a better, and alternative approach. Once these suggestions are made in different areas, the frequency with which courts look to the treatise when deciding cases very often results in the treatise's own test or approach to a question being reviewed or applied by a court in its decision. Courts at various levels routinely refer to the treatise's position, even if only at times to disagree with it.[73] On several occasions though, the court — on examining the reasons for the Nimmer treatise's synthesis and new approach — decides to adopt the treatise's test as its own, effectively thereby incorporating the treatise's synthesis and refinement into the common law of copyright.

During this process, the treatise also does something that other scholars have derided it for: it highlights the opinion that uses, relies on, quotes, or cites to, the treatise.[74] Ann Bartow thus identifies this practice as "self-referential and self-congratulatory," and argues that it entices federal judges to "game the system," by referring to the Nimmer treatise solely in order to find special mention in it.[75] Even if there is a self-congratulatory element to this practice, Bartow's explanation completely ignores the possibility that it might indeed serve the purposes of common law development, and comport with how judges interact with one another during the process of common law development. Why might judges care whether their opinion is cited in the treatise *with special mention*, i.e., with a parenthetical stating "treatise quoted" or "treatise cited"? Bartow observes that judges care about the "visibility" of their opinions.[76] Yet, there isn't a single copyright opinion reported in the federal reporters that the treatise doesn't eventually cite to, in its quest to be comprehensive. The visibility

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72 *See, e.g.*, 4 NIMMER & NIMMER, *supra* note 16, § 14.10[D][2][a].

73 As of 2004, this number was over 2,000. *See* Bartow, *supra* note 17, at 589.

74 *Id.* at 595.

75 *Id.*

76 *Id.* (noting that it "gives judges eager to elevate the visibility of their opinions an added incentive to cite the Nimmer treatise").

that judges care about then certainly isn't one of simply being carried in the treatise, as Bartow's explanation assumes. The visibility, if any, that judges do care about is that of their opinions being cited to, or discussed, in other opinions even where they aren't binding as such. This is known to be true of the common law's accretive process of development more generally, and is hardly surprising.[77] What the special mention in the treatise does on the other hand is something quite different.

In synthesizing different opinions and identifying inconsistencies, the treatise invariably takes a particular position on the issue — often in the form of a reconciliation of different positions, or an altogether new test or approach. Its basis for this new test/approach very much remains the methodological incrementalism of the common law, i.e., it remains grounded in prior opinions and is in some sense "derived" from there as an analytical matter, rather than from entirely exogenous sources (e.g., economic or philosophical analysis). As it reflects this position back to judges who are actively engaged in doctrinal development, the treatise too seeks to build greater salience for its position, in order to move the law along incrementally and accretively. And as courts come to accept — by discussing, quoting, or citing — its position, the treatise in turn emphasizes this in an attempt to ensure that its observations aren't purely academic in nature, but are instead a blend of the descriptive and prescriptive. The common law has long been known to operate by fusing the positive with the normative, by converting the quantum and extent of reliance on a proposition, into a reason to accept that proposition as *the law*.[78] Indeed, this remains the very premise of stare decisis.

The treatise's seemingly "self-congratulatory" practice can be seen as fitting into precisely this framework. It builds its own position up incrementally, and then seeks to build support for it in similar case-by-case fashion. The practice then raises the salience of the treatise's own incremental rule development for other courts, who either engage it, reject it, or refine it, in developing their own positions. The practice assumes special importance especially given that the conversation so to speak is among court opinions that aren't necessarily binding on each other. The treatise's attempted synthesis and self-referential practice forms a focal point that enables such cross-jurisdictional dialogue among courts engaged in the common law process.

The Nimmer treatise's involvement in an area discussed previously — the exclusion for useful articles — is an excellent illustration of this mech-

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[77] *See* Oona A. Hathaway, *Path Dependence in the Law: The Course and Pattern of Legal Change in a Common Law System*, 86 Iowa L. Rev. 601, 621 (2001).

[78] *Id.* at 621-22; Henry P. Monaghan, *Our Perfect Constitution*, 56 N.Y.U. L. Rev. 353, 390 (1981).

anism.[79] In its discussion of the topic, the treatise sets out to provide a comprehensive synthesis of the case-law. It is complimentary in parts, and indeed openly critical when it chooses to be, in one case describing a court's actions as a "neat bit of judicial legerdemain."[80] Upon analyzing the various issues involved in the area, it identifies a conflict among circuits on the question of conceptual separability, and elaborates on the problems posed by the conflict.[81] Instead of just identifying the conflict though, it proffers its own answer to the problem and suggests a test, noting that "it may be concluded that conceptual separability exists where there is any substantial likelihood that even if the article had no utilitarian use it would still be marketable to some significant segment of the community simply because of its aesthetic qualities."[82]

In setting up this test, the treatise makes clear that its objective is incremental, in observing that its test "has the virtue of harmonizing various holdings in this fractured field."[83] Not surprisingly, one circuit — the Fifth Circuit — chose to adopt the treatise's test, and indeed the treatise highlights this point.[84] Yet, during this adoption, the Fifth Circuit itself makes clear that the reason for its adoption is *because* the Nimmer treatise's test was itself an incremental synthesis of existing law. It thus notes that the test it is adopting (the "likelihood of marketability" standard) "might most accurately be described as the *Poe* standard, even though the relevant language is found in [the Nimmer treatise]" and is "firmly rooted as the implicit standard courts have been using for quite some time."[85] The court was thus referring to the Ninth Circuit's opinion in *Poe v. Missing Persons*[86] and other courts' implicit reliance on it as the *normative* basis of the test, and to the Nimmer treatise as effecting that normative position through its synthesis. This explains why it eventually characterizes the test as the "Nimmer/*Poe* test."[87] Whether, and to what extent, this test becomes the dominant one in the area is of course an empirical question that is hard to assess at this stage. Yet, what it shows us rather well is the precise pattern that the treatise follows in influencing the development of the common law of copyright by engaging courts in their incremental rule development and contributing to it as part of the same conversation. By being transparent about its goals and intent (of contrib-

[79] *See supra* Part I.A.
[80] 1 NIMMER & NIMMER, *supra* note 16, § 2.08[B][3].
[81] *Id.*
[82] *Id.*
[83] *Id.*
[84] Galiano v. Harrah's Operating Co., 416 F.3d 411, 421 (5th Cir. 2005); 1 NIMMER & NIMMER, *supra* note 16, § 2.08[B][3] n.112.6.
[85] 416 F.3d at 421, 422 n.25.
[86] 745 F.2d 1238 (9th Cir. 1984).
[87] *Galiano*, 416 F.3d at 421.

uting to rule development), the treatise allows courts to be clear and explicit about their own goals too, which moves the law along — one case at a time.

B. *Justificatory Agnosticism*

Opinion on the value, purposes, and bases of the U.S. copyright system is today deeply divided. Given its recent expansions, and the absence of empirical support for its principal justification, the theory of incentives, many scholars and commentators commonly adopt what is best described as a minimalist attitude towards the institution and its purposes.[88]

What is unique about the Nimmer treatise though is that despite the fragmented nature of the discussion about copyright law, it seems to consciously remain agnostic about the goals of the institution, the purposes it serves, and thus its very justification. Existential questions about the institution are consciously placed to one side, in its exposition of various copyright doctrines, and in its refinements of the same.

In one of the introductory chapters of the treatise, the authors thus address the issue of copyright's status as a form of property, a well-known and fairly contentious topic in the literature.[89] The treatise consciously avoids taking a side in this debate, noting that copyright does at times seems property-like, while at others, it seems more regulatory and less property-like in both structure and functioning.[90] It then consciously concludes its brief foray into the area with the following statement, which partakes of the agnosticism referred to here:

> In any event, the enactments of Congress on the subject are too diffuse in time and purpose to fall under any one overarching framework. Copyright serves many masters, and is designed to accommodate a welter of interests.[91]

It is crucial to separate the treatise's justificatory agnosticism from its willingness to remain normative in orientation. While the latter entails a willingness to offer refinements in doctrine and reflect critically on the possible costs and benefits of different doctrinal approaches adopted by courts in their development of copyright jurisprudence, the former involves searching for a grand unifying theory that explains, justifies, and indeed legitimizes the institution of copyright. It might be understood as a

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88 *See* Neil Weinstock Netanel, *Copyright in a Democratic Civil Society*, 106 YALE L.J. 283, 336-41 (1996) (detailing the various forms that this minimalist approach has taken).

89 1 NIMMER & NIMMER, *supra* note 16.

90 *Id.*

91 *Id.*

"foundationalist" approach, to use a term from philosophy.[92] It would thus entail answering questions such as: Why do we have copyright to begin with? What overall purpose does the institution serve, and what purpose should it serve? It is questions such as these that the treatise avoids answering. Its orientation is thus distinctively "pragmatic," as the term has come to be understood in the legal and philosophical contexts.[93]

Depending on one's view of the institution, this pragmatic agnosticism can of course be either a virtue or a vice. To those unhappy with its current framework and functioning, the treatise's reluctance will all too easily come to be seen as a form of willful blindness, while to those more complimentary of the system, it will be seen as perfectly acceptable. Leaving that issue to one side though, it remains true nonetheless that this agnosticism has allowed the treatise to play a meaningful and influential role in moving the common law of copyright law along, indeed one that it might have otherwise been unable to do had it taken a justificatory position on the institution.

A large part of the reason why this justificatory agnosticism has contributed to the treatise's influence on the common law of copyright, is because that body of law is entirely judge-made, and was long recognized to be intensely pragmatic in orientation. Judge Posner provides a particularly good defense of pragmatic adjudication, and observes that a central feature of the approach entails its willingness to abjure foundational, or universalist explanations for an institution, or body of doctrine.[94] It emphasizes a situation-sensitive, contextual approach over a broad overarching one. This certainly doesn't mean that the pragmatic judge (or scholar) has to limit himself or herself to the positive as opposed to normative realm, or indeed remain content with the status quo. To the contrary, it entails deploying a host of lawyerly sources — "precedent, statutes, and constitutions," together with policy and domain-specific theoretical concerns — in order to generate a tailored solution to the area.[95] It is precisely in this manner that the common law of copyright has developed, and in relying on the very same methodological orientation, the treatise has succeeded in contributing to that development.[96]

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[92] *See* Daniel A. Farber, *Legal Pragmatism and the Constitution*, 72 MINN. L. REV. 1331, 1334 (1988) (using the term to describe an approach that seeks a grand unifying theory for an area or question).

[93] *Id.* at 1337; Richard A. Posner, *Legal Pragmatism Defended*, 71 U. CHI. L. REV. 683 (2004); Thomas C. Grey, *Freestanding Legal Pragmatism*, 18 CARDOZO L. REV. 21 (1996).

[94] RICHARD A. POSNER, THE PROBLEMS OF JURISPRUDENCE 462 (1990) (articulating a pragmatist manifesto).

[95] Richard A. Posner, *Pragmatic Adjudication*, 18 CARDOZO L. REV. 1, 5 (1996).

[96] In keeping with this observation that the treatise adopts the same methodological orientation as judicial opinions, it is worth noting that the treatise also

C. *Conscious Normativity*

The treatise's justificatory agnosticism should not however be taken to indicate an unwillingness to engage in a normative analysis of copyright doctrine, or of specific doctrinal questions. While consciously distancing itself from a grand unifying project for the entire area, the treatise is fairly explicit about offering its own opinion on copyright doctrine, and where it should head in its evolution. This isn't to suggest that the treatise doesn't have a large descriptive dimension, which it does. Yet, in most areas, the treatise separates out the descriptive from the normative, and willingly engages the process of moving the law along incrementally.

Prior to engaging in any critique, the treatise surely enough offers a synthesis and overview of existing case-law. Yet even there, it hardly purports to be purely descriptive in outlook and analysis, instead explicitly offering its own views on opinions and outcomes. Once it provides this synthesis, the treatise then routinely moves to an overt evaluation of the position it just synthesized. Its evaluative approach is thus incremental, given its connection to the synthesis of existing case law that it is accompanied by. Yet it is hardly indistinct or functionally marginal. Indeed, it is precisely because of the treatise's willingness to be normative in this incremental fashion that it has succeeded in moving the law along. Had it refused to be normative, hidden its normativity within its descriptive elements, or instead adopted a wholesale critique of the institution, the treatise is unlikely to have been seen by courts as contributing to the common law conversation and moving the law along — through synthesis, refinement, and critique. Revisiting each of the doctrinal areas discussed in the previous section highlights this point.

We have already noted how the treatise developed its own test from existing cases on the question of conceptual separability — which it described as the likelihood of marketability test, and which the Fifth Circuit explicitly attributed to its synthesis.[97] Had the normative source for the test been just the *Poe* decision from the Second Circuit, there would have indeed been little reason for the Fifth Circuit to acknowledge the treatise. The Fifth Circuit thus explicitly validates the treatise's normativity on the issue. The same is true on the question of attorney's fees. In its discussion of the topic, the treatise first sets out the two different approaches to awarding attorney's fees and then explicitly attempts to synthesize them, noting that "these two seemingly antagonistic views can be reconciled, and

doesn't seek to explain copyright doctrine, even in specific parts, as the bare result of interest group efforts. Much like courts, that take the legitimacy of statutes and doctrine as a given, without examining the politics of its creation, the treatise too seems to consciously avoid digressing into these discussions. I am indebted to Joe Liu for this point.

97 Galiano v. Harrah's Operating Co., 416 F.3d 411, 421 (5th Cir. 2005).

that the discussion of culpability in the preceding subsection can serve as the vehicle for this reconciliation."[98] It then explicitly sets out its own test, using the element of culpability to decide when attorney's fees are to be awarded.[99] We see this pattern repeated again in the treatise's discussion of the work-made-for-hire doctrine. After setting out the various cases, and the Supreme Court's reasoning in *Reid*, the treatise proceeds to point out "[t]wo ironies from the Court's opinion," hardly a subtle attempt at critiquing the opinion.[100] Indeed later on in the section too, after describing post-*Reid* decisions, it goes on to observe "that a better approach emerges from authority outside the Second Circuit."[101]

The treatise is thus consciously and explicitly normative in every last area that it analyzes and discusses. True, this normativity isn't a foundational, or fundamentally critical one. It is instead a pragmatic one, committed to the style and methodology of incremental rule development, in almost the exact same fashion as courts are themselves. Whether this is good for copyright scholarship or not, it has certainly allowed the treatise to remain an interlocutor in the common law development of copyright doctrine. It remains rooted in synthesis, reconciliation, and workability — rather than a broad philosophy or theory — considerations that courts engaged in common law rule development themselves are committed to in innumerable ways.

On the face of things, the treatise may appear to perform the same role as that of restatements of law, produced by the American Law Institute (ALI) for various common law areas.[102] Indeed, the frequency with which courts cite to the treatise for various aspects does give the treatise the same kind of salience that restatements obtain in other areas. Yet, as an analytical matter, it performs a vastly different role, which is crucial to understand. First, the restatements of law are consciously unclear about the extent to which they purport to merely "restate" the law, and indeed when they are attempting to consciously change the direction of the law.[103] While the answer to this question has varied from one subject area

98 4 NIMMER & NIMMER, *supra* note 16, § 14.10[D][2][a].

99 *Id.*

100 1 *id.* § 5.03[B][1][a][iii].

101 1 *id.* § 5.03[B][1][a][iv].

102 For a general overview of the restatements and their role in developing the common law, see Kristen David Adams, *Blaming the Mirror: The Restatements and the Common Law*, 40 IND. L. REV. 205 (2007); Alan Milner, *Restatement: The Failure of a Legal Experiment*, 20 U. PITT. L. REV. 795 (1959); G. Edward White, *The American Law Institute and the Triumph of Modernist Jurisprudence*, 15 LAW & HIST. REV. 1 (1997).

103 *See* HENRY M. HART, JR. & ALBERT M. SACKS, THE LEGAL PROCESS: BASIC PROBLEMS IN THE MAKING AND APPLICATION OF THE LAW 737, 740 (William N. Eskridge, Jr. & Philip P. Frickey eds., 1994).

to another, and across time, the bulk of any restatement project is consciously positive in outlook and orientation, given its attempt to reflect the law accurately back at courts actively making them. Only rarely is a restatement consciously prescriptive, since in so doing it strays from its function as a re-*statement* of the law. Second, and as a result, when courts cite to restatements in their opinions, they do so primarily in reliance on the restatements' descriptive — rather than normative — content, culled from and supported by case law. When looking for normative propositions, i.e., those that seek to change the law, courts are far more inclined to look to other sources, including treatises. Restatements are thus less about *who* restated them, or the *process* by which it was produced.

Related to both these analytical points, the Nimmer treatise simply cannot (and does not purport to) perform the same role as a restatement. Even when it sets out existing copyright law as a descriptive matter, its goal is consciously teleological, unlike the restatement. It is directed at a synthesis and critique of the law — a consciously evaluative approach, so to speak. Its analysis of cases is thus hardly systematic, chronological, or indeed jurisdictional — but is instead based on principle. In discussing cases, it *uses* them to get to its own point in the argument. As a result, when courts rely on the treatise and cite to it, they are doing so not for a simple reflection-back of existing doctrine, but for "Nimmer's" (i.e., the person's) views on the subject, even if those views are merely incremental modifications of existing doctrine. Courts thus engage the treatise because of its explicit normativity — which is a combination of both the treatise and its author. This need not always be the treatise's own test or position on the subject, it often extends even to the treatise's interpretive analysis — which courts always see as normative. The court's use of the treatise in *Kieselstein-Cord* is a good example. The court was clearly looking for support to treat the question presented as an issue of first impression, and develop the law on its own. For this, it relied on the treatise's synthesis of existing authorities and its conclusion thereafter that they do not offer "any 'ready answer'" to the problem.[104] Its reliance on the treatise was thus for both a descriptive point, i.e., that the authorities were silent on the point, and a normative one, i.e., that the treatise author's opinion corroborated the court's. In so doing, the court was thus clearly treating the treatise as more than a simple restatement of the law, but instead as an embodiment of a particular opinion.

Now it may well be that there is a counter-majoritarian issue inherent in courts' reliance on the treatise in just about any way or form. Yet, this is unlikely to be solved altogether by a restatement, and is endemic to the very process of common law rule-making. In the end, complaints about

104 Kieselstein-Cord v. Accessories by Pearl, Inc., 632 F.2d 989, 992 (2d Cir. 1980).

the role that the treatise plays in the courts' copyright analysis, much like complaints about the restatements' role elsewhere, is likely a "disguised criticism of the American common-law court system."[105] In being explicit about its normative and evaluative leanings, the treatise is but a participant in that system.

CONCLUSION

It is hard to think of another area that has seen a treatise play as pervasive and influential a role in the development of the law, along the lines that the Nimmer treatise has played in copyright. A large part of the reason for this, I have argued, originates in the intrinsic role that courts and judges see themselves playing in the development of copyright law and policy. The treatise's early recognition of this role, its willingness to encourage the realist method that courts employed (rather than adhere to a model of legislative supremacy), and perhaps most importantly its ability to develop a set of analytical techniques to shepherd the process along — have together contributed to its enduring influence on the corpus of copyright law for the last five decades. As we look back on what the treatise has succeeded in doing for copyright law and law-making over these years, we will no doubt find room for improvement, and indeed for the introduction of safeguards against the vagaries of judicial law-making, and the treatise's role therein. Yet in so doing, we shouldn't lose sight of the fact that the treatise epitomizes the ideal form of what one scholar describes as "practical scholarship,"[106] a reality that has seen it move from the role of outside commentator on the law to an inside participant in the process of law-making. And in so doing, it has very ably ensured that the common law of copyright is alive, well, and kicking.

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[105] Adams, *supra* note 102, at 265.

[106] Harry T. Edwards, *The Growing Disjunction Between Legal Education and the Legal Profession*, 91 MICH. L. REV. 34, 35 (1992).

FACTORLESS FAIR USE? WAS MELVILLE NIMMER RIGHT?

by RICHARD DANNAY*

It is an honor to participate in this symposium celebrating the 50th anniversary of the preeminent copyright treatise, *Nimmer on Copyright*, begun by Professor Melville B. Nimmer, first published in 1963 and, since 1985, continued and expanded by Professor David Nimmer — a treatise that has dominated copyright scholarship and research for fifty years, and counting.

This article is an exploratory consideration of just one example of Professor Melville Nimmer's wisdom and foresight. On November 3, 1964, he proposed — in connection with one of the early copyright revision bills[1] that culminated in the 1976 Copyright Act, effective January 1, 1978 — that the fair use limitation on exclusive rights be a spare, unadorned statement that "fair use of a copyrighted work . . . is not an infringement of copyright." He recommended that the fair use provision (what became Section 107 of the Copyright Act[2]) be reworded to omit the four factors and preamble purposes ultimately enacted in that section and that, instead, it read as follows:

> Notwithstanding the provisions of Section 5, the fair use of a copyrighted work, as such phrase has heretofore been judicially defined and recognized, is not an infringement of copyright.[3]

Was Professor Melville B. Nimmer right? Is a "factorless" fair use preferable?

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1 H.R. 11947, 88th Cong. (1964).

2 Copyright Act, sec. 107, *codified at* 17 U.S.C. § 107 (2006).

3 COPYRIGHT LAW REVISION, 1964 REVISION BILL WITH DISCUSSIONS AND COMMENTS, PART 5, 89th Cong. 313, 315-16 (1965). Section 5 of H.R. 11947 was the predecessor of Section 106, the statement of exclusive rights in copyrighted works. The term "factorless" fair use is the author's, not Professor Nimmer's, but is used here to characterize his recommendation.

I. PROFESSOR NIMMER'S RECOMMENDATION

This meditation on a factorless fair use can begin with the July 1961 Report of the Register of Copyrights.[4] Although not mentioned in the 1909 Copyright Act, the fair use doctrine, as it developed in the judicial case law, was the most significant and widely applicable of the limitations on the copyright owner's exclusive rights.[5] The 1961 *Register's Report* described the general scope of the doctrine and gave examples of cases where the concept would be relevant. But it was acknowledged that fair use "eludes precise definition" and that, because of the number and variety of situations in which fair use could be involved, "it would be difficult to prescribe precise rules suitable for all occasions."[6]

The 1961 Report concluded that "the doctrine of fair use is such an important limitation on the rights of copyright owners, and occasions to apply that doctrine arise so frequently, that we believe the statute should mention it and indicate its general scope. It seems anomalous to have the statute specify the rights of copyright owners in absolute terms without indicating that those rights are subject to the limitation of fair use."[7] Thus the report made this recommendation: "The statute should include a provision affirming and indicating the scope of the principle that fair use does not infringe the copyright owner's rights."[8]

The 1961 Report's recommendation was carried over into the preliminary draft copyright revision bill of 1963. Section 6, dealing with the general concept of fair use, provided:

> § 6. Limitations on Exclusive Rights: Fair Use.
>
> All of the exclusive rights specified in section 5 shall be limited by the privilege of making fair use of a copyrighted work. In determining whether, under the circumstances in any particular case, the use of a copyrighted work constitutes a fair use rather than an infringement of copyright, the following factors, among others, shall be considered: (a) the purpose and character of the use, (b) the nature of the copyrighted work, (c) the amount and substantiality of the material used in relation to

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[4] COPYRIGHT LAW REVISION, REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW, 87th Cong. (1961) [hereinafter 1961 REGISTER'S REPORT].

[5] A comprehensive review of the development of Section 107, the fair use provision of the Copyright Act, is beyond the scope of this article. *See* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 466-67 and n.15 (1984) (brief summary of origin and development of Section 107); 1 THE KAMINSTEIN LEGISLATIVE HISTORY PROJECT: A COMPENDIUM AND ANALYTICAL INDEX OF MATERIALS LEADING TO THE COPYRIGHT ACT OF 1976, at 307-88 (Alan Latman and James F. Lightstone, eds., 1981–85) [hereinafter Kaminstein].

[6] 1961 REGISTER'S REPORT, *supra* note 4, at 24-25.

[7] *Id.* at 25.

[8] *Id.*

the copyrighted work as a whole, and (d) the effect of the use upon the potential value of the copyrighted work.[9]

The 1963 preliminary draft thus included an early version of the "four factors."[10] Despite opposition to a related provision on library photocopying, there was increasing agreement on including a general section on fair use in the statute. Thus, on July 20, 1964, when an early copyright revision bill, H.R. 11947 (and S. 3008) (88th Cong., 2d Sess.), was introduced, further language was added to Section 6 in an attempt to clarify the scope of the fair use doctrine but without freezing or limiting its application to new uses.[11] It provided:

> § 6. Limitations on exclusive rights: fair use.
>
> Notwithstanding the provisions of section 5, the fair use of a copyrighted work to the extent reasonably necessary or incidental to a legitimate purpose such as criticism, comment, news reporting, teaching, 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;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.[12]

The four factors remained, joined now by the preamble purposes. But — surprise! — the fair use language of H.R. 11947 provoked many comments, most of them critical. Author and publisher groups expressed fears that specific mention of uses such as "teaching, scholarship, or research" could be taken to imply that any use even remotely connected with these activities would be a "fair use." On the other side, objections were raised to the use of qualifying language, such as "to the extent reasonably necessary or incidental to a legitimate purpose."[13]

Enter Professor Melville B. Nimmer. On November 3, 1964, he provided the House Committee on the Judiciary with his comments regarding H.R. 11947. Here are his comments on that bill's Section 6, the fair use provision, and his recommended substitute:

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9 KAMINSTEIN, *supra* note 5, at 317. *See also*, COPYRIGHT LAW REVISION, PART 6, SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW: 1965 REVISION BILL 26, 89TH CONG. (1965) [hereinafter 1965 REGISTER'S SUPPLEMENTARY REPORT].

10 1961 REGISTER'S REPORT, *supra* note 4, at 24, also described four "criteria" closely resembling the four factors.

11 1965 REGISTER'S SUPPLEMENTARY REPORT, *supra* note 9, at 26-27.

12 *Id.* at 27. H.R. 11947 (and S. 3008), 88th Cong. (1964).

13 1965 REGISTER'S SUPPLEMENTARY REPORT, *supra* note 9, at 27.

SECTION 6

An attempt to define "fair use," even as loosely as is done in Section 6, may lead to trouble. For example, is the principle of *ejusdem generis* applicable in the first sentence so that "legitimate purpose" must be of a nature similar to the specific purposes set forth in that sentence? If so, would this mean, for example, that quotation of several lines from the lyrics of a popular song within a novel would not be considered a fair use? On the whole, I think it would be better to reword Section 6 in its entirety as follows:

"Notwithstanding the provisions of Section 5, the fair use of a copyrighted work, as such phrase has heretofore been judicially defined and recognized, is not an infringement of copyright."[14]

His view to include only a spare recognition of the fair use doctrine, without the four factors and other embellishments, prevailed — for a while.

As described in the *Supplementary Report* of the Register of Copyrights on the General Revision of U.S. Copyright Law (May 1965), it appeared impossible to reach agreement expressing the scope of the fair use doctrine. Since in any event the doctrine emerged from a body of judicial precedent and not from the statute, the Register "decided with some regret to reduce the fair use section to its barest essentials."[15] Section 107 of identical revision bills introduced in the House and the Senate in 1965, H.R. 4347 and S. 1006, contained a fair use provision even more spare than Professor Nimmer's version, but still shorn of the four factors and preamble purposes. In its entirety, it read:

§ 107. Limitations on exclusive rights: Fair use

Notwithstanding the provisions of Section 106, the fair use of a copyrighted work is not an infringement of copyright.[16]

The Register's 1965 *Supplementary Report* concluded: "We believe that, even in this form, the provision serves a real purpose and should be incorporated in the statute. . .The intention of section 107 is to give statutory affirmation to the present judicial doctrine, not to change it."[17]

But it did not take long for the four factors and preamble purposes to reappear. Thus Section 107 of H.R. 4347, 89th Cong., 2d Sess. (1966), provided:

§ 107. Limitations on exclusive rights: Fair use

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching, scholarship, or re-

[14] 1964 Revision Bill with Discussions and Comments, *supra* note 3, at 315-16.

[15] 1965 REGISTER'S SUPPLEMENTARY REPORT, *supra* note 9, at 28.

[16] H.R. 4347, S. 1006, 89th Cong. (1965).

[17] 1965 REGISTER'S SUPPLEMENTARY REPORT, *supra* note 9, at 28, and 192-193 (comparative table of fair use provisions in 1963 preliminary draft and 1964 and 1965 revision bills).

search, 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;
(2) the nature of the copyrighted work;
(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(4) the effect of the use upon the potential market for or value of the copyrighted work.[18]

And that version remained in the copyright revision bill in later Congresses and, with a few additions, was of course similar to the provision enacted in the 1976 Copyright Act that took effect on January 1, 1978:

§ 107. Limitations on exclusive rights: Fair use

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include —

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(2) the nature of the copyrighted work;
(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(4) the effect of the use upon the potential market for or value of the copyrighted work.[19]

And, to fast forward to the present, Section 107 of the Copyright Act, the current fair use provision, with a few additions, is closely similar to the one enacted in 1976:

§ 107 - Limitations on exclusive rights: Fair use

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

[18] H.R. REP. No. 89-2237, at 5, 58-66, 173, 194 (1966).
[19] Copyright Act, sec. 107, *codified at* 17 U.S.C. § 107 (2006) (effective Jan. 1, 1978).

> (4) the effect of the use upon the potential market for or value of the copyrighted work.
> 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.[20]

The four factors and preamble purposes had reappeared quickly and remained. Professor Melville B. Nimmer's recommended barebones statement of fair use, without mention of the four factors (and preamble purposes), is simply a footnote to the history of United States copyright revision. But has history proved him right? Would a factorless fair use provision be preferable? Before attempting an answer, this inquiry requires, for context, some review of the continuing preoccupation with the fair use doctrine and especially the dissatisfaction with its four-factor test.

II. FOUR-FACTOR FRUSTRATION

It is no secret that the fair use doctrine, as recognized in Section 107, has generated continuing frustration, much of it centered on the four factors. Consider the recent observations of the Ninth Circuit in *Monge v. Maya Magazines, Inc.*:

> In the years following the 1976 Act, courts have decided countless cases involving the fair use doctrine. Some commentators have criticized the factors, labeling them "billowing white goo" or "naught but a fairy tale," echoing courts that threw up their hands because the doctrine is "so flexible as virtually to defy definition." *Princeton Univ. Press v. Mich. Doc. Servs., Inc.*, 99 F.3d 1381, 1392 (6th Cir. 1996) (citation omitted). A leading treatise in this area notes that the statute provides "no guidance as to the relative weight to be ascribed to each of the listed factors," and, in the end, "courts are left with almost complete discretion in determining whether any given factor is present in any particular use." *Nimmer on Copyright* § 13.05[A] (footnotes omitted).[21]

But despite the frustration, the Ninth Circuit pressed ahead: "We acknowledge the porous nature of the factors but nonetheless recognize that we are obliged to make sense of the doctrine and its predicates."[22]

Nearly seventy-five years earlier, the Second Circuit called the fair use doctrine (long before its statutory recognition) "the most troublesome

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[20] The Visual Artists Rights Act of 1990 amended Section 107 by adding the reference to Section 106A. Pub. L. No. 101-650, 104 Stat. 5089, 5132. In 1992, Section 107 was also amended to add the last sentence. Pub. L. No. 102-492, 106 Stat. 3145.

[21] 688 F.3d 1164, 1171 (9th Cir. 2012) (footnotes omitted). The commentaries the court cited in footnotes are: Jessica Litman, *Billowing White Goo*, 31 COLUM. J.L. & ARTS 587, 596 (2008) and David Nimmer, *"Fairest of Them All" and Other Fairy Tales of Fair Use*, 66 LAW & CONTEMP. PROBS. 263, 287 (2003).

[22] *Monge*, 688 F.3d at 1171.

in the whole law of copyright."[23] Professor Barton Beebe, in his empirical study of fair use opinions from 1978–2005, notes that Section 107 and the fair use concept have attracted "an enormous amount of scholarly attention" and that "[n]early all of this commentary has been highly critical of section 107's four-factor test and how courts have applied it."[24]

Perhaps no more colorful characterization of fair use frustration has been made than Professor Paul Goldstein's:

> Fair use is the great white whale of American copyright law. Enthralling, enigmatic, protean, it endlessly fascinates us even as it defeats our every attempt to subdue it.[25]

The hunt for fair use solutions may more resemble the pursuit of the Grail than the Whale. However elusive, though, the search continues unabated. By Professor Goldstein's count (in 2008), "no fewer than 389 articles in American law reviews have squared off with the [fair use] defense since the doctrine's first appearance under that name."[26] In Professor Beebe's study, he calculates (also in 2008) that there has been a ratio of about 2.4 fair use articles for every one court opinion involving fair use during the period 1990–2005.[27] Professor Goldstein notes "the fatal attractions of the hunt."[28] Still, law review symposia remain devoted to the quest.[29]

The frustration, of course, is inherent in the doctrine. As the Supreme Court described in 1994 in our leading fair use case, *Campbell v. Acuff-Rose*, the fair use doctrine not only permits — it requires — courts to avoid rigid application of the statute when, on occasion, it would stifle the very creativity the law is designed to foster.[30] "The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis."[31] This scheme is embedded in the statute itself, with its several preamble purposes and four factors that are non-exclusive, illustrative, and that begin the analysis but do not necessarily exhaust it.

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[23] Dellar v. Samuel Goldwyn, Inc., 104 F.2d 661, 662 (2d Cir. 1939) (per curiam).

[24] Barton Beebe, *An Empirical Study of U.S. Copyright Fair Use Opinions, 1978–2005*, 156 U. PA. L. REV. 549, 552 (2008) (footnote omitted).

[25] Paul Goldstein, *Fair Use in Context*, 31 COLUM. J.L. & ARTS 433 (2008).

[26] *Id.*

[27] Beebe, *supra* note 24, at 565 n. 64.

[28] Goldstein, *supra* note 25, at 433.

[29] Symposium: Fair Use: *"Incredibly Shrinking" or Extraordinarily Expanding?*, 31 COLUM. J.L. & ARTS 433-635 (2008); Fair Use Symposium, 57 J. COPYRIGHT SOC'Y 315-682 (2010).

[30] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577 (1994).

[31] *Id.*

In fact, the Supreme Court instructs that "the four statutory factors [not] be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright."[32]

This approach is not only dictated by Section 107's express recognition of the judicial doctrine of fair use, it is explicit in the statute's legislative history, as the critical congressional reports accompanying passage of the 1976 Copyright Act explain:

> Although the courts have considered and ruled upon the fair use doctrine over and over again, no real definition of the concept has ever emerged. Indeed, since the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts. . . . The statement of the fair use doctrine in section 107 offers some guidance to users in determining when the principles of the doctrine apply. However, the endless variety of situations and combinations of circumstances that can rise in particular cases precludes the formulation of exact rules in the statute.[33]

Moreover, Congress emphasized that "there is no disposition to freeze the doctrine in the statute, especially during a period of rapid technological change." Thus, beyond the very broad statement 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." In short, "Section 107 is intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way."[34]

Thus, despite the relentless pursuit of "a general, encompassing theory of fair use,"[35] perhaps no such definitive goal is attainable. Even if we could transform fair use into a doctrine of specific guidelines and safe harbors that maximized certainty and predictability, we would likely see the courts reinvent fair use in its familiar malleable, protean form to meet new challenges.

Congress considered the four factors, "though in no case definitive or determinative," at least "relevant in determining whether the basic doctrine of fair use . . . applies in a particular case" and "some gauge for balancing the equities."[36]

Do the four factors even accomplish that goal? There is no consensus. David Nimmer, in his intriguing 2003 article "*Fairest of Them All" and Other Fairy Tales of Fair Use*,[37] reminds us that there is no mechanism for weighing the factors, even after each is tallied. What does a court do

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[32] *Id.* at 578.

[33] H.R. REP. NO. 94-1476, at 65-66 (1976) [hereinafter HOUSE REPORT]; S. REP. NO. 94-473, at 62 (1975) [hereinafter SENATE REPORT].

[34] HOUSE REPORT, *supra* note 33, at 66; SENATE REPORT, *supra* note 33, at 62.

[35] Goldstein, *supra* note 25, at 433.

[36] HOUSE REPORT, *supra* note 33, at 65; SENATE REPORT, *supra* note 33, at 62.

[37] Nimmer, *supra* note 21.

when there are two factors pro and two con? When can one factor outweigh three? David Nimmer's review of the cases leads him to an important but perhaps not surprising insight about how judges actually resolve fair use cases. First, he says, they make a judgment that the outcome is fair use or not. Then, he believes, they "align the four factors to fit that result as best they can." The "four factors fail to drive the analysis but rather serve as convenient pegs on which to hang" predetermined "conclusions." So it's largely a "fairy tale" to conclude that the four factors determine the outcome of concrete cases.[38]

But Professor Beebe, in his empirical study of fair use cases, disputes the conclusion that courts "stampede" the four factors by bending their outcomes to fit the ultimate fair use finding. "Rather than make a fair use determination first and then 'align the four factors to fit that result as best they can,' courts appeared quite willing to call the factor outcomes as they saw them, even when those outcomes did not support the overall test outcome." He considered this "a highly encouraging finding."[39]

Who's right? Is it a matter of careful empirical study, intuition, faith or guesswork? One commentator concludes that "leading courts and commentators generally acknowledge that the four-factor test as interpreted provides very little guidance for predicting whether a particular use will be deemed fair."[40]

Seventh Circuit Judge Richard A. Posner properly reminds us that, as the Supreme Court made clear not only in *Campbell* but also in *Sony*, "the four factors are a checklist of things to be considered rather than a formula for decision; and likewise the list of statutory purposes."[41]

The *Campbell* court emphasized that "the four statutory factors [may not] be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright."[42] This has led courts to conclude their analysis of each of the four factors by engaging in "[t]he aggregate assessment necessary for an ultimate decision."[43]

But as Judge Posner correctly cautioned, because the factors (and purposes) are "not exhaustive," litigants "can get nowhere . . . by arguing that some or even all of them lean [for or] against the defense of fair use."[44] The question in each case is whether there is fair use or not, and not how the four factors stack up.

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38 *Id.* at 281, 287.
39 Beebe, *supra* note 24, at 555.
40 Michael W. Carroll, *Fixing Fair Use*, 85 N.C.L. Rev. 1087, 1106 (2007).
41 Ty, Inc. v. Publ'ns Int'l, Ltd., 292 F.3d 512, 522 (7th Cir. 2002).
42 Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578 (1994).
43 Leibovitz v. Paramount Pictures Corp., 137 F.3d 109, 117 (2d Cir. 1998).
44 *Ty, Inc.*, 292 F.3d at 522.

Professor Goldstein cautions that "attaching primacy to the statutory factors, as section 107 would have courts do, is the source of the problem, and not the source of the solution. Neither section 107's preamble, nor its four factors, constitute a theory of fair use any more than tent poles constitute a tent; indeed, even as tent poles they are a signal failure."[45] As he puts it, "the barren seas of the statute's four factors" offer no fair use "predictability."[46]

His and other criticism point out the mechanical, methodical application of the four factors in all cases without regard to context. But the chief problem is the *tyranny* of the statutory four factors, not the considerations they embody if and to the extent they are relevant in the particular circumstances of a case.[47] Are there solutions?

III. FAIR USE FIXES

The principle that offered the best promise of providing the "general, encompassing theory of fair use"[48] was the standard of "transformative use" described by Judge Pierre Leval in his groundbreaking 1990 *Harvard Law Review* article, *Toward a Fair Use Standard*.[49] This standard was adopted four years later by the Supreme Court in its *Campbell* decision in applying the first fair use factor.[50] The standard asks 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" — i.e., "whether and to what extent the new work is 'transformative.'"[51] While transformative use is not "absolutely necessary" for a finding of fair use, it lies "at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright." As the Supreme Court declared, in elevating transformative use to its dominant status in fair use analysis, "the more

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[45] Goldstein, *supra* note 25, at 437.

[46] *Id.* at 443.

[47] In fact, the four factors have become so dominant that at times they even obscure the preamble purposes. Ringgold v. Black Entm't Television, Inc., 126 F.3d 70, 78 (2d Cir. 1997) ("[W]e note preliminarily that the District Court gave no explicit consideration to whether the defendants' use was within any of the categories that the preamble to section 107 identifies as illustrative of a fair use, or even whether it was similar to such categories. . . [T]he categories should not be ignored."). "[T]he first sentence of section 107" is "the basic doctrine of fair use." House Report, *supra* note 33, at 65.

[48] Goldstein, *supra* note 25, at 433.

[49] Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990).

[50] *Id.* at 1111; Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994).

[51] *Id.*

transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use."[52]

The transformative use standard was not merely foundational and an invaluable contribution to fair use jurisprudence. It refocused copyright law on the law's true objectives — productive uses — and away from the preoccupation with commercial uses, a characteristic of virtually every use. In short, "the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works."[53]

The transformative use standard built upon and improved the "productive use" standard that the Supreme Court had previously considered but not embraced.[54] It also had roots in literary criticism. For example, it recalled T.S. Eliot's famous formulation of the "indebtedness" of Philip Massinger to earlier poets and dramatists:

> Immature poets imitate; mature poets steal; bad poets deface what they take, and good poets make it into something better, or at least something different. The good poet welds his theft into a whole of feeling which is unique, utterly different from that from which it was torn; the bad poet throws it into something which has no cohesion.[55]

But the transformative use standard introduced its own uncertainties and ambiguities and found its own skeptics and detractors. Thus the Second Circuit in 1998 in *Castle Rock Entertainment v. Carol Publishing*, in considering whether a trivia quiz book based on the *Seinfeld* television series was fair use, noted "a potential source of confusion in our copyright jurisprudence over the use of the term 'transformative.'"[56] A "derivative work," over which a copyright owner has exclusive control, is defined as a work based on one or more preexisting works, such as translations and motion picture versions, "or any other form in which a work may be recast, *transformed*, or adapted."[57] So while the trivia book "transformed" the *Seinfeld* program it did not do so for a "transformative purpose,"[58] and fair use was rejected.[59]

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[52] *Campbell*, 510 U.S. at 579.

[53] *Id.*

[54] Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 455 n.40 (1984).

[55] T.S. Eliot, *Philip Massinger*, *in* THE SACRED WOOD: ESSAYS ON POETRY AND CRITICISM. 82, 83 (Dodo Press 2009) (1920).

[56] Castle Rock Entm't v. Carol Publ'g Group, Inc., 150 F.3d 132, 143 (2d Cir. 1998).

[57] Copyright Act secs. 101 ("derivative work"), 106(2) (exclusive right to prepare derivative works) (emphasis added), *codified at* 17 U.S.C. §§ 101, 106(2) (2006).

[58] *Castle Rock*, 150 F.3d at 143.

[59] *See* Ty, Inc. v. Publ'ns Int'l, Ltd., 292 F.3d 512, 518 (7th Cir. 2002), where Judge Posner, finding the distinction between "transformative" and "superseding"

Professor R. Anthony Reese examined this "potential source of confusion" in his article *Transformativeness and the Derivative Work Right*, analyzing all published circuit court opinions applying fair use between the 1994 *Campbell* decision and the end of 2007.[60] He came to the welcome conclusion that courts that found infringement by the unauthorized creation of derivative works had not treated the transformation involved in the preparation of the derivative works as transformativeness in analyzing the first fair use factor. Thus, in his judgment, courts were not using the *Campbell* view that transformative uses are more entitled to fair use so as to narrow the scope of the copyright owner's derivative-work right by viewing derivative works as necessarily or even generally transformative uses.[61]

Professor Reese concluded: "If the defendant has a transformative purpose, the court has generally found transformativeness, even if she has not altered the work's content in any way, while if the defendant has no transformative purpose, the court has generally found no transformativeness, even if she has transformed the content of the work sufficiently to create a derivative work."[62]

To some extent this conclusion may help dispose of another criticism of the transformative-use concept. Professor Paul Goldstein has described the troublesome tension between transformation of content and transformation of context.[63] Cases that excuse uses that transform the work itself, he argues, "substantially undermine" the "grant of the exclusive right to prepare derivative works" under Section 106(2) of the 1976 Copyright Act. Cases where only the context of a work's use is transformed rather than the content of the work, "unless circumscribed, can be applied to excuse virtually any use that a court decides is socially beneficial, without regard to section 107's limiting first sentence or its prescribed four factors."[64]

As Professor Reese points out,[65] and many court decisions confirm, it is now firmly established that transformativeness for a fair use finding may be recognized whether the work's content or the work's context is altered.

One such case is *Bill Graham Archives v. Dorling Kindersley Limited*, in which the Second Circuit ruled that the use of seven images of Grateful

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copies "confusing," suggested that the distinction be made instead between "complementary and substitutional copying."

60 R. Anthony Reese, *Transformativeness and the Derivative Work Right*, 31 COLUM. J.L. & ARTS 467, 471 (2008).

61 *Id.* at 476.

62 *Id.* at 493-94.

63 2 PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 12.2.2.1(c) (3d ed. 2012) ("Transformation of content or of context?").

64 *Id.*

65 Reese, *supra* note 60, at 488-92.

Dead concert posters displayed in significantly reduced size in a 480-page "coffee table" book about the band was fair use and not copyright infringement.[66] The DK book, *Grateful Dead: The Illustrated Trip*, was a biographical work documenting the 30-year history of the Grateful Dead. The court concluded that the publisher's use of the disputed images fulfilled "DK's transformative purpose of enhancing the biographical information in [the book], a purpose separate and distinct from the original artistic and promotional purpose for which the images were created."[67] The court rejected BGA's "limited interpretation of transformative use," including its claim that each image required "comment or criticism related to the artistic nature of the image."[68]

The transformative nature of the use was strengthened, the court found, by the manner in which the publisher displayed the images, in significantly reduced size combined with a prominent timeline and other material creating "a collage of text and images on each page of the book." "Overall, DK's layout ensures that the images at issue are employed only to enrich the presentation of the cultural history of the Grateful Dead, not to exploit copyrighted artwork for commercial gain."[69] The poster images were reduced substantially in size - large enough to convey "the historical significance of the posters" but "inadequate to offer more than a glimpse of their expressive value."[70] Moreover, the BGA images were an "inconsequential portion" of DK's book[71] and not used in commercial advertising or sales promotion.[72]

Thus, the court found that a defendant's use can be transformative for fair use analysis even when there is no alteration of the work itself and the use is not accompanied by direct comment or criticism of the work, if the defendant's use is for a sufficiently different and "transformative purpose" from the plaintiff's original use of the work.[73]

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66 448 F.3d 605 (2d Cir. 2006). The author was lead counsel for the defendant publisher.

67 *Id.* at 610.

68 *Id.* at 609.

69 *Id.* at 611.

70 "In short, DK used the minimal image size necessary to accomplish its transformative purpose." *Id.*

71 *Id.*

72 *Id.* at 612.

73 *See* Kelly v. Arriba Soft Corp., 336 F.3d 811 (9th Cir. 2003) (online search engine's use of thumbnail-sized images found highly transformative and fair use, improving access to information on the Internet unrelated to any aesthetic purpose); Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146 (9th Cir. 2007) (same); Nunez v. Caribbean Int'l News Corp., 235 F.3d 18, 24 (1st Cir. 2000) (copying controversial photos in their entirety was fair use because any less than the entire images would have made them useless to the news story); A.V. v. iParadigms, LLC, 562 F.3d 630, 639 (4th Cir. 2009)

Other commentators have found shortcomings in the transformative-use standard. Professor Diane Zimmerman concluded that "transformative use" was a worthy but failed effort "at avoiding the fair use mess."[74] She acknowledged the significance of a finding of transformative use in reaching a conclusion of fair use, and the difficulty of avoiding a fair use finding if the use was held to be transformative. She discussed several cases in which she noted that "the courts engaged in so much twisting and turning to avoid the seemingly obvious conclusion that, whatever else might have been troubling in the defendants' cases, the uses in question were at least 'transformative': they clearly did provide the public with a new or substantially reworked product."[75]

One such case Professor Zimmerman discussed was *Castle Rock* involving the trivia quiz book about the *Seinfeld* television series. She believed that the borrowing (posing questions testing the reader's knowledge of obscure details of plot and characters in eighty-four of eighty-six episodes in the series) was "so modest and took such a different expressive form from that of the original that, even taking into account the 'thick' copyright protection given to creative works, reasonable minds could well disagree over whether what had occurred rose even to the level of actionable copying," especially since the book relied on fans' own knowledge of the episodes and did not directly reproduce them or even brief summaries of them. But the court nonetheless ruled against the fair use defense largely on the ground that the trivia book's claim to be transformative was "slight to non-existent."[76]

Thus, however invaluable the transformative-use principle, it is not self-executing, and vagueness and ambiguity remain. The central paradox persists: Even though some works are transformed, they are not necessarily transformed for a transformative purpose, and fair use may be rejected despite the transformation. What standard do we adopt to distinguish "transformed" from "transformative," i.e., when do we know whether the alteration of a work is simply a violation of the derivative-work right or, instead, represents change for a transformative purpose likely to be fair use? And if the work itself has not been altered, how do we know whether

(copying of entire student papers in database for comparison with other student works to identify plagiarism was transformative fair use; "The use of a copyrighted work need not alter or augment the work to be transformative in nature. Rather, it can be transformative in function or purpose without altering or actually adding to the original work.").

74 Diane Leenheer Zimmerman, *The More Things Change, the Less They Seem "Transformed": Some Reflections on Fair Use*, 46 J. COPYRIGHT SOC'Y 251, 268 (1999).

75 *Id.* at 259.

76 *Id.* at 258; Castle Rock Entm't v. Carol Publ'g Group, Inc., 150 F.3d 132, 142 (2d Cir. 1998).

its use in another context is for a transformative purpose likely to be fair use or simply a use that violates the copyright owner's rights?

Transformativeness may be the guiding principle of fair use analysis, but what standard guides our decision about transformative purpose or use? Some cases are easy. A highly transformative use may not qualify as fair use simply because it is so obviously the unauthorized exercise of the right to prepare derivative works. The Alfred Hitchcock classic motion picture *Rear Window* was a brilliantly transformative use of the renowned suspense writer Cornell Woolrich's "novelette" *It Had to be Murder* (first published in *Dime Detective Magazine* in 1942). The film made many valuable changes in the story, including the addition of the character played by Grace Kelly and the love interest with the character played by James Stewart.[77] The litigation involving the story and the movie turned on the intricacies of the copyright renewal scheme, but the Supreme Court agreed with the Ninth Circuit that, had the movie not been produced under a license, it would have been "a classic example of an unfair use."[78]

Many other thoughtful proposals have been advanced to repair fair use and overcome the dissatisfaction with the statutory four factors. Whether they are offered as modest fixes or broad solutions is not always clear. Here are some, in no particular order: Apply fewer factors, namely, the first and fourth;[79] apply more factors, including anything reasonably bearing on the issue of what's "fair" such as customary practices and broader social values;[80] consult readers' responses;[81] abandon fair use and injunctions in favor of monetary damages for unauthorized derivative works;[82] enhance the second factor's role and importance in the fair use

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77 Robin H. Smiley, *Rear Window*, FIRSTS: THE BOOK COLLECTOR'S MAG., Apr. 2004, at 61-63. Woolrich's most famous short story was originally titled *Murder from a Fixed Viewpoint*, and the publisher J. B. Lippincott gave the story its final title, *Rear Window*, in 1944 when it was published in the book *After-Dinner Story*, a collection of stories released under Woolrich's pseudonym William Irish. Another innovation in the movie version was making the central character played by Jimmy Stewart a news photographer who had broken his leg taking a risky shot, thus explaining both the character's injury and his curiosity in observing the residents in the adjacent apartments.

78 Stewart v. Abend, 495 U.S. 207, 238 (1990), aff'g Abend v. MCA, Inc., 863 F.2d 1465, 1482 (9th Cir. 1988). *See* Lloyd L. Weinreb, *Fair's Fair: A Comment on the Fair Use Doctrine*, 103 HARV. L. REV. 1137, 1144 & n.34 (1990).

79 Joseph P. Liu, *Two-Factor Fair Use?* 31 COLUM. J.L. & ARTS 571 (2008).

80 Weinreb, *supra* note 78.

81 Laura A. Heymann, *Everything is Transformative: Fair Use and Reader Response*, 31 COLUM. J.L. & ARTS 445 (2008).

82 Alex Kozinski & Christopher Newman, *What's So Fair About Fair Use?*, 46 J. COPYRIGHT SOC'Y 513 (1999) (The 1999 Donald C. Brace Memorial Lecture). *But see* Richard Dannay, *Copyright Injunctions and Fair Use: Enter*

analysis;[83] apply the fair use factors more flexibly and to the extent they respond to recurring categories of cases such as parody and new technologies, to enhance fair use predictability and uniformity;[84] reserve fair use for situations in which true market failure has occurred;[85] rely on nonbinding fair use arbitration, with a de novo court determination available on liability but with some effect, up or down, on damages depending on the outcome;[86] institute an administrative procedure (a Fair Use Board in the Copyright Office) to provide anticipatory, nonprecedential adjudications offering immunity from suit;[87] rely on the Supreme Court's *eBay* four-factor test for a rigorous and consistent evaluation of the propriety of injunctive relief in fair use cases;[88] develop "best practices" for categories of works such as documentaries, poetry, and others, to introduce greater predictability and reduce litigation risks.[89]

All of these are worthy proposals that promise greater certainty and predictability in fair use analysis without sacrificing the doctrine's flexibility and adaptability. But in the context of this brief review of fair use "fixes," let's return to Professor Nimmer's proposal for factorless fair use.

IV. WAS PROFESSOR NIMMER RIGHT?

Do the statutory four factors aid or impede fair use analysis? Should the statute be reworded to omit the four factors and preamble purposes and instead adopt the spare statement of fair use Professor Melville Nim-

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eBay – Four-Factor Fatigue or Four-Factor Freedom?, 55 J. COPYRIGHT SOC'Y 449, 452 (2008) (The 37th Annual Donald C. Brace Memorial Lecture); MELVILLE B. NIMMER & DAVID NIMMER, 4 NIMMER ON COPYRIGHT § 14.06 [A] [5] [a], [b], § 14.06 [B] [1].

83 Robert Kasunic, *Is That All There Is? Reflections on the Nature of the Second Fair Use Factor*, 31 COLUM. J.L. & ARTS 529 (2008).

84 Goldstein, *supra* note 25.

85 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 (1982).

86 David Nimmer, *A Modest Proposal to Streamline Fair Use Determinations*, 24 CARDOZO ARTS & ENT. L.J. 11 (2006).

87 Carroll, *supra* note 40.

88 Dannay, *supra* note 82. *See also*, eBay, Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006); Winter v. Natural Resources Defense Council, 555 U.S. 7 (2008); Salinger v. Colting, 607 F.3d 68 (2d Cir. 2010); Flexible Lifeline Sys., Inc. v. Precision Lift, Inc., 654 F.3d 989 (9th Cir. 2011) (per curiam); Flava Works, Inc. v. Gunter, 689 F.3d 754 (7th Cir. 2012).

89 PATRICIA AUFDERHEIDE & PETER JASZI, RECLAIMING FAIR USE: HOW TO PUT BALANCE BACK IN COPYRIGHT (2011).

mer recommended, in 1964, that "fair use . . . is not an infringement of copyright"?[90]

The fair use provision of H.R. 4347 as introduced in 1965, reduced to the bare statement that "the fair use of a copyrighted work is not an infringement of copyright," was supported by those believing "the doctrine should remain as flexible as possible," and criticized by others believing it was "vague and nebulous." The latter group recommended restoration of the part of the 1964 bill referring to the fair use purposes and factors, and they prevailed.[91]

If we adopted Professor Nimmer's recommendation, how would we analyze and decide fair use cases? By what standard and based on what considerations? Would we, despite the refreshing simplicity, simply end up with the same methodology, the same factors, the same considerations — and thus the same fair use frustration? After all, the factors derive largely from judicial precedents that Professor Nimmer's recommendation acknowledged should be the touchstone for defining and applying the phrase "fair use," so what difference would it make to modify the statute or to retain or drop them? In fact, the factors trace back at least as far as Justice Story's 1841 opinion in *Folsom v. Marsh*:

> In short, we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.[92]

The answer would seem to be, yes, whether recognized in the statute or not, the four factors, transformativeness, and other fair use considerations would continue to be critical in fair use analysis — and correctly so.[93]

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[90] *See* Ty, Inc. v. Publ'ns Int'l, Ltd., 292 F.3d 512, 522 (7th Cir. 2002), where Judge Posner found the "statutory definition" of fair use "though extensive . . . not illuminating. (More can be less, even in law)."

[91] H.R. REP. NO. 89-2237, at 59 (1966).

[92] Folsom v. Marsh, 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4,901). *See* Goldstein, *supra* note 25, at 436-37. "[I]t was precisely Story's factors that courts later — much later — borrowed, modified and supplemented to fashion a fair use doctrine for the twentieth century, and it was these decisions from which, in his much-cited study prepared fifty years ago as part of the effort to revise the 1909 Act, Alan Latman culled the 'general criteria' of fair use that in turn contributed to the four factors at the heart of section 107." Goldstein, *id.* at 437. *See* ALAN LATMAN, FAIR USE OF COPYRIGHTED WORKS 5 (1958) (Study No. 14, Studies Prepared for Subcomm. on Patents, Trademarks and Copyrights of the Sen. Comm. on Judiciary, 86th Cong., 2d Sess).

[93] Castle Rock Entm't v. Carol Publ'g Group, Inc., 150 F.3d 132, 146 (2d Cir. 1998) (Exploring "other factors," the court stated: "As we have noted, the four statutory fair use factors are non-exclusive and serve only as a guide to promote the purposes underlying the copyright law.")

But the analysis might possibly be more candid, more direct, less Procrustean in evaluating and weighing each of the factors, less concerned with four-factor weighing and tallies and "aggregate assessment," less vulnerable to "twisting and turning" in finding or rejecting transformative purpose or use. We would not need to worry whether the four factors are a "fairy tale" or "stampeded" to reach a predetermined conclusion. Nor would it matter whether content was altered or context shifted.

Ultimately, in this writer's observation, the decision on fair use really turns on this balancing test: Mindful of the purposes of copyright law and the public interest, is there sufficient "justification" for the use to outweigh the copyright owner's interests in prohibiting the use or at least in being compensated for it, if an injunction is not warranted?[94]

This is not offered as a grand theory or resolution, but rather as a recognition that, after consideration of the four factors, the preamble purposes, transformativeness, and whatever else may be relevant or helpful, the real test for deciding fair use may be the "gut" balancing of interests I described. Adopting factorless fair use, so far as the statute reads, would help avoid the risk of being tethered to the "porous" factors or the ambiguities of "transformativeness" or to a methodology that arguably is a result-oriented "fairy tale."

This approach might be a more candid way to decide fair use and possibly even a recognition of the way fair use is really decided now, even if not acknowledged openly. And a factorless fair use, as Professor Melville Nimmer recommended, would facilitate its implementation.

Using this "justification" principle is already part of fair use analysis even if subordinate to other terms and the statute's factors and purposes. As Judge Leval wrote, the first fair use factor ("the purpose and character of the use") "raises the question of justification":

> In analyzing a fair use defense, it is not sufficient simply to conclude whether or not justification exists. The question remains how powerful, or persuasive, is the justification, because the court must weigh the strength of the secondary user's justification against factors favoring the copyright owner.
>
> I believe the answer to the question of justification turns primarily on whether, and to what extent, the challenged use is *transformative*. . .. The transformative justification must overcome factors favoring the copyright owner.[95]

And the Supreme Court in *Campbell* referred to the "justification for the borrowing."[96]

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[94] Concerning injunctive relief in fair use cases, see *supra* note 88 (Dannay, and *eBay*, *Winter*, *Salinger*, *Flexible Lifeline*, *Flava*), and *supra* note 82.

[95] Leval, *supra* note 49, at 1111.

[96] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 581 n.14, 586 (1994).

But it seems to me that "justification" embraces more than just transformativeness or the first factor but rather all of the other considerations and factors favoring fair use that ultimately must be weighed against the copyright owner's interests in finding infringement (including assessment of these same considerations and factors). Each side should make its best case — justification for the use or not — using (or not) the four factors, the preamble purposes, transformativeness, and other considerations, but not being shackled by any of them.

Justification would not require the manipulation of transformative use or purpose to align that consideration with the ultimate fair use outcome. Surely the decision in *Castle Rock* involving the *Seinfeld* television series can be better explained by lack of "justification" than by the trivia quiz book's lack of "transformative purpose." The trivia quiz book was, well, trivial — more souvenir or commodity than substance, more opportunistic than substantive. For Judge Posner, the court's holding that the book was not protected by fair use "seems to rest in part . . . on the court's judgment that the book was frivolous." But "very dubiously," he believed, because "the fair-use doctrine is not intended to set up the courts as judges of the quality of expressive works." He implied that the presumed lack of quality of the book did not mean it failed in any way to "comment upon, criticize, educate the public about, or research *Seinfeld* and contemporary television culture," as the Second Circuit held.[97] The infringement, as Judge Posner notes, consisted of the copying of the scripts in the form of fictitious "facts" taken from the series.[98] It seems difficult to conclude that the use of these "facts" for creation of a quiz book was not transformative. But it seems reasonable to conclude that the taking was not sufficiently justified to overcome the copyright owner's interests. One could have acknowledged the transformativeness without imperiling the rejection of fair use.

The controversial case of *Dr. Seuss Enterprises L.P. v. Penguin Books USA, Inc.*[99] was also cited by Professor Zimmerman as an example of the "twisting and turning" of the transformativeness principle in order to avoid a fair use finding. There the Ninth Circuit affirmed a preliminary injunction against a book spoofing the O.J. Simpson double murder trial titled *The Cat NOT in the Hat! A Parody of Dr. Juice.* The defendant authors borrowed Dr. Seuss's distinctive rhyming style, the Cat's distinctive stove-pipe hat, and the Cat's image. The court found that the O.J. book was satire, not parody (because it commented on the trial, not the

[97] Ty, Inc. v. Publ'ns Int'l, Ltd., 292 F.3d 512, 523 (7th Cir. 2002); *Castle Rock*, 150 F.3d at 146.

[98] *Ty, Inc.*, 292 F.3d at 523; *Castle Rock*, 150 F.3d at 138-39.

[99] Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394 (9th Cir. 1997).

Seuss style or classic book), and concluded: "Because there is no effort to create a transformative work with 'new expression, meaning, or message,'" the Penguin book failed to win the first factor of the fair use test.[100]

Because so much of the O.J. book was original to the defendants, it seems difficult to conclude that the use was not "transformative," as Professor Zimmerman argued.[101] But it would seem reasonable to conclude, and perhaps was the true basis of the decision, that the O.J. book made a distasteful and unjustified use of the beloved and admired Dr. Seuss characters and style. So that even if there was transformative use or purpose, there was insufficient justification for the borrowing to outweigh the copyright owner's interests.[102] Possibly there even was comment on the Seuss book, in contrasting its unblemished, iconic reputation and dark humor (as embodied in the Cat character) with the tawdry spectacle of the O.J. trial. But even if this was so and amounted to parody and transformativeness, the question of justification could have been confronted directly to resolve the fair use defense.

Perhaps the 1997 Second Circuit case of *Ringgold v. Black Entertainment Television, Inc.* best exemplifies the interplay of transformativeness and justification.[103] In *Ringgold*, the court held that use of a poster titled "Church Picnic Story Quilt" as set decoration for a sitcom episode to which the poster had no thematic significance or relevance, was for "the same decorative purpose for which the poster is sold," weighing against fairness under the first factor.[104] In contrast, the court noted in dicta:

> It is not difficult to imagine a television program that uses a copyrighted visual work for a purpose that heavily favors fair use. If a TV news program produced a feature on Faith Ringgold and included camera shots of her story quilts, the case for a fair use defense would be extremely strong. The same would be true of a news feature on the High Museum that included a shot of "Church Picnic."[105]

Justification cannot be found in the poster's use as pure set decoration but can be found in its use as part of a news story or feature. It really should not matter whether the latter use was transformative, but not the

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100 *Id.* at 1401 (citation and footnote omitted).

101 Zimmerman, *supra* note 74, at 258-59.

102 Perhaps, however, the injunctive relief might have been withheld post-*eBay*. See cases cited in note 88, *supra*, and Dannay *eBay* article, *supra* note 82, at 460 ("[C]ourts *must* now consider the impact of *eBay* in *all* copyright cases and especially in those devilishly difficult fair use cases that have tantalized or tormented us all."); 4 NIMMER & NIMMER, *supra* note 82, § 14.06 [A] [5] [b] and n.190.

103 126 F.3d 70 (2d Cir. 1997).

104 *Id.* at 79.

105 *Id.* (citation and footnotes omitted).

former. Perhaps each use was transformative, or neither, but we could conclude that one use was justified and the other not when weighed against the plaintiff's interests.[106]

Consider an ordinary example from the daily newspapers. Obituaries often reproduce song lyrics, poems, cartoons, or other copyrighted material to illustrate the work of the lyricist, poet, cartoonist, or other artist who died. Obituaries are part news story (that the artist died) and part biography (a brief account of the artist's life and work). Here's one example, from the New York Times obituary of Tammy Wynette, whose 1968 hit, *Stand by Your Man*, established her as a queen of country music. The obituary noted that this song, and others, established both her public image and her style, emphasizing "weepers about holding a marriage together or declaring her unending love." The obituary commented that *Stand by Your Man* sold over two million copies, and then quoted the heart of the lyrics:

> Sometimes it's hard to be a woman, giving all your love to just one man. You'll have bad times and he'll have good times doin' things that you don't understand. But if you love him, you'll forgive him even though he's hard to understand. And if you love him, oh be proud of him 'cause after all he's just a man.[107]

Let's assume those lyrics were published without permission. Essential to use? Transformative? Does it matter? Surely there was justification for the use that outweighed any interest of the copyright owner. For if it were otherwise, surely we would be left with arid news reports, biographies, and other creative and informative works.[108]

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[106] Blanch v. Koons, 467 F.3d 244, 254-55 (2d Cir. 2006) (section entitled: "*Parody, Satire, and Justification for the Copying*").

[107] Jon Pareles, *Tammy Wynette, Country Singer Known for 'Stand by Your Man,' is Dead at 55*, N.Y. TIMES, Apr. 8, 1998, at B11.

[108] *See* Rogers v. Koons, 960 F.2d 301, 312 (2d Cir. 1992). "[F]air use permits lyrics or music to be copied in a literary magazine, but where the same material is published in a song sheet magazine, purchased for playing and not simply for reading, it is an unfair use. *Id.*" (citing 3 NIMMER & NIMMER, *supra* note 82, § 13.05[B]). *See* Professor Melville Nimmer's November 3, 1964 comments on H.R. 11947, *supra* text at note 14, suggesting that "quotation of several lines from the lyrics of a popular song within a novel" would be fair use. Hofheinz v. A&E Television Networks, 146 F. Supp. 2d 442, 446-47 (S.D.N.Y. 2001) (use of movie clip in television biography of actor "was for the transformative purpose of enabling the viewer to understand the actor's modest beginnings in the film business," and not "to recreate the creative expression" in plaintiff's film).

V. CONCLUSION[109]

The simplicity of the factorless fair use provision Professor Melville B. Nimmer proposed in 1964, saying little more than "fair use of a copyrighted work is not an infringement of copyright," looks now like a wise recommendation. It's not merely its simplicity. But it would also remove the tyranny of the "porous" four factors and the weighing and aggregating they impose, and the more than occasional Procrustean efforts to align them with the ultimate fair use outcome. The four factors would not be forsaken, only subordinated (along with the preamble purposes and any other considerations) to the ultimate question we probably ask and answer in each case: In light of the purposes of copyright law and the public interest, is there sufficient justification for the use to outweigh the copyright owner's interests in prohibiting the use or at least in being compensated for that use, if an injunction is not warranted?

I end with the question I began with in this exploratory essay: Do the statutory four factors aid or impede fair use analysis? Professor Melville Nimmer may have hit the fair-use sweet spot when he proposed a factorless fair use. Professor David Nimmer may have recognized its wisdom by concluding that the four factors are, really, only a "fairy tale."

Maybe, then, it's time to reconsider a factorless fair use. On the fiftieth anniversary of the Nimmer copyright treatise, something to ponder. In the continuing, perhaps endless search for fair use "solutions," maybe Samuel Beckett deserves the final word:

> Ever tried. Ever failed. No matter.
> Try again. Fail again. Fail better.[110]

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[109] Author's Note: In April 2013, well after this article was completed, the Second Circuit decided the long-awaited fair use case on appropriation art and transformativeness. Cariou v. Prince, 2013 U.S. App. LEXIS 8380 (2d Cir. Apr. 25, 2013). Reversing the district court, the Second Circuit found twenty-five of Prince's thirty "crude and jarring" artworks based on Cariou's "serene" photographs of Rastafarians transformative fair use as a matter of law, and remanded determination of the remaining five to the district court for further consideration. The Second Circuit clarified that there was no requirement that Prince's works "comment" on Cariou's or fall within any of Section 107's nonexclusive preamble purposes. (*See* text at note 73, *supra*.) Instead, consistent with *Campbell*, the new work, to qualify as transformative fair use, generally must alter the original with "new expression, meaning, or message." The court held that most of Prince's work met this standard, but for five it could not say for sure "whether Prince has transformed Cariou's work enough to render it transformative." *Id.* at *31. See my earlier discussion about the "central paradox" of transformativeness: "What standard do we adopt to distinguish 'transformed' from 'transformative' . . . ?"

[110] Samuel Beckett, *Worstward Ho* (1983).

A STORY OF TWO ANNIVERSARIES: NIMMER AND THE *BULLETIN/JOURNAL OF THE COPYRIGHT SOCIETY*

by F. JAY DOUGHERTY*

We are honored to assemble this group of essays relating to *Nimmer on Copyright* (the "Treatise") to commemorate its fiftieth anniversary. Astute readers will have noted that this is Volume 60 of the *Journal of the Copyright Society of the USA*, and, hence, it is also the *Journal*'s sixtieth anniversary. I would like to celebrate both occasions by discussing the relationship between Mel Nimmer, the *Journal* (which was the *Bulletin of the Copyright Society of the USA* for its first twenty-eight volumes, becoming the *Journal* for Volume 29) and the Treatise. We have a complete set of the *Bulletin/Journal* in the Loyola Law School Law Library, so I conducted some casual research as to when Mel first appeared in the *Bulletin*, his involvement with the Society and the *Bulletin*, and the relationship between the original Treatise and the *Bulletin*. By focusing on Mel Nimmer I don't want to ignore the incredible work his son, David Nimmer, has done on the treatise. Indeed, David has been responsible for the treatise for longer than his esteemed father was! But for this brief essay, I want to focus on historical origins, so will primarily reference Nimmer père's connections with the *Bulletin*.

Before I describe the results of my review of the early *Bulletins*, I would like to make a personal comment. I was fortunate to have met Professor Nimmer in early 1985, when he, his wife, Gloria, and UCLA were gracious hosts of the Mid-Year Meeting of the Copyright Society. I had been a member of the Society since law school days in New York, and had moved to California only months before that meeting. After the program at UCLA, everyone was invited to the Nimmer's house to socialize, and for me, as a young lawyer with a love of copyright, it was as memorable as the time I bumped into John Lennon and Yoko Ono walking down 72nd Street in New York a week after moving to the City from New Haven. One of my first tasks at Paul, Weiss a few years later was to assess the status of the Lennon/McCartney publishing catalogue, which had become complicated by the untimely death of John a year or so earlier. Of course, my first reference in digging into arcane questions of work made for hire and "corporate body" works under the 1909 Act was *Nimmer on Copyright*. When I first taught copyright and entertainment law at USC Law Center in 1987, I used the Nimmer casebook and of course the treatise was

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essential to the self-education one requires to teach the subject. Now, in my twenty-sixth year teaching copyright law, I continue to look to the treatise on a regular basis, and have treasured working with David in various capacities ever since. So both the Treatise and the Society mean a lot to me.[1]

I. NIMMER AS EDITORIAL BOARD MEMBER AND COPYRIGHT SOCIETY TRUSTEE

Mel Nimmer was an important participant in the Society and the *Bulletin* for most of his professional life. The *Bulletin* was first published in June 1953, three years after Mel graduated from Harvard Law School. Mel was first listed as a member of the Editorial Board of the *Bulletin* in Volume 5, Issue 1, of the 1957–58 volume. It is possible he was involved earlier, but Volume 1 did not list him, and there was no listing of the Editorial Board in our copy of Volumes 2 through 4. He would have only been a lawyer for about seven years when he became a member of the Editorial Board. Mel is first listed as a Trustee of the Copyright Society in Volume 10 (1963–64), just as the treatise was being published. After having been listed as a member of the Editorial Board in each volume after Volume 5, in Volume 11, he is not listed as such, but continued to be a Trustee of the Society. Perhaps he needed a breather after that no doubt Herculean effort. In Volume 12, he was back on the Editorial Board, but not listed as a Trustee. In Volumes 13 through 15, he is again both an Editorial Board member and a Trustee. I noticed that my first copyright mentor, Columbia Law School's John Kernochan, joined Mel as a Trustee of the Society. In Volume 16, Mel is on the Editorial Board, but not a Trustee. In Volumes 17 through 19 he is again both, and in Volume 20 (1973–74), he is an editor but not a Trustee. He continued to be a Trustee and/or member of the Editorial Board until at least Volume 29 (1981-82). Subsequent volumes until his death in 1985 don't list the Trustees or Editorial Board, but it seems likely that he remained involved in that capacity until at or near the end, since he hosted the Mid-Year Meeting in early 1985. Mel passed away in November 1985.

II. REFERENCES TO NIMMER'S WRITINGS IN THE BULLETIN

In its early years, the *Bulletin* was quite different from what it is now. Instead of law review-style articles, it was initially truly a "bulletin," intended to provide timely information on copyright. It listed numerically "digests of domestic and foreign legislation, conventions and proclama-

[1] This is of course not to denigrate any of the other learned treatises on copyright, or to suggest that I never disagree with the Nimmer Treatise's positions on some points.

tions, important court decisions both here and abroad and . . . a current bibliography of books, law review articles and other writings pertaining to copyright . . . editorials and data from trade magazine which related to problems resulting from the use of copyrighted works in literature, drama, art, music, motion pictures, radio, and television."[2]

The first references I found to Mel Nimmer's writings were both in Volume 1, No. 5. They digested his article, *The Right of Publicity*, in *Law and Contemporary Problems*[3] and his article, *The Law of Ideas*, in the *Southern California Law Review*,[4] both published in 1954. Mel was already becoming a prolific scholar, and not just in relation to copyright. It also appears that he was probably doing those difficult "year in review" programs about copyright decisions. The next citations to his works are two digests in Volume 3, No. 4 (1956): *Copyright 1955* in the *California Law Review*[5] and *Copyright Publication*, in the *Columbia Law Review*.[6] Volume 4, No. 6, digests his *Copyright 1956: Recent Trends in the Law of Artistic Property*, published in the *UCLA Law Review*.[7] Perhaps these "year in review" articles were at the root of what became the Treatise.

There are no references to Nimmer in Volumes 5 through 7. His first short article appears in Volume 8 (1960–61). Interestingly, it is entitled *Copyright Correspondence* (with a single "c in the circle" symbol standing in for the initial consonants), and commences with an "Editor's Note" from Walter Derenberg announcing that "Mr. Nimmer, of the California Bar, a member of our Editorial Board, has agreed to serve as West Coast Editor of the BULLETIN and regularly to furnish news and information concerning copyright and entertainment law."[8] Professor Nimmer displays his signature humor in his opening paragraph: "This column will be devoted to the enlightenment of our Eastern brethren as to copyright activities in what they regard as the second most important copyright center

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[2] Samuel W. Tannenbaum, *From the President of the Copyright Society of the United States of America*, 1 BULL. COPYRIGHT SOC'Y 1 (1953). Although there were a few longer pieces in prior issues, the official decision of the Society to publish articles is announced in Volume 4 (1956). There is a note in Issue No. 1 introducing a short article entitled *The New Copyright Office Regulations*, saying "This article is published in accordance with the Society's recently adopted policy to publish from time to time informative articles written by leading authorities in the field of copyright. Our readers and subscribers are invited to submit appropriate materials of this kind to the Editorial Board." 4 BULL. COPYRIGHT SOC'Y 32 (1956). The table of contents for Volume 5 is the first to list a separate section for "Articles."

[3] 19 LAW & CONTEMP. PROBS. 203 (1954).

[4] 27 S. CAL. L. REV. 119 (1954).

[5] 43 CAL. L. REV. 791 (1955).

[6] 56 COLUM. L. REV. 185 (1956).

[7] 4 UCLA L. REV. 323 (1957).

[8] 8 BULL. COPYRIGHT SOC'Y 25 (1960).

— and in what we in our cheerfully provincial ignorance know to be the hub of the copyright world."[9] He proceeds to describe the "most significant copyright decision to emanate from our courts during the past few months" (dealing with remedies for infringement of musical works), the "most interesting — if not significant" case (denying neighboring and moral rights to the Three Stooges), and the first TV series to be produced on tape, *Wrangler*. He senses trouble a-brewing with that, based on the infamous *White-Smith v. Apollo*[10] decision, and makes a practical suggestion for producers who want a better chance at copyright protection for such works. That issue also lists his *An Introduction to Copyright* published in the *L.A. Bar Bulletin* in 1961.[11] Volume 9 (1961–62) lists another year-in-review piece, *Significant Copyright Decisions and Legislation of the Past Year*.[12] The "Copyright Correspondence" feature never appeared in future issues subsequent to the first one, so someone must have rethought that idea, or perhaps Mel was too involved in preparing the Treatise to be the correspondent from the Left Coast six times a year. I was pleased to note that Professor Nimmer was the first "West Coast Editor" of the *Bulletin*. I think that practice, at least as a formal matter, must have ceased, until my own appointment as co-editor in chief of the *Journal* for Volume 56 (2009), as the "West Coast" contact along with my co-editor in chief, Professor Stacey Dogan from the "East Coast." The idea seems to have survived for now, with co-editor in chief, Professor Joe Liu of Boston College Law School, sharing the helm.

The researcher can almost feel the Treatise emerging from all this. In Volume 10, Nimmer's *The Nature of Rights Protected by Copyright*[13] is described as follows: "This article, which is a chapter with certain alterations from a forthcoming treatise, is concerned with an examination of the rights accorded to an owner of literary property under the Copyright Act."[14] Volume 11 of the *Bulletin* includes a two-page article by Nimmer, *Recapture of Copyright from the Mexican Public Domain*,[15] warning U.S. copyright owners about an important development in Mexican copyright law and pointing out that if they don't file a Mexican registration promptly, their works will lose the opportunity to be resurrected from the public domain there. No doubt the motion picture studios were pleased to have Professor Nimmer giving them a heads-up on that. Volume 11 also includes in an early issue an auspicious announcement. Among three "sig-

9 *Id.*
10 209 U.S. 1 (1908).
11 36 L.A. B. BULL. 90 (1961).
12 9 BULL. COPYRIGHT SOC'Y 442 (1962).
13 10 UCLA L. REV. 60 (1962).
14 10 BULL COPYRIGHT SOC'Y 201 (1963).
15 11 BULL. COPYRIGHT SOC'Y 408 (1964).

nificant new publications in the field of copyright" that had been published in the prior few weeks is *Nimmer on Copyright*! The announcement, indicating that a review by a member of the Editorial Board will be forthcoming, states that the Treatise "would seem to be the most important treatise on the subject since the publication of Weil's 'American Copyright Law' in 1917."[16]

Still in Volume 11, Stanley Rothenberg reviews the Treatise in February 1964. For the most part, he admires it, saying that "Nimmer's countless citations of early and current cases and law review articles enable the practitioner to pursue the law of copyright on almost any particular point," yet "Professor Nimmer also raises and considers many penetrating questions which elevate the work above the status of a day-to-day handbook . . . ."[17] Rothenberg does note some areas in which he disagrees with Professor Nimmer, and, like some of the other contemporary reviews, wishes for a more detailed index and an index of cases and possibly the literature cited. He points out that Professor Nimmer "does not avoid controversy; for example, he has already succeeded in creating a stir with his thesis that publication of a derivative work constitutes publication of the basic work."[18] This must have been a fruitful era for treatises, as the next work reviewed is the first edition of Alexander Lindey's "monumental" (1,248 pages) *Entertainment, Publishing and the Arts: Agreements and the Law*, an expansion into other entertainment branches from Lindey's 1947 *Motion Picture Agreements Annotated*.

Volume 12 (1964–65) lists two other reviews of the Treatise, one in *Stanford Law Review* by Harry Henn,[19] the other in the *Harvard Law Review* by the estimable Benjamin Kaplan.[20] The Henn review is quite favorable, noting "The work is undoubtedly the most thoughtful and thought-provoking treatment of American copyright law. Well organized with ample cross-references, it combines imagination, scholarship, readability, and practicality. Many problems not previously litigated or even raised are discussed, time-honored assumptions are challenged, and hornbook generalizations are properly qualified."[21] The Kaplan review is for the most part favorable, though the Royall Professor seems compelled to quibble in several places. I'm not sure whether a comment like this is

16 11 BULL COPYRIGHT SOC'Y 57 (1963). The other two "significant publications" announced were a "concise monograph" by Barbara Ringer and Paul Gitlin published by the Practicing Law Institute, and the Arthur Fisher Memorial Edition of *Studies on Copyright*, an important step in the revision of the 1909 Act.

17 Stanley Rothenberg, Book Review, 11 BULL COPYRIGHT SOC'Y 207 (1964).

18 *Id.* at 208.

19 Henry G. Henn, Book Review, 16 STAN. L.REV. 1146 (1964).

20 Benjamin Kaplan, Book Review, 78 HARV. L. REV. 1094 (1965).

21 Henn, *supra* note 19, at 1149.

praise or not: "Undeterred by the possibility that passage of a revision bill will render much of his work steeply obsolescent, Professor Nimmer presents a treatise analyzing the current statute and adjacent doctrine. Professor Nimmer hardly refers to the revision efforts, past or present, but his book is by necessary implication a brief for reform of the statute. He pulls apart the particulars of the law and demonstrates that many of them are aimless, stultifying, unclear, or otherwise inadequate."[22] I note that David takes after his father in this latter respect; I have heard a number of his excellent presentations making similar accusations as to portions of the 1976 Act. Ultimately, Professor Kaplan concludes, "Well, if these are defects, they are mostly defects of omission, and Professor Nimmer can catch up with them in due time by means of more replacement pages which, one hopes, will some day not have to be disfigured by multitudinous copyright notices. Meanwhile, he deserves thanks and applause for a solid piece of work."[23]

Subsequent Volumes of the *Bulletin* continue to digest Mel's scholarship. Volume 13 cites *The U.S. Copyright Law and the Berne Convention*,[24] presciently noting that the U.S. joining Berne is "well worth the effort." Four Nimmer articles are digested in Volume 16. Volume 17 (1970) is notable in at least two respects. First, Professor Nimmer delivered the first Donald C. Brace Memorial Lecture in 1970 and of course it was published in the *Bulletin*, a practice that continues to this day. Second, that lecture is entitled *Copyright vs. the First Amendment*,[25] illustrating one of Professor Nimmer's other passions, freedom of speech, which of course led to another treatise on that topic. But that's a story for another day. Volume 18 (1970–71) cites another important Nimmer article on that topic, *Does Copyright Abridge the First Amendment Guaranty of Free Speech & the Press*,[26] adapted from his Brace lecture. Volume 19 (1971–72) includes Nimmer's short but muscular *Comment on the Douglas Dissent in* Lee v. Runge,[27] a critical assessment of some aspects of that dissent. That Volume also announces the publication of Nimmer's casebook, described as "an up-to-date casebook on copyright and related rights," and Volume 20 (1972–73) announces the publication of a supplement to the casebook. It also includes the penultimate reference to one of Professor Nimmer's writings, an article on *Proprietary Rights, Residual Rights and Copyright in Cartridge TV in the U.S. and Canada*.[28]

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[22] Kaplan, *supra* note 20, at 1095.
[23] *Id.* at 1097.
[24] 2 COPYRIGHT 94 (1966).
[25] 17 BULL. COPYRIGHT SOC'Y 255 (1970).
[26] 17 UCLA L. REV. 1180 (1970).
[27] 19 BULL. COPYRIGHT SOC'Y 68 (1971).
[28] 3 PERF. ARTS. REV. 3 (1972).

Sadly, Professor Nimmer's last writing for what was by then called the *Journal of the Copyright Society of the U.S.A.* was a memoriam for Alan Latman in Volume 32 (1984–85),[29] and, finally, Volume 33 (1985–86) includes a set of memorial essays for Professor Nimmer himself.[30]

III. CITATIONS BOTH DIRECTIONS

Having observed the birth of the Treatise, articles in the *Bulletin* soon included citations to the Treatise. The first such citation was in Volume 11 (1963–64), by Robert Hadl entitled *Parody Lyrics – The 'Mad' Magazine Case*.[31] Footnote 20 cited the Treatise for a discussion of "access" in copyright law. There were four more citations to the Treatise in articles in that Volume of the *Bulletin*; one to Nimmer's discussion of *Baker v. Selden*,[32] in an article by John Schulman entitled *The Copyright Law – Is It a Roadblock to Information Retrieval?*,[33] and three citations in an article by Reed Lawlor entitled *Aspects of Computer Usage*.[34] So in the same volume that announced the publication of the Treatise and contained its first review, the Treatise had taken off, cited five times in three articles.

Similarly the Treatise cited articles from the *Bulletin*. Corey Field, who also has an essay in this Issue, owns a copy of the first edition of the Treatise, (with a few substituted 1964 updated pages), and he kindly checked for me whether that edition cited to the *Bulletin*. He told me that it contains cites to four *Bulletin* articles in two footnotes. The first was in a portion of the Treatise dealing with the complex problem of the notice requirement in foreign publications. It cited a notice about new Copyright Office Regulations in Volume 6 (1956–57) of the *Bulletin*.[35] I believe the regulations about notice on foreign editions changed after the U.S. adhered to the Universal Copyright Convention about that time, and the *Bulletin* was a timely source for new developments. The other reference is in a footnote dealing with library and educational photocopying as fair use. Corey found it notable for citing three articles on fair use in this connection from the same publication in one footnote. The articles cited were in Volumes 5, 9 and 11. As noted above, Mel was on the Editorial Board, including for Volumes 5 and 9, so he would have been quite familiar with the contents of those Volumes. He was a Trustee, but apparently

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[29] *See* Melville B. Nimmer, *Alan Latman*, 32 J. COPYRIGHT SOC'Y 11 (1984).

[30] *See Melville B. Nimmer, 1923–1985*, 33 J. COPYRIGHT SOC'Y 92 (1985) (tributes by Richard Dannay, Ralph Oman, and Monroe Price).

[31] 11 BULL. COPYRIGHT SOC'Y 319 (1964).

[32] 101 U.S. 99 (1879).

[33] 11 BULL. COPY. SOC'Y 369 (1964)

[34] *Id.* at 380

[35] Note that citation is to the first official "article" published in the BULLETIN. *See*, note 2, *supra*.

not on the Editorial Board for Volume 11. As also noted above, Volume 11 holds a special place in this history. It included the announcement of the publication of the Treatise, the first review, and the first article citing the Treatise. Yet Professor Nimmer also cited an article from that Volume in the Treatise.[36] The symbiotic relationship was perfected, and continues in the twenty-first century. My library assistant, Lisa Schultz, kindly checked for me how many citations to the *Bulletin* or *Journal* there are in the current version of the Treatise. Her research disclosed eighty-three citations. Interestingly, twenty-one of them are in the Treatise § 8C.04, dealing with droite de suite and the California Art Resale statute.

Reviewing these thirty-two volumes of the *Bulletin/Journal* illustrated the arc of a remarkable career, including the birth of the Treatise whose fiftieth anniversary we celebrate in this sixtieth volume of the *Journal*. I am sure there are countless citations to the Treatise in each issue of the *Journal*. We are also fortunate to publish some of David Nimmer's fine articles. As co-editor-in-chief, a long-time member of the Editorial Board, and former Society Trustee, I look forward to the next fifty years together.

[36] Although we think it is possible that Mel knew of the article before its publication and cited it in his Treatise, published before the article cited, it may be that this was added in the first 1964 revised pages.

MELVILLE NIMMER THE WRITER: A REVIEW OF THE 1963 FIRST EDITION OF *NIMMER ON COPYRIGHT* ON THE OCCASION OF THE FIFTIETH ANNIVERSARY OF ITS PUBLICATION

by COREY FIELD*

INTRODUCTION

From our present perspective in 2013, *Nimmer on Copyright* by Melville B. Nimmer and David Nimmer has become a monument of legal scholarship: eleven volumes cited almost 3,100 times by the courts since it was published in 1963.[1] But all enduring monuments must first be carved out of stone, in a painstaking process where every chisel stroke must follow the grand design. And all legal treatises, no matter how authoritative on the law, must begin and end with words. The better the words, the better the law.

In honor of the fiftieth anniversary of the publication of *Nimmer on Copyright*, we return to the original source, the one-volume 1963 first edition written by Melville B. Nimmer, to consider how a consummate legal writer used words to express himself on the topic of copyright law, and in so doing created a style of writing, philosophy of enquiry, and standard of uncompromising questioning about the law that still resonates. After fifty years, we best honor the work of a legal writer the way we best honor any author, by reading his words as they were first offered to the world.

I. REVIEW

On March 9, 1964, Judge Irving Ben Cooper of the United States District Court for the Southern District of New York issued his opinion in *Nom Music, Inc., v. William Kaslin, et al.*, a now long-forgotten copyright

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[1] For details on the Nimmer treatise, see *Nimmer on Copyright*, LEXISNEXIS STORE, http://www.lexisnexis.com/store/catalog/booktemplate/productdetail.jsp?pageName=RelatedProducts&prodId=10441 (last visited Jan. 14, 2013). The treatise is subtitled *A Treatise on the Law of Literary, Musical and Artistic Property, and the Protection of Ideas*.

infringement case under the 1909 Copyright Act.[2] Unwittingly, Judge Cooper thus became the first jurist to not only cite to, but to also quote from, a new copyright law treatise published the previous year on July 31, 1963: Melville B. Nimmer's *Nimmer on Copyright*.[3]

Judge Cooper also became the first "Post-Nimmer" jurist to have the mixed pleasure of later reading a critique of his holdings in the very treatise that he previously cited with approval. In the 1964 Supplement, after explaining some problems with Judge Cooper's reasoning, Nimmer pronounced that the holding would nevertheless "appear to be defensible."[4] The case also afforded Nimmer the pleasure of using for the very first time the circular citation parenthetical, whereby case cites in *Nimmer on Copyright* note that the judicial opinion, in turn, cited to *Nimmer on Copyright*, thusly: Nom Music, Inc., v. Kaslin 227 F. Supp. 922 (S.D.N.Y. 1964) (citing this treatise).[5]

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[2] *See* Nom Music, Inc., v. William Kaslin, 227 F. Supp. 922, 924-25 (S.D.N.Y. 1964). Holding for the plaintiff on summary judgment, Judge Cooper found that the composer of the 1957 doo-wop song *A Thousand Miles Away*, which had reached number 5 on the Billboard R&B charts in a recording by The Heartbeats, was liable for copyright infringement because after conveying the copyright in the song to the plaintiff, the songwriter reissued virtually the same song under a new title, *Daddy's Home*. At issue in the case was whether the plaintiff, who had been assigned copyright in the song, had injected the song into the public domain by publishing the sheet music with a copyright notice in the name of the plaintiff prior to the plaintiff's official recordation of the assignment at the Copyright Office in Washington, D.C. Under the 1909 Copyright Act, the notice had to indicate the owner of record of the copyright, thus the defendant alleged that prior to recordation, the plaintiff was not yet the "owner of record," and therefore the notice was defective. *A Thousand Miles Away* is included in the soundtrack for the 1973 film *American Graffiti*. *See also A Thousand Miles Away*, WIKIPEDIA, http://en.wikipedia.org/wiki/A_Thousand_Miles_Away (last visited Nov. 26, 2012). Judge Cooper later decided high-profile cases involving Jacqueline Kennedy Onassis's right of privacy (*Galella v. Onassis*, 353 F. Supp. 196 (S.D.N.Y. 1972), *aff'd*, 487 F. 2d 986 (2d Cir. 1973)); and Curt Flood's unsuccessful challenge against the major league baseball reserve clause (aff'd in *Flood v. Kuhn*, 407 U.S. 258 (1972) (extensively quoting with approval Judge Cooper's lower court opinions)).

[3] MELVILLE B. NIMMER, NIMMER ON COPYRIGHT (1963) (first edition in one volume, 1,220 pages, hereafter "NIMMER 1963)." With approximately seventy 1964 Supplement sheets inserted, hereafter "NIMMER 1963/64"). The extent of revisions on the 1964 Supplement pages varies; in some cases there is extensive discussion of "new" cases dating from 1963 and 1964, on other pages there is only the addition of a 1964 case, without comment, at the end of a string citation.

[4] *See* NIMMER 1963/64, *supra* note 3, § 123.4, at 537.

[5] *See id.* § 139.4 n.255.

In the Preface to the treatise, Nimmer explained the "reasons which impelled me to undertake the writing of this treatise:"

> It is not just that I believed there to be a need for a study in both depth and breadth of the manifold problems which confront lawyers and judges in copyright matters. More than that, the inordinate number of "open questions" which pervade the law of copyright offer both a challenge and a charm to this area of the law which is almost, if not entirely, unique. This, it seems to me, is in part due to the fact that copyright represents an application of one of the oldest branches of the law, property, to one of the more striking recent developments of our contemporary culture, the phenomenon of mass communications. Moreover, this sophisticated concept of property in intangibles is fascinating and elusive in part because of the origin of its subject matter. Here the law comes to grips with what William Faulkner has described as the process of "creating out of the materials of the human spirit something which did not exist before."[6]

Here, Nimmer sets forth the duality of opposing forces that so often guide his enquiry: the "challenge and charm" in writing about the tension between copyright law and disruptive new technologies. Yet he also acknowledges fascination with, and indeed inspiration from copyright law's unique quality: it seeks to regulate the works of the human imagination.

Nimmer on Copyright was not the first treatise on the subject of copyright law in the United States, but by the time it was published in 1963, its several antecedents were badly outdated, having been published in the format of hard bound books not subject to the annual updates we now take for granted as a way to keep a legal treatise current. But they were impressive publications none the less, with their size, scope and sheer heft as gigantic volumes setting the standard for any treatise that followed.[7]

We know Nimmer was familiar with these antecedents because he cites to them, including what was then known as *Drone on Copyright* by Eaton S. Drone, a 774-page work published in 1879, still cited by Nimmer in 1963 in a footnote that uses Drone to illustrate a point about another literary giant of the past, Homer:[8] in a discussion on whether works must be in a tangible format in order to quality for copyright, Nimmer notes that "Drone states that according to Greek scholars The Iliad was handed down in oral form from generation to generation "for ages" before it was ever reduced to written form."[9]

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6 *See* NIMMER 1963/64, *supra* note 3, at v.

7 Most of the pre-Nimmer copyright treatises discussed here can be viewed in the UCLA Law Library.

8 EATON S. DRONE, A TREATISE ON THE LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS IN GREAT BRITAIN AND THE UNITED STATES, EMBRACING COPYRIGHT IN WORKS OF LITERATURE AND ART, AND PLAYRIGHT [SIC] IN DRAMATIC AND MUSICAL COMPOSITIONS (Little Brown & Co., Boston, 1879) (774 pages).

9 NIMMER 1963/64, *supra* note 3, § 11.2, at 41.

In 1987, The Legal Classics Library reprinted Drone's treatise as a historical paragon of copyright scholarship, accompanied by an essay pamphlet by copyright scholar L. Ray Patterson imparting the otherwise forgotten information that Drone was considered authoritative in its time, earning the unofficial title *Drone on Copyright.* It was this linking of author and topic, along with the examples of *Wigmore on Evidence* and *Prosser on Torts*, which encouraged Nimmer to insist on a similar eponymous title for his treatise.[10]

Other copyright treatises cited by Nimmer include *American Copyright Law* by Arthur W. Weil (1917, cited at p. 14, note 63); *An Outline of Copyright Law* by Richard C. DeWolf (1923, cited at p. 3, note 11); and *Copyright Law and Practice* by Leon H. Amdur, a massive 1,332 page tome (1936). Also in existence prior to *Nimmer on Copyright* were *The Law of Copyright and Literary Property* by Horace G. Ball (Matthew Bender & Co., 1944, 976 pages); and the beautifully written *Copyright: Its History and Its Law* by Richard Rogers Bowker (Houghton Mifflin Co., Boston & New York, 1912).[11]

While Nimmer had the opportunity to learn from the above antecedents regarding how a copyright law treatise might be organized, his own original solution is evident in the overall structure of the treatise, which begins and ends at two opposite extremes, as if part of a continuum.

First, on the "micro" level, *Nimmer on Copyright* immediately announces its intention to derive all analysis and rationale from precedent with an opening chapter that is startlingly devoted entirely to a thirty-page analysis of the twenty-seven words that make up the Copyright Clause of the United States Constitution. At the opposite extreme, the "macro" level, Nimmer concludes the treatise with an entire chapter devoted to "The Law of Ideas," strictly speaking a topic beyond the borders of copyright law.[12]

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[10] Anecdote provided courtesy of David Nimmer.

[11] R.R. Bowker later founded the well-known bibliographic services company, "R.R. Bowker," as well as Publisher's Weekly and Harper magazines, but his role as a non-lawyer copyright law scholar has been largely forgotten. Of all the treatises that existed prior to Nimmer, Bowker's was the most beautifully written, filled with references to Homer, Milton, Shakespeare, etc.

[12] Every treatise author must divide a vast topic into chapters that best express the legal principles, and no two treatises take the same approach. Nimmer's solution to the problem of how to best organize copyright law into separate chapters was as follows: 1: The Constitutional Basis of Copyright; 2: The Subject Matter of Copyright; 3: Derivative Works; 4: Publication; 5: Persons Entitled to Copyright; 6: Co-Ownership of Copyright; 7: Statutory Formalities; 8: The Nature of the Rights Protected by Copyright; 9: Duration and Renewal of Copyright; 10: Assignments, Licenses, and Other Transfers of Rights; 11: Infringement Actions–Procedural Aspects; 12: Infringement Ac-

In Chapter 1, a *tour de force* of legal writing and scholarship, Nimmer breaks down the copyright clause of the Constitution[13] into sub-sections that consider *each* of the relevant terms, comparing them to the 1909 Act's detailed provisions, and analyzing the extent to which the 1909 Act approached the boundaries set in the Constitution.[14] The organizational layout for Chapter 1 is so original in its focus on each phrase as to merit listing it here:

Chapter 1: The Constitutional Basis of Copyright
§1. Introduction
§2. The Copyright Clause
§3. "To promote the progress of science and useful arts. . ."
§4. ". . .by securing. . ."
§5. ". . .for limited times. . ."
§6. ". . .to authors. . ."
§7. ". . .the exclusive right. . ."
§8. ". . .to their respective writings. . ."
§9. An Alternative Constitutional Basis: The Commerce Clause

In another telling example of how Nimmer's devotion to detail is reflected in the overall organization of the treatise, Chapter 10 on "Assignments, Licenses, and other Transfers of Rights" offers the following subsections, each of which devotes several paragraphs to analysis of a single "recurring phrase" in contractual terms:

§129. Judicial Interpretation of Recurring Phrases
129.1 "assign the copyright"
129.2 "big time"
129.3 "book form"
129.4 "every printed copy"
129.5 "net proceeds"
129.6 "remake rights"
129.7 "sketch"
129.8 "writer"

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tions–Substantive Aspects; 13: Infringement Actions–Remedies; 14: Criminal Actions; 15: The Law of Ideas.

[13] U.S. CONST. art. I, sec. 8, cl. 8, *cited at* § 3.1, at 3, Stating that Congress shall have the power "To promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

[14] As compared to the present day and the 1976 Copyright Act, the 1909 Copyright Act discussed in *Nimmer on Copyright* arguably lived in a greater tension between the scope of the Constitutional provision and the scope of the legislation itself. Thus, Nimmer's focus on each word of the Copyright Clause was insightful because it provided perspective on the gulf between copyright legislation as enacted and the potential scope of rights under the Constitution.

At the opposite end of the spectrum, the last chapter of the treatise, Chapter 15, goes beyond the boundaries of copyright law *per se* to consider "The Law of Ideas," basing the chapter on Nimmer's own 1954 influential article published in the Southern California Law Review.[15]

In *Nimmer on Copyright*, everything is questioned, everything is examined, and nothing is taken at face value without thorough research, analysis, and context. Question marks abound in the text, followed by thorough answers. This classic Socratic method of legal writing informs the overall structure of the treatise via sub-sections whose title announces their purpose to offer criticism of a doctrine, or examination of the rationale behind the law. Examples include sub-sections entitled "Criticism of Baker v. Selden;"[16] "The Rationale Underlying the Theory of Joint Authorship;"[17] "Rationale and Criticism of the Manufacturing Clause;"[18] "Criticism of the Multiple Performance Doctrine;"[19] and "The Rationale of the Renewal Concept."[20]

In a work of over 1,000 pages, examples of exemplary legal writing in service to explaining the law abound. But Nimmer never misses an opportunity to exhibit leadership, to set forth his view of how the law should proceed in future cases, inviting judges to follow his lead. For example, in discussing the copyrightability of the then "new technology" of magnetic video tape in Section 25.3, part of Chapter 2 on The Subject Matter of Copyright, Nimmer devotes six pages to review of technological facts, industry custom and usage, statutory construction, Copyright Office regulations, and legal precedent in establishing what Nimmer hopes will become persuasive legal precedent in the future, concluding that "For the reasons suggested above, it seems probable that the courts will endorse this view when the issue is presented for adjudication."[21]

In another example of Nimmer offering his own rationale "not found in the [legislative] Committee Report" yet based solidly on precedent and comparison of industry custom to copyright law, a discussion of the difference between statutory damages for newspapers and magazines in the 1909 Copyright Act concludes with the following observation:

> A more cogent basis for singling out newspapers in the statutory damages provision may be found in a rationale not reflected in the Committee Report. The exigencies of time attendant to the publishing of a daily newspaper may render an adequate check of the copyright status of photographs to be reproduced therein much more difficult than in the case of

[15] Melville B. Nimmer, *The Law of Ideas*, 27 S. CAL. L. REV. 119 (1954).
[16] NIMMER 1963/64, *supra* note 3, ch. 2, §37.3.
[17] *Id.* ch. 6, § 72.
[18] *Id.* ch. 7, § 96.5.
[19] *Id.* ch. 8, § 107.45.
[20] *Id.* ch. 9, § 113.
[21] NIMMER 1963/64, *supra* note 3, § 25.3, at 113-18.

> a weekly or monthly magazine. This factor when viewed in conjunction with the public interest in full and prompt news reports would seem to justify reducing the newspaper publisher's risk of incurring statutory damages for copyright infringement.[22]

While Nimmer is skilled at applying legal precedent in making his arguments about the law, some of the finest moments in the treatise occur when he simply uses examples from the real world of the creative arts to illustrate a copyright point. The references include mention of Thornton Wilder, Shakespeare, Hemingway, Mark Twain, and other greats. For example, in discussing the copyrightability of "Dramatic Compositions" under the 1909 Copyright Act, Nimmer mentions Thornton Wilder's work as well as Shakespeare's, noting that "Verisimilitude in representation is not required, since a work is no less a drama though presented without scenery (as in Thornton Wilder's 'Our Town') or without costumes (as in the Mercury Theater production of 'Julius Caesar')."[23] And in a section discussing protection for fictional or other original elements contained in factual works, Nimmer discusses a case involving an allegedly factual account of interplanetary spirits, noting "one wonders whether the [court] would have invoked the same defense against Sir Arthur Conan Doyle on the grounds his Sherlock Holmes stories are presented as factual accounts by Dr. Watson."[24]

In discussing the rationale for the rule that public performances do not constitute publication, Nimmer discusses the mechanics of producing a play, citing for his authority to *Act One*, the 1959 autobiography of Broadway director Moss Hart: "The practice of making numerous revisions in a play during the period of public performance is well known. To require a deposit in the Copyright Office before permitting a revision to be performed in the pre-Broadway runs or even thereafter would obviously seriously hamper the development of a play."[25] And in discussing the types of works subject to the right of public performance for profit, Nimmer notes the distinction between musical and literary works, noting:

> "it may well be questioned, however, whether this rationale is equally applicable to nondramatic literary works. A public reading of selections from Hemingway or Mark Twain even if not for profit is very likely to reduce the potential audience available for a subsequent for profit reading of the same work. The same would be true in some, but probably in a lesser degree with respect to the reading of poetry."[26]

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[22] *Id.* § 14.3, at 60.

[23] NIMMER 1963/64, *supra* note 3, § 16.1, at 66.

[24] *Id.* § 29.4, at 131.

[25] *Id.* § 53.2, at 211.

[26] *Id.* § 107.32, at 403.

Perhaps the publication date of 1963 had some influence on Nimmer's discussion of substantial similarity, in the sub-category of "Comprehensive Nonliteral Similarity," where Nimmer extensively analyses the similarities between the "recent Broadway production and motion picture, *West Side Story* with Shakespeare's *Romeo and Juliet* upon which it was based," noting that the following elements (among others) are found in both works:

1. The boy and girl are members of hostile groups.
2. They meet at a dance.
3. They acknowledge their love in a nocturnal balcony (fire escape) scene.
4. The girl is betrothed to another.
5. The boy and girl assume the marriage vows.
6. In an encounter between the hostile groups the girl's cousin (brother) kills the boy's best friend.
7. In retaliation the boy kills the girl's cousin (brother).
8. As a result the boy goes into exile (hiding).
9. A message is sent to the boy at his retreat, explaining a plan for him to meet the girl.
10. The message never reaches the boy.
11. The boy receives erroneous information that the girl is dead.
12. In grief the boy kills himself (or permits himself to be killed).[27]

Nimmer further opines that *West Side Story* is "inspired" in a footnote: "Since Romeo and Juliet is in the public domain it was not only permissible but indeed an inspired idea to adapt the classic tale to . . . New York City."

Such observations on creative works and his enthusiasm for using them to illustrate copyright principles give the treatise depth, character, and conviction. In one delightfully vivid and original passage in the chapter devoted to The Law of Ideas, we encounter perhaps the only page in the treatise that does not have a single footnote, in a section entitled "Unsolicited Submission Voluntary Received." Here, in order to illustrate a point about formation of contract in idea submission cases, Nimmer creates an extensive and original example, humorously but effectively evocative of an encounter in Central Park in New York:

> Some perspective on this problem may be gained by analogizing to another form of public domain property. Suppose, for instance, Mr. A. wandering through the vast expanse of Central Park (or any other public park) becomes exhausted and wishes to rest but sees no available benches. At that point Mr. B emerges from behind nearby foliage and states, "I expect to be paid for what I'm about to disclose unless you tell me not to make the disclosure." A says nothing, and so B goes on to say, "There is an unoccupied bench behind yonder hedge. You may use it."

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[27] *Id.* § 143.11, at 624.

> If, acting upon this suggestion, A does in fact sit on the indicated bench, is this conduct which should imply a promise by A to pay B?"[28]

Nimmer also enjoys quoting, and praising, "felicitous" legal writing, for example in a discussion of originality distinguished from novelty, he turns to Judge Learned Hand's opinion in *Sheldon v. Metro-Goldwyn Pictures Corp.*, introducing the quote with praise of Hand's writing style:

> With his characteristic felicity of phrase, Learned Hand articulated this principle as follows:
> ". . . if by some magic a man who had never known it were to compose a new Keats' Ode On a Grecian urn, he would be an 'author,' and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats."[29]

In a discussion of the Copyright Clause of the Constitution and the context of a liberal construction of the term "writings," Nimmer again quotes Hand:

> Judge Hand . . . denied the proposition that the Constitution "embalms inflexibly the habits of 1789." Rather, he stated: "its grants of power to Congress comprise not only what was then known, but what the ingenuity of men should devise thereafter. . . . [I]t is not a strait-jacket, but a charter for a living people."[30]

Justice Oliver Wendell Holmes, who famously presided over Supreme Court copyright cases such as *Bleistein v. Donaldson Lithographing Co.*;[31] *Kalem Co. v. Harper Brothers*;[32] *White-Smith v. Apollo*;[33] and *Herbert v. Shanley Co.*[34] is quoted extensively, as are Holmes' other writings on the law. Holmes' eloquence and common sense is a recurring inspiration for Nimmer. In a discussion regarding whether publication of phonograph records also constitutes publication of the underlying musical composition as seen from the perspective of 1963 (an issue settled only decades later via legislation[35]), Nimmer seems frustrated by holdings in the courts, and ever the champion of logic, takes solace by quoting from Justice Holmes'

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28 *Id.* § 170.3, at 739

29 *Id.* § 10.1, at 32-33 (citing Sheldon v. Metro-Goldwyn Pictures Corp., 81 F. 2d 54 (2d Cir. 1936), *aff'd*, 309 U.S. 390 (1940)).

30 *Id.* § 8.1, at 15 (citing Reiss v. National Quotation Bureau, 276 Fed. 717 (S.D.N.Y. 1921)).

31 188 U.S. 239 (1903) (circus poster art worthy of copyright protection).

32 222 U.S. 55 (1911) (motion picture infringed book on which it was based without permission).

33 209 U.S. 1 (1908) (musical compositions not infringed by unlicensed mechanical devices embodying the composition such as piano rolls; later superseded by statute creating compulsory mechanical licenses) (Holmes, J., concurring).

34 242 U.S. 591 (1917) (rights reserved to copyright owner of song include nondramatic public performance).

35 *See* 17 U.S.C. § 303(b) (2006).

1881 book entitled *The Common Law* which included the maxim "The life of the law has not been logic; it has been experience."[36]

Nimmer's own experience as a lawyer informed his interests in copyright law, including a position at Paramount Studios, followed by private practice from an office near the studio, and then a position as General Counsel for the Writers Guild of America, prior to joining the UCLA Law School faculty in 1962. Given his work experience in the studios and with copyright creators in Hollywood, he had valuable real-world experience to inform his judgments, but wielded that sword subtly, as in the following footnote in a section discussing "The Value of Renewal Right to Authors," in which Nimmer mentions Writers Guild agreements that Nimmer may have indeed written himself:

> Collective bargaining agreements of labor unions such as the Writers Guild of America do not reserve the renewal copyright term to writers since as employees for hire both the original term and the renewal term of copyright are owned by the employer. However, such agreements do provide for the reservation of certain rights to writer-employees but these are not framed in terms of the renewal copyright term. See Art. 35 of the Producer-Writers Guild Theatrical Basic Agreement of 1960 and Art. 20 of the 1960 Writers Guild of America Television Film Basic Agreement.[37]

Also a Nimmer favorite was the famous quote from Blackstone's 1769 *Commentaries on the Laws of England*, that the common law: "hath been used so long whereof the memory of man runneth not to the contrary." This resonating, Biblical-toned quote is used in the text, and is paraphrased in the Preface as part of a dedication to Nimmer's children, "whose memory almost runneth not prior to the injunction, "Don't bother Daddy. He's working on the book."

II. POSTSCRIPT

By 2013, the Fiftieth Anniversary of *Nimmer on Copyright*, the treatise has grown to eleven volumes, including four volumes of text and seven volumes of appendices. Melville Nimmer lived until 1985, thus his sole authorship endured only for a curtailed "first term" of twenty-two years. Subsequently, his son David Nimmer has been the sole author for a fruitful "renewal term" of twenty-eight years, and counting.

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[36] NIMMER 1963/64, *supra* note 3, § 55, at 213.
[37] *Id.* § 117.21, at 492 n.117.

HOW TO PRACTICE COPYRIGHT LAW INTERNATIONALLY IN PERPLEXING TIMES?

by PAUL EDWARD GELLER*

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"When the going gets tough, the tough go shopping."

I. INTRODUCTION

How to practice copyright law internationally at present?[1] To start, I shall give some background on the perspective with which I approach this inquiry. Then I shall touch on some problems that recent developments raise for analyzing issues in cross-border copyright cases. Finally, I shall outline some guidelines for counsel in such cases.[2]

II. MEL'S MARCHING ORDERS

Nimmer on Copyright[3] shepherded U.S. practitioners from the 1909 Act to the 1976 Act. This statutory transition was intended, *inter alia*, to prepare the way for U.S. entry into the Berne Union. At the same time, the international chapter of the *Nimmer* treatise served as a guide for U.S.

*Attorney, Los Angeles: http://www.pgeller.com. For their comments on drafts, I thank Paul Goldstein and F. Jay Dougherty. © Paul Edward Geller 2013.

[1] Unless otherwise indicated, the term "copyright" will here generically include authors' rights and neighboring or related rights.

[2] Practitioners, anticipating or already handling cross-border copyright cases, might well turn to these rules of thumb at once. *See infra* Part IV.

[3] MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT (2013).

jurists to the Berne-based treaty regime. For example, even before U.S. adherence to the Berne Convention effective in 1989, a leading U.S. court turned to the *Nimmer* treatise for reassurance that it could entertain a suit for copyright infringement abroad, namely in a number of Latin American countries, all granting protection pursuant to the Berne Convention.[4] Further, Professor Melville Nimmer's seminal article on conflicts of copyright and contract laws, an article which he then integrated into the *Nimmer* treatise, initiated U.S. counsel and courts into the penumbra of the Berne regime, where treaty rules give way to choice-of-law quandaries.[5]

Against this background, in the early 1980s, Professors Nimmer and Latman invited colleagues from abroad to contribute to a new treatise. These foreign experts were asked to write chapters on the copyright laws of their respective countries for this pending international and comparative treatise. In 1984, Professor Nimmer considered me to assist him with the draft chapters he had received, but he put me to a test: he asked me to try my hand at editing a draft written by one of the many contributors who did not have English as their mother tongue. A short way into my test edit, I called Mel to suggest, rather anxiously, that the chapter would have to be extensively rewritten to make it readily accessible to busy U.S. lawyers. I also let slip my overall reluctance to recast his learned contributors' drafts as I might find necessary to make them cogent for my colleagues. In response to my qualms, Mel gave me this marching order: *Do it, Paul!*

The contributors had been given a questionnaire in the form of an outline. Most of the questions were based on U.S. copyright law and ultimately formed parallel topics for the national chapters in the international treatise. For example, contributors were asked about formalities based on the U.S. model, but such questions can amount to a non-issue in virtually all Berne member states, which had eliminated formalities pursuant to the Berne provision barring such conditions on protection.[6] This detail repre-

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[4] London Film Prods., Ltd. v. Intercontinental Commc'ns, Inc., 580 F. Supp. 47, 48-50 (S.D.N.Y. 1984) (citing the *Nimmer* treatise as supporting distinct points: "copyright infringement constitutes a transitory cause of action" actionable "in the courts of a sovereign other than the one in which the cause of action arose"; the Berne Convention, found in an appendix to the treatise, could assure protection of the works at issue in the countries whose laws claimants invoked).

[5] Melville B. Nimmer, *Who is the Copyright Owner When Laws Conflict?*, 5 INT. REV. INDUS. PROP. & COMP. LAW [IIC] 62 (1974). *See also* 4 NIMMER & NIMMER, *supra* note 3, § 17.11 (elaborating this choice-of-law analysis); *id.* § 17.05 (discussed *infra* text accompanying note 62).

[6] For the most recent version of this provision, see Berne Convention for the Protection of Literary and Artistic Works, art. 5(2), adopted Sept. 9, 1886, S. TREATY DOC. NO. 99-27, 1161 U.N.T.S. 3 (amended Sept. 28, 1979) (Paris Act) [hereinafter Berne Convention], *available at* http://www.wipo.int/treaties/en/ip/berne/index.html. For prior versions, see Berne Conven-

sented but a minor point in the overall differences that had to be worked out between, on the one hand, the largely U.S. model for the outlined questions and, on the other, the doctrinal structures and operative rules of the laws of copyright and of authors' rights of other countries. A few contributors nonetheless followed the outline point by point, but many deviated from it at some or many points. I asked Mel what to do about their thus honoring the outline in the breach. He answered with this further marching order: *Do the best you can.*

Mel passed away in the Fall of 1985. With his marching orders in mind, I continued editing the draft chapters. Over time I developed a tool box of editorial methods for guiding readers from originally U.S.-based topics for national chapters into the varying tenors of diverse laws. In 1988, the treatise which for many years had been a work in progress, now entitled *International Copyright Law and Practice*,[7] was first published. In its initial annual update in 1989, in time for U.S. entry into the Berne Union, the new treatise included my lead chapter. This chapter provides a step-by-step framework for analyzing copyright protection internationally.[8]

The Berne Convention has been complemented by the TRIPs Agreement[9] and supplemented by the WIPO "Internet" Treaties.[10] Some of these developments have addressed media trends, notably the Internet, that led me to invoke "perplexing times" at the end of the title of this essay. I shall here revisit my editorial methods as well as my framework

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tion for the Protection of Literary and Artistic Works, art. 4(2) (Berlin, Rome, and Brussels Acts).

[7] INTERNATIONAL COPYRIGHT LAW AND PRACTICE (Paul Edward Geller ed., 2013).

[8] Paul Edward Geller, *International Copyright: The Introduction*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, *supra* note 7. For a crucial point of departure in the *Nimmer* treatise for my chapter, see *infra* text accompanying note 62. Other notes below will provide a further sampling of sources.

[9] Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 108 Stat. 4809, 869 U.N.T.S. 299 [hereinafter TRIPs Agreement], *available at* http://www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm.

[10] World Intellectual Property Organization (WIPO) Copyright Treaty, Apr. 12, 1997, S. TREATY DOC. NO. 105-17, 2186 U.N.T.S. 152 [hereinafter WCT], *available at* http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html; World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty, Dec. 20, 1996, 36 I.L.M. 76 (1997) [hereinafter WPPT], *available at* http://www.wipo.int/treaties/en/ip/wppt/trtdocs_wo034.html.

chapter in the international treatise, both in addressing reasons for our theoretical perplexity[11] and in proposing practical responses.[12]

III. DO WE SPEAK THE SAME LAW?

In what type of copyright case does counsel or a court have to look to laws abroad or to treaties? Foreign copyright laws and international treaties can come into play in cross-border cases, where a creative work or a related media or data production originating in one country is disseminated into another. Consider a work authored by a national of one country, or first published there, but exploited or enjoyed without authorization in another country, sometimes called the protecting country.[13] Suppose such a hard-copy case: a novel or song is created or first published in one country, and it is marketed in the form of books or disks in another country. Now switch to an Internet case, where exploitation or enjoyment can take place online more or less worldwide. There might then be many protecting countries, possibly hundreds of them. In all such cross-border cases, how should counsel proceed?

A. Translator, Traitor?

Taking a cross-border case, counsel has to start by grasping its issues. Such cases are likely to be governed by laws cast in foreign languages that may provide terms for analyzing issues. We would then do well to take account of the Italian maxim *traduttore, traditore*, that is, put literally into English: translator, traitor! For our purposes, no language can reliably translate all foreign legal terms word for word, and verbal resemblances and even conceptual kinships between terms in different languages can be misleading. Since we translate foreign legal texts all the time, only obviously courting misunderstandings in hard cases, we might render our Italian maxim into this more modest paraphrase: *Translation can be tricky.*[14] Still and all, our problem of translation is endemic and runs deep, being entangled with cultural differences, even among speakers of the same language. As Oscar Wilde quipped, the British "have really everything in

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[11] *See infra* Part III.

[12] *See infra* Part IV.

[13] For analyses of the words of art "protecting country" and "country of origin," respectively, see Geller, *International Copyright: The Introduction*, *supra* note 8, §§ 3[1] and 4[3][b][ii].

[14] For further analysis, see Paul Edward Geller, *Legal Transplants in International Copyright: Some Questions of Method*, 13 UCLA PAC. BASIN L.J. 199, 209-18 (1994), *available at* http://www.criticalcopyright.com/Geller-Transplants_Intnat_Copr.htm.

common with America nowadays, except, of course, language."[15] Consider, for example, the notions of U.S. "fair use" and of U.K. "fair dealing": these terms sound close in meaning but designate quite different provisions. U.S. fair use limits copyright generally, turning entirely on statutorily enumerated but open-ended criteria of fairness that case law has to construe.[16] U.K. fair dealings are exceptions that the statute defines with specific criteria of pertinent cases, coupled with a general criterion of fairness.[17]

Translation can complicate characterization in any cross-border case. In characterization, counsel and courts formulate issues in legal terms, with which they then focus on the facts of the case.[18] However, to the extent that translation is tricky, there is the risk of miscasting issues and, accordingly, of missing facts in a cross-border case. We naturally start analyzing issues by using our mother tongue, but sooner or later in a cross-border case we may have to take account of foreign laws originally articulated in foreign terms. Recall this problem as it arose early on in editing *International Copyright Law and Practice*: contributors had been sent questions often based on U.S. law, but they had to answer with regard to their own laws that were often differently framed.[19] Though it arises at the threshold of every cross-border case, this problem will also play out at every subsequent level of the case, for example, as counsel talks with a corresponding attorney in a foreign country about issues possibly subject to that other country's law and, ultimately, as the case is argued in court. To start, claimant's counsel has to ascertain what rights to invoke in a cross-border case, but it could be misleading for English-speaking counsel tacitly to assume the tendency of Anglo-American copyright laws to enumerate component rights in restrictive statutory terms. Counsel should rather ask, not only how narrowly, but how broadly to construe foreign

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[15] OSCAR WILDE, THE CANTERVILLE GHOST ch. 1 (1882), *available at* http://www.online-literature.com/wilde/canterville-ghost/1.

[16] 17 U.S.C. § 107 (2010), *available at* http://www.copyright.gov/title17/circ92.pdf.

[17] *See, e.g.*, Copyright, Designs and Patents Act 1988, c. 48, §§ 29–30 (as amended), *available at* http://www.legislation.gov.uk/ukpga/1988/48/contents (U.K.) (exceptions for research or private study, criticism or review, and reporting current events).

[18] *I.e.*, what the Europeans often call *qualification*. *See* 1 ERNST RABEL, THE CONFLICT OF LAWS: A COMPARATIVE STUDY 52-72 *passim* (2d ed. 1958). It is often necessary to disentangle different types of issues in characterization, for example, in the field of copyright, by distinguishing infringement from chain-of-title issues. For title issues, see *infra* Part IV.D. Such analysis, sometimes called *dépeçage* or "issue selection," allows different rules drawn from different laws to apply to different types of issues on which the same case may turn. *See* 1 ALBERT A. EHRENZWEIG & ERIK JAYME, PRIVATE INTERNATIONAL LAW 119-21 (1972).

[19] *See supra* text accompanying note 6.

rights nominally corresponding to copyright, especially in researching laws in the civil-law tradition, where authors' rights may be conceptualized in open-ended terms.[20] We just saw that limitations and exceptions to rights, even with similar-sounding labels, differ in operation in moving from U.S. to U.K. law, and we shall soon touch on further variations in defenses available in different copyright laws.[21] Counsel may also look to case law abroad to sharpen the meanings of foreign laws, but should reckon with the caveat that court rulings may have different precedential forces in diverse judicial systems.[22]

Counsel and courts are often enough tempted to characterize issues, not only in their mother tongue, but in terms of *lex fori*, that is, the law of the forum.[23] By succumbing to such a local bias, courts risk imposing the categories and structure of forum law on any resolution of issues possibly subject to foreign laws. I shall later unpack reasons for disfavoring this method, to wit, both the risk of having local policies spill over into other jurisdictions and the risk of letting parties' claims and defenses get lost in the shuffle.[24] To begin to illustrate the problem, return to U.S. fair use: it cannot serve as a catch-all notion in terms of which to understand even apparently convergent doctrines, notably German *freie Benutzung*, that is, free utilization. While fair use serves as a defense to infringement generally, *freie Benutzung* delimits the derivative-work right specifically, pre-

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20 *See, e.g.*, André Lucas & Pascal Kamina, *France* § 1[3], *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, *supra* note 7 (synthetically conceptualized rights); Adolf Dietz, *Germany* § 8[1][b], *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, *supra* note 7 (general rights encompass specific component rights "in particular" but not exhaustively); François Dessemontet, *Switzerland* § 8[1][b], *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, *supra* note 7 (exclusive author's right illustrated, not delimited, by component rights).

21 *See supra* text accompanying notes 15–17 and *infra* text accompanying notes 25–28 and 40-44.

22 *See, e.g.*, Lucas & Kamina, *France*, *supra* note 20, § 1[4] (explaining the weight that French courts give to case law stable over time, *jurisprudence constante*, and to categorically articulated rulings, *arrêts de principe*, from the highest court of appeal, the *Cour de cassation*). Case law also has to be read in the light of underlying trends: for example, foreign law may prove hard to understand for the simple reason that it is in turmoil. *See, e.g.*, *infra* text accompanying notes 47-51 (emerging rights of making available).

23 *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). Upon suit in a home court, a claimant's home law will be forum law, but where suit is brought in a court abroad, claimant's home law and forum law may differ. *See also infra* note 67 (critiquing home-court bias).

24 *See, e.g.*, *infra* text accompanying notes 73–74 (policy spillovers) and notes 68–72 and 81–88 (loss of causes of action).

cluding a finding of infringement when essential aspects or traits of plaintiff's work are sufficiently attenuated in defendant's later work.[25] For example, as the U.S. Supreme Court has indicated, a parody may be excused as a fair use if, as a transformative work, it qualifies under the criterion of the purpose and character of the use and if it is not disqualified under other criteria, especially that of the effect upon market or value.[26] By contrast, the German Federal Court of Justice reached mixed results concerning a set of parodies of *Asterix* comic strips: only some were found susceptible of qualifying as free utilizations, depending on the extent that, as transformative works, they fell inside or outside infringement criteria that the Court liberalized to avoid constraining artistic freedom.[27] Thus, given a suit for a parody allegedly infringing in the United States and in Germany, counsel could risk mischaracterizing issues in the German case by merely applying the U.S. term "fair use" to it, possibly missing variations in results to which the German analysis of *freie Benutzung* could lead.[28]

To avoid such risks, it is possible to characterize issues in terms of *lex causae*, that is, the law of the claim and, by parity of reasoning, the laws of corresponding defenses. This method comes into play the moment that counsel and courts stop blindsiding themselves by looking only to *lex fori* to understand diverse laws invoked as dispositive in a cross-border case.[29] In many jurisdictions, reference to the *lex causae* constitutes the preferred method of characterization: for example, in the United States, the *Second Restatement of Conflict of Laws* provides that the "classification and interpretation of local law concepts and terms are determined in accordance with the law that governs the issue involved."[30] One might object that this

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[25] Gesetz über Urheberrecht und verwandte Schutzrechte [Act on Copyright and Related Rights] § 24(1) (enacted Sept. 9, 1965, and last amended Dec. 14, 2012), *available, with a link to an earlier version in English, at*, http://www.gesetze-im-internet.de/urhg/BJNR012730965.html (Ger.). For classic commentary on *freie Benutzung*, see EUGEN ULMER, URHEBER- UND VERLAGSRECHT 265-78 *passim* (3d ed. 1980).

[26] *See, e.g.,* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 590-94 (1994) (remanding for consideration, *inter alia*, of the likely impact on the market for a non-parody version).

[27] The *Asterix Persiflagen* and *Alcolix* decisions, Bundesgerichtshof [BGH] [Federal Court of Justice], March 11, 1993, 1994 GEWERBLICHER RECHTSSCHUTZ U. URHEBERRECHT [GRUR] 191 and 206, *respectively, in English translation, in* 25 IIC 610 and 605 (1994) (Ger.) (remanding only some, but not all, of these cases for reconsideration).

[28] For further analysis, see Paul Edward Geller, *A German Approach to Fair Use: Test Cases for TRIPs Criteria for Copyright Limitations?*, 57 J. COPYRIGHT SOC'Y 553, 555-60 (2010).

[29] *See* MARTIN WOLFF, PRIVATE INTERNATIONAL LAW 150-56 (2d ed. 1950).

[30] RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 7(3) (1971).

method risks introducing some circularity into judicial reasoning to the extent that it posits the foreign law that is invoked to govern an issue as the key to the framework for understanding that very issue. There is a simple response to this objection: characterization in terms of *lex causae* only provisionally lays out options for counsel and court to understand potentially conflicting laws; it is not in itself dispositive for resolving issues. For example, using this method in a cross-border parody case, counsel may provisionally formulate defense issues in terms of fair use for the United States and infringement issues in terms of *freie Benutzung* for Germany.[31] Given such a characterization, the court may ask whether and how, in the light of the rationales underlying these diverse but convergent doctrines, U.S. or German law, or both, should apply to the case at bar.[32]

The *lex causae* method may be complemented by the *comparative method* of characterization. This cosmopolitan method tries to reformulate issues in terms common to forum law as well as to all the laws arguably applicable to a case.[33] To use the comparative method in the field of copyright, counsel may turn to the Berne regime for the makings of a common copyright language. In terms followed more or less worldwide, treaty provisions have framed key issues, most notably: What types of works, or other media or data productions, are protected? What rights, as well as limitations and exceptions, are available? For example, the Berne Convention has elaborated a panoply of minimum component rights of copyright, including *inter alia* moral, reproduction, translation, performance, and broadcasting rights, subject to certain exceptions.[34] Thus the Berne regime has provided us with a copyright *lingua franca* in which counsel may begin to reformulate and indeed resolve many, but far from all, issues in cross-border copyright cases.[35] For example, article 11*bis* of the Berne

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[31] *See supra* text accompanying notes 25–28.

[32] Such policy analysis can sometimes help courts to diffuse conflicts of laws. *See infra* text accompanying notes 110–123 *passim* and 156–161.

[33] *See generally* 1 RABEL, *supra* note 18, at 55 (proposing to make the facts of each case "referable indifferently to foreign as well as to domestic substantive law"). *See also* GERHARD KEGEL, INTERNATIONALES PRIVATRECHT 208-15 (6th ed. 1987) (adopting Rabel's "breakthrough" because it frees choice-of-law analysis both of *lex fori* and, progressively, of *lex causae*).

[34] *See* Berne Convention, *supra* note 6, arts. 6*bis*-14 *passim*. Treaty provisions, some more open-ended than others, vary in the margin of discretion that they leave to treaty countries for assuring minimum rights. *See* WILHELM NORDEMANN, KAI VINCK, & PAUL W. HERTIN, INTERNATIONALES URHEBERRECHT UND LEISTUNGSSCHUTZRECHT: KOMMENTAR 12-13 (1977).

[35] Each type of economic right tends to take on converging meanings as it is honed in commerce, while moral rights tend to be controversial, being subject to cultural pushes and pulls. For a critique of Berne moral rights as diplomatic compromises, see HENRI DESBOIS, ANDRÉ FRANÇON, & ANDRÉ KÉRÉVER, LES CONVENTIONS INTERNATIONALES DU DROIT D'AUTEUR ET

Convention has led many countries to treat unauthorized cable retransmissions of work-containing broadcasts as infringing transactions.[36]

B. Treaty Lingua Franca *or National Dialects?*

While the Berne regime continues to be helpful in most cross-border cases, it still leaves us with problems of issue analysis in hard cases. Its default principle, national treatment, entitles a qualified foreign party claiming copyright to be treated as a national claimant in any treaty country where protection is sought.[37] Minimum rights, bolstering national treatment, implicitly come into play when they are implemented in national laws, as they most often are, but need to be expressly invoked in the rare cases in which any such treaty right justifies more extensive protection than does national law. Some commentators have suggested that new treaties, adding new minimum rights to the old Berne regime, have come just in time to equip us for dealing with the issues that online uses are precipitating.[38] Unfortunately, in cursorily reviewing how new "Berne-plus" treaties have so far impacted such issues, I shall provide no such solace to counsel or courts caught in Internet cases. Rather, beyond the old Berne *lingua franca*, I shall note new pitfalls that risk dropping us back among muddled, if not conflicting, national laws.[39]

The TRIPs Agreement applied Berne rights to new types of works, instituted a minimum rental right in limited cases, and clarified the minimum duration of rights in corporate works.[40] Most significantly, in its arti-

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DES DROITS VOISINS 40-41, 53 (1976). For analysis of divergences on point, see Paul Goldstein, *The Norms of Author's Right*, *in* URHEBERRECHT: GESTERN – HEUTE – MORGEN: FESTSCHRIFT FÜR ADOLF DIETZ 57 (Gerhard Schricker et al. eds., 2001).

[36] *See, e.g.*, the CAI-Amstelveen decision, Hoge Raad [Supreme Court], Case No. 11 739, Oct. 30, 1981, 1982 Nederlandse Jurisprudentie No. 435, *in English translation in* 14 IIC 431 (1983) (Neth.) (invoking Berne article 11*bis* and holding such cable retransmissions actionable, even if these are made into zones reachable by the broadcasts being retransmitted); Legfelsóbb Bíróság [LB] [Supreme Court], Case No. Pf.III.20.308 (1987), Mar. 31, 1988 (Hung.) (same sense).

[37] *See* Berne Convention, *supra* note 6, art. 5(1), (2) last sentence.

[38] *See, e.g.*, 1 SAM RICKETSON & JANE C. GINSBURG, INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS: THE BERNE CONVENTION AND BEYOND, at v (2006) ("'Berne-plus' conditions [. . .] acquired the voice of positive command [. . .] exactly in time with the greatest revolution in information and entertainment since the invention of printing").

[39] For further analysis, see Paul Edward Geller, *Rethinking the Berne-Plus Framework: From Conflicts of Laws to Copyright Reform*, 31 EURO. INTELL. PROP. REV. 391 (2009).

[40] TRIPs Agreement, *supra* note 9, arts. 10–12. To protect works generally, the TRIPs Agreement, in article 9(1), incorporated all the operative Berne provisions, except article 6*bis* protecting moral rights. To protect related media

cle 13, the TRIPs Agreement took over the test for Berne-compliant limitations and exceptions to the reproduction right, imposing it as a three-step test for delimiting all of copyright. This test harkens back to U.S. fair use, but it is not clear how far it can be transplanted out of its originating legal culture to provide common terms that could reliably frame limitations and exceptions to copyright worldwide. The U.S. fair-use provision, with its application turning on sundry permutations of four open-ended criteria assessed in fact-intensive precedents, leaves copyright open to having its scope erratically cut back in hard cases.[41] The fair-use model could become even more volatile if transplanted, via the TRIPs three-step test, into legal cultures whose judicial methods need not settle their diverse case laws on point in the near term.[42] Nonetheless, some commentators, citing article 13 of the TRIPs Agreement, have called for instituting more "flexible" defenses to copyright, akin to U.S. fair use, outside common-law jurisdictions.[43] Whenever any such shape-shifting doctrinal denizen enters new legal environments, counsel should be aware that native copyrights might risk losing some of their habitual contours.[44]

The WIPO "Internet" Treaties have articulated the so-called umbrella rights of communicating works and of making performances or phonograms available to members of the public.[45] One would hope that these

productions, its article 14 adapted some Rome provisions. *See* Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Oct. 26, 1961, 496 U.N.T.S. 43 [hereinafter Rome Convention], *available at* http://www.wipo.int/treaties/en/ip/rome.

41 *See* David Nimmer, *"Fairest of them All" and other Fairy Tales of Fair Use*, 66 LAW & CONTEMP. PROBS. 263 (2003). *But cf.* Pamela Samuelson, *Unbundling Fair Uses*, 77 FORDHAM L. REV. 2537 (2007) (analyzing policy-relevant clusters of decisions in U.S. fair-use jurisprudence).

42 *See, e.g.*, Jonathan Griffiths, *The "Three-Step Test" in European Copyright Law – Problems and Solutions*, 13 INTELL. PROP. Q. 428 (2009) (analyzing vacillating European case law on point and suggesting that the TRIPs-based E.U. three-step test may not reliably guide courts).

43 *See, e.g.*, Bernt Hugenholtz & Martin R.F. Senftleben, Fair Use in Europe: In Search of Flexibilities, Paper, Institute for Information Law, University of Amsterdam (Nov. 2011), *available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1959554 (seeking clues in the TRIPs test for delimiting E.U. copyright). *But cf.* Geller, *A German Approach to Fair Use: Test Cases for TRIPs Criteria*, *supra* note 28, at 561-68 (critiquing the TRIPs test as conflating constitutional limitations, best construed liberally, with exceptions to be construed narrowly).

44 To date, TRIPs dispute-settlement decisions have not filled out reliable parameters for "flexible" limitations and exceptions. *See, e.g.*, W.T.O., Report of the Panel, United States — Section 110(5) of the US Copyright Act, WT/DS160/R, June 15, 2000 (subjecting TRIPs article 13 to case-by-case readings in applying it to minor exceptions under U.S. copyright law).

45 *See* WCT, *supra* note 10, art. 8; WPPT, *supra* note 10, arts. 10 and 14.

WIPO Treaties would have thus facilitated reaching a consensus, or at least a common language, for focusing on online transactions that infringe copyright.[46] However, any such hope loses conviction with a glance at contrasting national statutes that are said to implement the umbrella rights, as well as at varying national case laws on point. The United States has so far relied on its prior statutory enumeration of component rights of copyright as purportedly sufficient bases for meeting its WIPO-Treaty obligations to enforce any umbrella right. In turn, U.S. case law has vacillated in applying its statutorily defined component rights to online transactions, at times construing such rights narrowly to decline enforcement.[47] By contrast, Japan statutorily implemented the umbrella rights as rights of communication and transmission, while it detailed the broad scope of these rights in definitional provisions.[48] Its Supreme Court has applied these provisions to impose direct liability on a service for retransmitting locally televised programs to end-users abroad on demand.[49] For the time being, then, counsel cannot rely on WIPO-Treaty language alone to anticipate the results worldwide in cases of online access.[50] It remains

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46 For commentary, see MIHÁLY FICSOR, THE LAW OF COPYRIGHT AND THE INTERNET: THE 1996 WIPO TREATIES, THEIR INTERPRETATION AND IMPLEMENTATION chs. 7–8 *passim* (2002).

47 *Compare* Elektra Entm't Group v. Barker, 551 F. Supp. 2d 234, 239-46 (S.D.N.Y. 2008) (declining to take account of any WIPO-Treaty umbrella right and, accordingly, to consider an action for distribution online, via a file-sharing program, without any requisite offer), *with* Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146, 1159-69 *passim*, 1168 (9th Cir. 2007) (admitting a case against Google for infringing the display right by communicating thumbnail images to end-users online, although finding fair use in making the thumbnails accessible). *Cf.* Cartoon Network LP, LLP v. CSC Holdings, Inc., 536 F.3d 121, 134-40 (2d Cir. 2008) (refusing an action based on the public-performance right where works were, on each user's demand, stored on a central server and retransmitted to the user), *cert. denied*, Cable News Network, Inc., v. CSC Holdings, Inc., 129 S. Ct. 2890 (2009).

48 *See* Copyright Act, Act No. 48 of 1970 (as amended through Act No. 121 of 2006), arts. 2(vii)-(ix) *passim* and 23, *available in English translation at* http://www.japaneselawtranslation.go.jp/law/detail/?ft=1&re=02&dn=1&x=0&y=0&co=01&ky=copyright+act&page=20 (Japan).

49 Supreme Court, 3d Petty Bench, Jan. 18, 2011, K.K. Fuji Television v. K.K. Nagano Shoten (the *Maneki TV* decision), 65 MINSHŌ 121 (Japan) (finding the service to be the principal retransmitting television programs to end-users, though it only allowed each user to connect his or her retransmitter to its facility). *Cf.* Naoya Isoda, *Copyright Infringement Liability of Placeshifting Services in the United States and Japan*, 7 WASH. J.L. TECH. & ARTS 149, 170-99 *passim* (2011) (analyzing the *Cartoon Network* case cited *supra* note 47 and the Japanese case law, including the *Maneki TV* decision).

50 For further analysis, see Michael Schlesinger, *Legal Issues in Peer-to-Peer Filesharing, Focusing on the Making Available Right*, *in* PEER-TO-PEER FILE

to be seen what global consensus can be reached on the scope of the umbrella rights.[51]

Turn to the European Union. It is trying to harmonize the copyright laws of its member states with copyright directives. The most sweeping of these instruments has been Directive 2001/29/EC of the European Parliament and of the Council on the harmonization of certain aspects of copyright and related rights in the information society.[52] The jury is out on the question: Have the E.U. copyright directives moved Europe toward a copyright discourse more reliable than the old Berne *lingua franca* had previously provided, notwithstanding the diverse copyright traditions of British Imperial Copyright, of French dualist *droit d'auteur*, and of German monist *Urheberrecht*? Outside the European Union, the Swiss bridged the French and German traditions in their last copyright codification,[53] and one group of European academics has tried to pull together common European notions and rules in drafting a proposed European code.[54] At the same time, the Court of Justice of the European Union has started to elaborate case law, albeit in fact-intensive terms, to interpret E.U. copyright directives in disputed matters. Thus counsel cannot yet look to any fully settled case law, much less to any doctrinal consensus, for E.U. law dispositive of key copyright issues subject to harmonization.[55]

Return to the TRIPs Agreement, which sets out parameters for minimum remedies for intellectual property.[56] A court of a TRIPs member should enforce remedies within these TRIPs parameters at least in cases where the member's rights in TRIPs-protected foreign works or produc-

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SHARING AND SECONDARY LIABILITY IN COPYRIGHT LAW 43 (Alain Strowel ed., 2009).

51 *Cf.* Geller, *Rethinking the Berne-Plus Framework*, *supra* note 39, at 393-95 (attempting to outline doctrinal bases for such a consensus).

52 2001 O.J. (L 167) 10.

53 *See* Loi fédérale sur le droit d'auteur et les droits voisins du 9 octobre 1992 (RS 231.1) [Federal Act on Copyright and Neighboring Rights of October 9, 1992] (as amended to January 1, 2011), arts. 9-11 and 16, *available at* http://www.admin.ch/ch/f/rs/231_1/index.html (Switz.). *Quaere* whether this statute, reconciling Continental traditions, holds clues for a comprehensive E.U. regulation on copyright.

54 *See* Wittem Group, European Copyright Code, *available at* http://www.copyrightcode.eu/ (encapsulating some E.U. directive rules, but skirting deeper divergences).

55 Furthermore, E.U. jurisprudence risks cutting Europe loose from any prior Berne consensus worldwide. *Cf.* Società Consortile Fonografici (SCF) v. Marco Del Corso, Case C-135/10, Court of Justice of the European Union (C.J.E.U. Mar. 15, 2012), paras. 43–56, *available at* http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:62010CJ0135:EN:HTML (opining that key treaty provisions in the Berne regime are not self-executing, even in E.U. member states traditionally treating them as such).

56 TRIPs Agreement, *supra* note 9, Pt. III.

tions are infringed at home. If the court were to adjudicate infringement taking place abroad, not to mention global infringement online, a number of considerations would come into play, such as the court's jurisdiction over parties and infringement abroad, as well as the territorial reach of its relief.[57] However, the TRIPs Agreement does not address such issues in so many words, so that, absent a cross-border instrument such as the E.U. regulation dispositive on point,[58] counsel often has to analyze these issues, as we shall see, court by court and case by case.[59]

C. *Why Not Apply the Law We Best Understand?*

The Berne Convention may be likened to the DOS operating system for personal computers. However clunky and complicated some Berne provisions might be, the Berne Convention has served as the starting point for most subsequent programs in international copyright.[60] I have just argued that the Berne regime, even "plus" the programs of new treaties, most often leaves us referring back to national laws in cross-border cases.[61] But does the Berne regime provide us with any help in choosing among the conflicting laws that may apply in such cases, notably where there is access online and, possibly, infringement worldwide? The international chapter of the *Nimmer* treatise invokes the Berne regime in setting out the classically territorial approach to such conflicts: "the applicable law is the copyright law of the state in which the infringement occurred."[62] However, facing infringement online, counsel might then have to research, and the court choose among, the "laws of 200 different jurisdictions."[63]

To unpack options here, consider a spectrum of choice-of-law approaches. Some of these would give courts less, and some more, discretion

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[57] We shall see that, usually, forum law governs its own procedures for granting remedies and its own jurisdiction to enforce relief. *See infra* note 108 and text accompanying notes 149–152.

[58] Council Regulation (EC) 44/2001 of 22 December 2000 [hereinafter the Brussels I Regulation], 2001 O.J. (L 12).

[59] *See infra* Part IV.E.

[60] Indeed, quite clunky Berne provisions, notably that for the rule of the shorter term, are incorporated by reference into later treaties. For this rule, see Berne Convention, *supra* note 6, art. 7(8). This rule continues to complicate ascertaining when older works fall into the public domain worldwide. For further analysis, see Geller, *International Copyright: The Introduction*, *supra* note 8, § 5[2].

[61] *See supra* Part III.B.

[62] *See* 4 NIMMER & NIMMER, *supra* note 3, § 17.05[A]. For further analysis, see EUGEN ULMER, INTELLECTUAL PROPERTY RIGHTS AND THE CONFLICT OF LAWS 6-14 (English translation 1978).

[63] Arpad Bogsch, Comment, WIPO World Forum, Naples, Oct. 18, 1995. This may well be a worst-case scenario, but one fit for testing our guidelines. *See infra* Part IV.

to choose among conflicting laws. At the start of this spectrum, as we just noted, the Berne principle of national treatment ostensibly entails territorially applying the law of each country where infringement may be localized.[64] As we move further along this spectrum, we find a variety of approaches: some civil-law codes set out claim-specific sets of alternative laws among which a court may conditionally choose, sometimes called "cascades" of laws ranging, say, from that of the place of infringement to that of the victim's country; some commentators propose judicial inquiry into the substantively "best" law of the case.[65] Finally, a most discretionary approach would allow a court to mix and match sundry factors to choose the law or laws of countries with some "close connection" to the case. Such factors could include the *loci* of the parties, of their relationships, of their activities and investment, or of markets targeted by their activities.[66] We then have to reckon with diverse choice-of-law approaches that a court could follow, with possibly quite different consequences for outcomes.[67]

A hypothetical case might help to sort out such consequences. Imagine a U.S. national who creatively improvises a mime work, but without fixing it, say, in a choreographic score or on a video recording. Imagine, further, that our author creates her mime work as she performs it live in the United States where, without her consent, a member of her audience,

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[64] *See supra* text accompanying notes 62-63. *Cf.* Regulation (EC) 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), arts. 4(1) and 8(1), 2007 O.J. (L 199) (applying "the law of the country in which the damage occurs" for torts generally and "the law of the country for which protection is claimed" for the infringement of intellectual property specifically).

[65] *See, e.g.*, François Dessemontet, *Internet, le droit d'auteur et le droit international privé*, 92 (No. 15) REV. SUISSE DE JURIS. 285 (1996) (proposing a set of choice-of-law alternatives for online infringement); Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PENN. L. REV. 469 (2000) (contemplating the choice of the law best suited to each case in view of global policies).

[66] *See* AMERICAN LAW INSTITUTE, INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES § 321(1) (2007) [hereinafter A.L.I. PRINCIPLES]. *See also* MAX-PLANCK-GROUP FOR CONFLICT OF LAWS IN INTELLECTUAL PROPERTY (CLIP), PRINCIPLES FOR CONFLICT OF LAWS IN INTELLECTUAL PROPERTY, art. 3:603(2) (Final Text, Dec. 1, 2011) [hereinafter CLIP PRINCIPLES], *available at* http http://www.cl-ip.eu/en/pub/home.cfm (proposing a set of somewhat different connecting factors centered on the infringer and infringement).

[67] Of course, following a discretionary approach, a court could all too easily apply only its own law simply because it understood such law best. *Cf.* DESBOIS, ET AL., LES CONVENTIONS, *supra* note 35, at 151 (critiquing this trend as "lazy").

also a U.S. national, records it surreptitiously as it is performed and, via a U.S. Internet-service provider, posts the recording online.[68] Such acts are not limited to the author's home country or to any other single jurisdiction, but crossing borders they feed potentially infringing transactions in multiple countries, so that a court, hearing our author's copyright claims, has to ask the conflicts question: Which law or laws should govern these claims? If the court strictly followed the territorial approach, it would apply copyright laws virtually worldwide, effectively country by country of threatened or actual reception; by contrast, if it exercised discretion in choosing the law with the "closest connection" to the case, it could apply only U.S. law, given the following connecting factors: parties who are U.S. nationals, unauthorized recording within the United States, and posting via a U.S. service provider. Unfortunately, full federal copyright in the United States would not protect the mime work at issue if it was neither fixed in "any tangible medium" nor thus fixed without the author's consent.[69] However, many other Berne countries, in which this work posted online might be accessed, do indeed protect unfixed creations, including mime works, with full copyright or authors' rights.[70]

These contrasting outcomes of our hypothetical of the mime author illustrate the policy stakes of moving down the spectrum of choice-of-law approaches. At the start of the spectrum, on the basis of the territorial approach, our hypothetical author would obtain treaty-based national treatment virtually worldwide and, accordingly, protection in most countries.[71] At the other end of the spectrum, as allowed by a more discretion-

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[68] For such a scenario, here updated, see the film DIVA (Jean-Jacques Beineix dir., Lionsgate, 1981).

[69] 17 U.S.C. §§ 101 (2010) (definition of "fixed"), 102(a). For U.S. state laws that may protect unfixed creations, see 2 NIMMER & NIMMER, *supra* note 3, ch. 8C. Of course, neighboring or related rights, or at least anti-bootlegging rights, may be available to live performers, but these are not as strong as full copyright or authors' rights. *See id.*, ch. 8E.; *also* TRIPs Agreement, *supra* note 9, art. 14(1) (adapting provisions of the Rome Convention, *supra* note 40, on performers). *Cf.* Beijing Treaty on Audiovisual Performances, WIPO Doc. AVP/DC/20 (June 24, 2012), *available at* http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=208966 (pending).

[70] For examples of laws without any fixation requirement, see Manoel J. Pereira dos Santos, *Brazil* § 2[1][a], *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, *supra* note 7; Lucas & Kamina, *France*, *supra* note 20, § 2[1][a]; Dietz, *Germany*, *supra* note 20, § 2[1][a]; Gunnar Karnel, *Sweden* § 2[1][a], *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, *supra* note 7; Dessemontet, *Switzerland*, *supra* note 20, § 2[1][a].

[71] *See supra* text accompanying note 37. *Cf.* DESBOIS ET AL., LES CONVENTIONS, *supra* note 35, at 150-51 (noting that, in the light of Berne national treatment, the need for the territorial choice-of-law approach becomes all the more acute as the dissemination of works is globalized "by way of waves,"

ary approach, the court, applying only U.S. copyright law, could strip our U.S. author of rights to which national treatment, as assured by the international treaties, would have otherwise entitled her in many other countries where her work is enjoyed. This result would contravene the very rationale of the Berne-based treaty regime which constitutes, in U.S. terms, the "international system" governing copyright protection and choice of law or arguably, in the terms of the civil law, the *ordre public international* to such effect.[72]

Further policy anomalies could ensue. Bear in mind that the move from territorial to discretionary approaches would have courts swing from a set of many laws, dispositive territory by territory, on the one hand, to one single national law, or a few such laws, dispositive worldwide, on the other.[73] With any such swing, local policies, respectively motivating one or a few laws enacted on one or a few territories, would risk spilling over in effects onto other territories and, accordingly, into markets and audiences in the rest of the world that these local laws were neither intended nor enacted to govern.[74]

IV. HOW TO PRACTICE ACROSS BORDERS?

I have elsewhere spoken of "choice-of-law roulette."[75] Wisely or rashly, counsel might be tempted to try their clients' luck by shopping for a favorable forum.[76] Indeed, forum law normally governs a court's choice-of-law approach, as well as its procedures for granting remedies.[77] To ex-

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that is, via broadcasting or cablecasting, when this phrase was written in 1976, but *a fortiori* online).

[72] *See* RESTATEMENT (SECOND) OF CONFLICT OF LAWS, *supra* note 30, § 6(2)(a); *also id.* §§ 145 and 222 (directing courts to take account, primarily, of any such international system before focusing, secondarily, on any arguably "significant relationship" bearing on the choice of law). *Cf.* Mathias Forteau, *L'ordre public "transnational" ou "réellement international": L'ordre public international face à l'enchevêtrement croissant du droit international privé et du droit international public*, 2011 (No. 1) J. DROIT INT'L 3, 14-20 (reconceptualizing *ordre public international* as based, *inter alia*, on treaties).

[73] *See* Paul Edward Geller, *Conflicts of Laws in Copyright Cases: Infringement and Ownership Issues*, 51 J. COPYRIGHT SOC'Y 315, 387-91 (2004).

[74] *Cf.* PAUL GOLDSTEIN & P. BERNT HUGENHOLTZ, INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE 139 (2d ed. 2010) (noting that the territorial approach to resolving conflicts of laws allows for legal experimentation in a specific country to remain limited to that country).

[75] Geller, *Rethinking the Berne-Plus Framework*, *supra* note 39, at 392.

[76] *See infra* Part IV.E.

[77] Courts also eschew *renvoi* to foreign choice-of-law rules. For this point, see RESTATEMENT (SECOND) OF CONFLICT OF LAWS, *supra* note 30, §§ 7(2) and 8. For caveats in the civil law, see FERENC MAJOROS, LE DROIT INTERNA-

pand on my gaming metaphor, one might say that some judicial systems set higher stakes than others.[78] How can counsel then hedge clients' bets in cross-border cases? To this end, I shall venture the following guidelines.

A. Map Out Arguable Infringement Worldwide

The first guideline urges claimant's counsel to trace out, on a world map, potentially infringing transactions. This mapping exercise can help to localize, not only infringing aspects of the transactions themselves, but other factors that might impact on how closely a cross-border case is connected to countries whose laws may be argued to apply to it.[79] Provisionally, in the field of copyright, counsel may start by asking where minimum treaty rights seem to be violated from country to country along the paths of unauthorized transactions. For reasons already broached, to deepen and refine analysis, national rights also have to be canvassed to see whether they have been breached.[80]

Our purpose here is to avoid letting claims for relief get lost in the shuffle. A U.S. case is illustrative: the Los Angeles News Service took videos of local riots in 1992. The videos were transmitted to news agencies in New York where, without authorization, they were copied and retransmitted abroad, most notably for televising in Europe.[81] Only U.S. law was invoked as the initial basis of copyright claims, and the trial court, after finding that the unauthorized copies made in New York were infringing under U.S. law, suggested that retransmission was only infringing upon reception abroad, so that foreign laws may govern liability for the retransmission.[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, after the case went back to the

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TIONAL PRIVÉ 108-09 (3d ed. 1990). For remedies as subject to forum law, see *infra* note 108.

78 For example, U.S. courts allow lay juries to decide certain issues, often to award high damages, while other judicial systems rely on judges or expert magistrates, more sparing of awards, in civil or commercial cases.

79 Note that, methodologically, such localization is a threshold step in characterization, because it points to possibly applicable laws in terms of which key issues may eventually be formulated and facts focused upon. For further analysis of characterization, see *supra* Part III.A.

80 *See supra* Part III.B-C *passim*.

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 *Los Angeles News Serv.*, 149 F.3d 987, 991-93 (9th Cir. 1998), *cert. denied*, 525 U.S. 1141 (1999).

trial court and was once again appealed after trial, the appellate court limited what the claimant, after failing to plead foreign laws, could collect for the foreign exploitation.[84]

Had potentially infringing transactions been mapped out globally in this case, claimant's counsel could have better appreciated on which laws to rely as bases for relief. Provisionally, the laws of all the countries up to and, most crucially, at the end of a given transaction, or the laws of countries where key participants are located, are candidates to serve as such bases. In the *Los Angeles News Service* case, not only should counsel have looked to the *loci* of unauthorized reproduction, but to markets to be exploited and audiences likely to enjoy the works at issue. The cases and commentary vacillate about how to fine-tune such localization of infringement and, accordingly, about which countries' laws may ultimately apply to infringement issues if the choice-of-law criterion is the place of infringement.[85] For example, some decisions allow for localizing infringement in preparatory acts in one country even if damages are incurred in another, other decisions favor applying only the law of any country with a market or audience at least targeted by any unauthorized transaction, and still other decisions equivocate.[86]

Whatever the theoretical tensions on point, the practical lesson is clear: At the start of a case, map out potentially infringing transactions worldwide. In the *Los Angeles News Service* case, if claimant's counsel had pled the laws of countries receiving the videos at issue, the court would have been led across the Atlantic, where the videos were to be exploited and enjoyed.[87] Thus counsel would have avoided waiving claims

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[84] *Los Angeles News Serv.*, 340 F.3d 926, 929-32 (9th Cir. 2003) (disallowing actual damages in countries whose laws were not mentioned in the pleadings).

[85] For analysis, see Geller, *International Copyright: The Introduction*, *supra* note 8, § 3[1][b]; Geller, *Conflicts of Laws in Copyright Cases*, *supra* note 73, at 337-55.

[86] *Compare* Sirius Canada Inc. v. CMRRA/SODRAC Inc., 2010 FCA 348 (Fed. Ct. App.) (Can.) (localizing infringement at points of reproduction in Canada to review royalties assessed for Canadian reception, given complex cross-border transactions organizing broadcasts via satellite), *with* Football Dataco Ltd. v. Sportradar GmbH, Case C-173/11, Court of Justice of the European Union (C.J.E.U. Oct. 18, 2012), *available at* http://curia.europa.eu/juris/document/document.jsf?text=&docid=128651&pageIndex=0&doclang=en&mode=req&dir=&occ=first%E2%88%82=1&cid=522782 (localizing infringement "at least" in a country in which members of the public are intentionally targeted by transmissions, even if a web server in another country transmits the infringing materials).

[87] Why did the holdings in the *Los Angeles News Service* case, *supra* notes 81-84, case vacillate so? At the start of the case, the trial court followed a newer U.S. precedent: *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1094-1099 (9th Cir. 1994) (en banc), *cert. denied*, 513 U.S. 1001

and corresponding remedies, as it ultimately did by failing to localize any infringement abroad. Pleading the laws effective in the countries of reception abroad would have increased options for obtaining monetary awards. Case law in other jurisdictions confirms this need to look beyond forum law in commencing a cross-border case.[88]

B. Analyze Available Grounds for Protection.

The second guideline here calls on counsel to analyze the grounds on which any work or related production at issue may be protected country by country. It cannot be assumed that any work or related production originating in one country will be protected in all the other countries where protection is sought. It is true that, thanks to the Berne-based treaty regime, most creative works, if they do not date back too far in time, are now likely to be protected in most countries.[89] That assurance may hold with lesser force for works at the margins of copyright coverage, such as industrial designs, as well as for other productions such as performances, recordings, broadcasts, etc.[90] Ultimately, counsel should analyze the grounds for protection relied upon in a given country because these grounds may condition the scope of protection available in that country.[91]

To highlight the phases of such analysis, return to our hypothetical of the mime. Recall that, in this hypothetical, a U.S. citizen creatively improvised a mime work live, while a member of her audience recorded this work surreptitiously, later posting it online, all without her consent.[92] According to our first guideline, counsel has to localize infringement in potential protecting countries, here arguably at least in those countries worldwide in which the recorded mime work might be made accessible online.[93] Following our second guideline, counsel, with a list of such protecting countries in hand, also has to list possible grounds of protection in

(1994), *further glossed infra* note 115. The appellate court, in its earlier decision, harkened back to an old U.S. precedent and then, in its later decision, retrenched on this old precedent: *Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45, 52 (2d Cir. 1939), *further glossed infra* note 117.

88 *See, e.g.*, Mother Bertha Music, Ltd. v. Bourne Music, Ltd., [1997] Ent. & Media Law Rep. 457 (Ch.) (U.K.), *with extracts in* 29 IIC 612 (1998) (refusing to consider claims for infringement in other countries in a case where claimant had failed to plead the copyright laws of these countries).

89 *See supra* text accompanying note 37 and note 60 and *infra* notes 100 and 104.

90 For further analysis, see Geller, *International Copyright: The Introduction*, *supra* note 8, § 4[1].

91 For further analysis, see *id.* § 5[1]; WILHEM NORDEMANN ET AL., INTERNATIONALES URHEBERRECHT, *supra* note 34, at 11-19 *passim*.

92 *See supra* text accompanying note 68.

93 *See supra* Part IV.A.

each such country, bearing in mind that such grounds may vary in type depending on the approach that any specific national legal system takes to treaties. Some countries implement treaty obligations only in domestic legislation; courts in other countries may apply mandatorily formulated treaty provisions as self-executing.[94] For example, in countries like Israel and Sweden, all grounds for protecting foreign works and productions are found only in domestic provisions.[95] In countries like Brazil and Switzerland, such grounds may be found in domestic and treaty provisions.[96]

In the next stage of analysis, counsel has to match up the work or related production at issue against certain requirements. Usually, three types of such requirements apply, whether a domestic or treaty provision provides the grounds for protection.[97] First, there is the requirement of coverage: the grounding provision must cover the work or production at issue within its terms. Consider, again, our hypothetical of the mime work: under the Berne Convention, which categorizes mime works as "entertainments in dumb show," Berne members must protect such works if they meet domestically imposable conditions, notably sufficient originality or creativity.[98] Second, there is the requirement of meeting at least one criterion of eligibility set out in a grounding provision: the work or related production at issue usually has to have a requisite "point of attachment" to a country with a treaty or comparable relation to the protecting country. For example, our hypothetical mime work meets the criterion of eligibility of being authored by a national of a country, here the United States, with treaty or comparable relations, respectively, to most potential protecting countries worldwide.[99] Third, there is the requirement of timely protection: the work or production at issue must not have irrevocably fallen into the public domain before the grounding provision invoked for protection went into effect between relevant countries. Our mime work, recently created, will not run this risk, but older works and productions do risk having

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[94] *See* Geller, *International Copyright: The Introduction*, *supra* note 8, §§ 3[2]-3[3].

[95] *See* Michael Birnhack, *Israel* § 6[1], *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, *supra* note 7; Karnel, *Sweden*, *supra* note 70, §§ 1[3] and 6[1].

[96] *See* Santos, *Brazil*, *supra* note 70, § 6[1][b][i]; Dessemontet, *Switzerland*, *supra* note 20, § 6[1].

[97] *See* Geller, *International Copyright: The Introduction*, *supra* note 8, § 4.

[98] *See* Berne Convention, *supra* note 6, art. 2(1). Fixation is another domestically imposable condition. *See infra* text accompanying note 103.

[99] *See, e.g.*, Copyright Order (United States), 1953 (amended Oct., 2007) (Isr.); International Copyright Regulation (1994:193, amended 2009:1420) (Swed.); Berne Convention, *supra* note 6, art. 3(1)(a). For further analysis, see Geller, *International Copyright: The Introduction*, *supra* note 8, § 4[2].

thus fallen into the public domain through a lapse of term.[100] This lapse of term need not always be fatal, since prior or retroactive protection may be available in some cases.[101]

Turn to the final stage of this analysis. Assume that all the prerequisites of protection are satisfied for a given country. How much protection will then be available for whatever work or production is to be protected in that country? National laws of protecting countries may govern most, but not necessarily all, of the issues on which the extent of protection turns.[102] For example, in our hypothetical case of the mime work, the issue of fixation was raised, initially as a condition of national protection in the United States. Indeed, the Berne Convention allows member countries, as a matter of national treatment, to apply a condition of fixation to protect works, but few members do so.[103] On some issues which the Berne regime specifies, national treatment may be subject to exceptions, some cutting back on national treatment and others expanding on it.[104] It must then be asked: What grounding provision applies to each issue affecting the extent of protection, especially exceptions to national treatment?[105] In countries not taking treaties as self-executing, domestic law, almost always implementing treaties, applies. In other countries, domestic or treaty provisions, depending on the issue, may apply.[106]

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[100] A lapse of term either in the protecting country or in the country of origin suffices to preclude Berne protection, absent any other intervening arrangement. *See* Berne Convention, *supra* note 6, art. 18.

[101] *See* Geller, *International Copyright: The Introduction*, *supra* note 8, § 4[3]; *also* Paul Edward Geller, *Zombie and Once-Dead Works: Copyright Retroactivity after the E.C. Term Directive*, 18 (no. 2) ENT. & SPORTS L. 7 (2000) (focusing on a special E.U. retroactivity provision and relevant E.U. case law).

[102] Note that this conclusion follows to the extent that the treaty principle of national treatment prompts, or indeed mandates, courts to choose laws territorially to such effect. It need not follow under more discretionary approaches. *See supra* text accompanying notes 65-74.

[103] Berne Convention, *supra* note 6, art. 2(2). For examples of countries that do not apply any requirement of fixation to works, see *supra* note 70.

[104] Depending on the exception, there may be a cut-back of protection to the level of the country of origin, specifically with regard to works of applied art or, more generally, to the term of protection. *See* Geller, *International Copyright: The Introduction*, *supra* note 8, §§ 4[1][c][i] and 5[2]. Or, by contrast, substantive protection may be brought up to the level of minimum rights. *See id.* § 5[4][a].

[105] For analysis of which treaty or domestic provision governs such issues when more than one provision may apply on point, see *id.* § 5[1].

[106] For detailed analysis in one country where case law has extensively analyzed the interplay of domestic and treaty provisions, as these have governed the duration of rights in foreign works, see Dietz, *Germany*, *supra* note 20, § 3[3].

C. Consider Rights in Terms of Remedies

The third guideline directs counsel to look to what clients seek: relief. In our initial pair of guidelines, proposed above, we analyzed how to spot potential protecting countries and then how to analyze protection available in any one of such countries.[107] But an abstract rundown of rights, as well as of limitations and exceptions, fails to tell counsel fully what concrete remedies may be obtained in a given court, especially where the laws of different protecting countries may conflict on issues on which relief may turn.[108] If, as I shall here suggest, counsel analyzes claims and defenses in terms of their remedial consequences, arguments may appear for defusing some conflicts of laws themselves. Further, such analysis can help to focus counsel on clients' stakes in suing or defending in one court or another. Finally, it might help counsel find other avenues for obtaining relief.

Choice-of-law analysis has developed a method for disentangling *true* from *false* conflicts of laws.[109] This method prompts 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 a court must choose between conflicting laws because, in the case at bar, the policies motivating these laws, that is, their underlying rationales, 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 these laws, read in the light of their respective purposes, need not lead to different results.[110] In addition, once confronted with the complete set of whatever laws may conflict in a case, the court may try to reach "a reasonable accommodation of the laws' conflicting purposes," for example, in fashioning relief.[111] Another approach would have a court choose one or a few laws as initially dispositive of key issues, if not an entire case, and then entertain further arguments in favor of taking ac-

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[107] *See supra* Part IV.A-B.

[108] We touch here on the interface between procedures for providing relief, in principle subject to forum law, and substantive laws that conflict, but on which relief is to be based. Gaps may arise in this interface: notably, an adjudicating court's repertory of remedial procedures need not always include all those which foreign law, were the court to choose such law to govern a claim, would include if the applicable foreign rule were enforced where enacted. *See generally* OLUSOJI ELIAS, JUDICIAL REMEDIES IN THE CONFLICT OF LAWS, chs. 1-6 *passim* (2001) (analyzing gaps at this interface).

[109] For the breakthrough analysis here, see Brainerd Currie, *Notes on Methods and Objectives in the Conflict of Laws*, *in* SELECTED ESSAYS ON THE CONFLICT OF LAWS 177, 181-84 (1963).

[110] For further analysis, see DAVID CAVERS, THE CHOICE-OF-LAW PROCESS 89-90 (1965).

[111] *Id.* at 64.

count of other laws as it considered provisional and then final remedies.[112] However, in terms of my metaphor of choice-of-law roulette, a court, after having made such an initial choice of dispositive law, could foreclose further arguments for applying other laws, effectively responding: *Les jeux sont faits!*[113]

A court normally awards monetary damages under forum law for transactions infringing under that law and harming some market or audience within the court's own territorial jurisdiction.[114] By parity of reasoning, a court would assess monetary awards under the law of each country, other than the forum country, for transactions infringing under that other law and impacting any market or audience within that other country.[115] That is, in a cross-border case, in determining monetary awards available for resulting damages, courts would simply apply the laws respectively applicable where markets were usurped, or audiences prejudiced, country by country. For example, 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 compensate damages resulting from marketing that had taken place in each of these countries.[116] There are contrary decisions: for example, equitable discretion prompted a U.S. court, and

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112 *See* A.L.I. PRINCIPLES, *supra* note 66, § 321(2); CLIP PRINCIPLES, *supra* note 66, art. 3:603(3).

113 *I.e.*, "No more bets!" or, in poker, "The chips are down!" Once a court fastens on one law to govern a set of key issues, if not the entire case, notably in its initial characterization of the issues and facts, this choice of law risks coloring further provisional or final decisions, even foreclosing options open under other laws arguably applicable to the case.

114 *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 a party contributorily liable for damages under U.S. law for making or using copies abroad without consent, but with *scienter* of possible U.S. sales); Herscovici c. Sté. Karla et Sté. Krizia, Tribunal de grande instance, 1e ch., Paris, May 23, 1990, 146 REV. INT'LE DU DROIT D'AUTEUR [RIDA] 325 (1990) (Fr.) (localizing illicit copying in Italy and illicit sales in France and awarding damages under French law for the sales).

115 *Cf.* Subafilms, Ltd. v. MGM-Pathe Commc'ns Co., 24 F.3d 1088 (9th Cir. 1994) (en banc) (refusing to confirm an award under U.S. law to the extent that it applied to marketing abroad, where only U.S. law had been invoked as a basis for relief, and holding that mere authorization in the United States did not constitute an act actionable under U.S. law), *cert. denied*, 513 U.S. 1001 (1994).

116 SISRO c. Sté. Ampersand Software, Cour d'appel [Intermediate Court], 4e ch., Paris, Feb. 8, 2002, Expertises, No. 259, June 2002, 230 (Fr.); *also* Cass. civ. [Supreme Court], 1re ch., Mar. 5, 2002, JCP 2002 II, 10082, 994, *in English translation in* 34 IIC 701 (2003) (rejecting appeal of this decision while invoking Berne national treatment).

unclear reasoning led a Canadian court, to award damages for copying in its home jurisdiction even when damages were ostensibly incurred abroad.[117] Such precedents could allow a court, on one side of a border, to apply its law to recompense copies made at home and another court, on the other side, to apply its law to recompense sales of these copies on its own territory.[118] More generally, such risks of double recoveries constitute an argument in favor of basing monetary awards on the legal and factual situation in the country of the targeted market or audience.[119]

Turn to injunctive relief by slightly varying our hypothetical of the mime work put online.[120] Assume for the moment that this work, as performed and recorded, is on the verge of being input into a global network from within the United States by a U.S. party. The author, not knowing where reception might take place, at once sues this inputting party in a U.S. court to have him enjoined from disseminating the work worldwide. We have already noted that the mime work at issue, not being fixed with its author's consent, may not be protected under U.S. copyright law, so that we are led to focus on the risk of unauthorized dissemination elsewhere. Suppose that the court makes the following findings: factually, upon posting online, access and damages difficult to compensate would be incurred in countries constituting the lion's share of markets and audiences worldwide; legally, liability would follow under the laws of most of these countries. The court then has both factual and legal bases, including treaty standards common to most countries' copyright laws, for issuing at least a provisional injunction with respect to much, if not all, of the global

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117 *Compare* Sheldon v. Metro-Goldwyn Pictures Corp., 106 F.2d 45, 52 (2d Cir. 1939) (equitably allowing domestic law to serve as the basis for liability for U.S.-made copies marketed abroad, where "plaintiffs made no proof of foreign law"), *with* Hager v. ECW Press, Ltd., [1999] 2 FC 287 (Fed. Ct. 1998) (Can.) ("I do not accept the argument that non-Canadian revenues should not be included. The books were published in Canada, sent from Canada for sale abroad and the revenues were paid to the defendants.").

118 *See* Geller, *International Copyright: The Introduction*, *supra* note 8, § 3[1][b][ii][C]. This prospect of double recoveries could be avoided if different fora had dovetailing approaches to duplicated actions, for example, allowing a prior pending suit always to take precedence over a subsequently filed suit. However, approaches do vary on point. *See infra* note 148.

119 *See, e.g.*, the *Felsberg Transmitter* decision, Bundesgerichtshof [BGH] [Federal Court of Justice], Nov. 7, 2002, 2003 GRUR Int. 470, 2003 GRUR 328, *in English translation in* 35 IIC 977 (2004) (Ger.) (confirming that royalty claims for broadcasts made from Germany into France are to be assessed in the light of the legal situation in France to the extent that the audience was located there).

120 For this hypothetical, see *supra* text accompanying notes 68 and 92.

marketplace.[121] But in countries where the unfixed mime work may not be protected, such as the United States and a few other countries, a critical question arises: Should the injunction spill over to constrain access in such countries? Harder cases may arise, for example, where rights vary in tenor or where equitable defenses or freedom of expression may come to bear differently from country to country.[122] We shall have to come back to such hard cases when we discuss finding a favorable forum to grant appropriate relief.[123]

Outside purely judicial proceedings, other remedies may be available for cross-border infringement, but only a sampling can be ventured here, without fully unpacking the conflicts questions they might raise. For example, treaty provisions may require a country of transit to stop infringing copies, usually in customs proceedings, before the copies reach any intended market.[124] Statutory provisions may allow for stopping the export of devices to circumvent technological safeguards, but it is unsettled what regard must be given to foreign or regional laws.[125] Furthermore, a rightholder may send a notice of allegedly infringing materials to an Internet-

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121 *Compare* Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc., 939 F. Supp. 1032 (S.D.N.Y. 1996) (reformulating an injunction so that it compels either shutting down a website or modifying it to avoid using an infringing trademark in addressing U.S. customers, while noting the success of similar suits in other major markets), *and* Applied Research Sys. Holding N.V. v. Organon, Gerechtshof [Court of Appeals], The Hague, Feb. 3, 1994, *in English translation in* 28 IIC 558 (1997) (Neth.) (applying, in principle, the laws of protecting countries, respectively, to enjoin patent infringement alleged in each of them, while presuming that these laws conformed to common European standards).

122 *Compare* Abend v. MCA, Inc., 863 F.2d 1465, 1479 (9th Cir. 1988) (declining to enjoin the screening of a film based on a protected story, in order to avoid denying "the public the opportunity to view a classic film for many years to come"), *aff'd*, 495 U.S. 207, 236 (1990), *with* the *Germania 3* decision, Bundesverfassungsgericht [BVerfG] [Federal Constitutional Court], June 29, 2000, 2001 GRUR 149 (Ger.) (declining to enjoin the publication of a play, after broadly construing the quotation exception of German copyright law in order to avoid impairing constitutionally protected freedom of art), *further glossed infra* note 159.

123 *See infra* text accompanying notes 157-61.

124 *See* Berne Convention, *supra* note 6, art. 16; TRIPs Agreement, *supra* note 9, arts. 51–60.

125 *See, e.g.*, Nintendo Co., Ltd. v. Playables, Ltd., [2010] EWHC 1932, para. 42 (Ch.) (U.K.) (construing section 296ZD of the U.K. Copyright, Designs and Patents Act, relative to export sales of circumvention devices, as not having extraterritorial effect but rather as applying *per se* to U.K. dealings). *But cf.* Football Ass'n Premier League, Ltd. v. QC Leisure and Karen Murphy v. Media Protection Serv., Ltd., Joined Cases C-403/08 and C-429/08, Court of Justice of the European Union (C.J.E.U. Oct. 4, 2011), paras. 80–89, 105–17, [2012] Fleet St. Rep. 1 (holding it contrary to E.U. freedom of ser-

service provider hosting these materials for access to members of the public. Now, under many laws, such a notice may support a showing of the *scienter* necessary to make that service provider liable for the infringing posting.[126] To escape such liability, the service provider may take down the posting, subject to domestic proceedings for restoring access to it.[127] Encryption, geolocation measures, and related technological safeguards, often coupled with contract, can also control access across borders.[128] However, resulting choice-of-law questions have yet to be thrashed out in the courts.[129]

D. Trace Chain of Title Across Borders

With the fourth guideline, we shift our focus to the vesting and transfer of rights. Standing is needed to sue or to commence other proceedings, and such standing has to be based at least on some color of title. Out of this threshold issue, a series of questions arise to take counsel from the vesting of rights to transfers, whether effectuated contractually or as a matter of law, ultimately through chain of title worldwide.[130] The following all-too cursory survey of resulting issues can merely touch on a few points at which diverse laws may be applicable to any chain of title to rights enforceable in one country or another and, eventually, worldwide.

Standing to sue may be variously characterized as a procedural issue, as a substantive copyright issue, or as a chain-of-title issue, with possibly differing consequences for the choice of law.[131] In any event, to obtain

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vices contractually to limit sales of decoders across E.U. borders in order to obtain premium prices).

126 For further analysis, see Allen N. Dixon, *Liability of Users and Third Parties for Copyright Infringements on the Internet: Overview of International Developments*, *in* PEER-TO-PEER FILE SHARING AND SECONDARY LIABILITY IN COPYRIGHT LAW, *supra* note 50, at 12; Graeme B. Dinwoodie, Rochelle C. Dreyfuss, & Annette Kur, *The Law Applicable to Secondary Liability in Intellectual Property Cases*, 42 N.Y.U. J. INT'L L. & POL. 201 (2010).

127 *See, e.g.*, 17 U.S.C. § 512(c)–(g) *passim* (2010) (counter-notices to restore online postings).

128 *See generally* Paul Goldstein, *Copyright and Its Substitutes*, 1997 WIS. L. REV. 865 (pointing out that key policies motivating copyright laws may be put at risk by the use of such self-help measures).

129 *See, e.g.*, Marketa Trimble, *The Future of Cybertravel: Legal Implications of the Evasion of Geolocation*, 22 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 567 (2012) (analyzing conflicts that some of such measures may raise).

130 For further analysis, see Geller, *International Copyright: The Introduction*, *supra* note 8, §§ 6[2]-6[3]; Geller, *Conflicts of Laws in Copyright Cases*, *supra* note 73, at 355-86 *passim*.

131 *See, e.g.*, the *Scientology* decision, Rechtbank [District Court], The Hague, June 9, 1999, [1999] 7 INFORMATIERECHT/AMI 110, *in English translation in* [2000] Euro. Copr. & Design Rep. 83 (Neth.) (applying Dutch law to deter-

standing to assert copyright, it need not always be necessary to prove full chain of title, although a few courts have conflated such standing and ownership of the copyright being asserted.[132] The laws in most Berne countries do apply, or expand upon, Berne provisions that trigger presumptions of an author's or publisher's standing to sue once the name of one or the other appears on a work in appropriate cases.[133] Some laws strengthen Berne presumptions of standing with presumptions of entitlement that arise out of national registrations.[134] Some laws grant collecting societies standing to collect certain copyright royalties, but not entitlements to pocket or divert them.[135]

It is, in principle, easy to anchor the chain of title to copyright. In most cases, copyright initially vests in the flesh-and-blood author of a work.[136] Hard cases do arise, most notably cases of joint or team works or of works made on the job. Different laws deal with such cases differently, sometimes with presumptions or rules allocating rights upon creation among authors or to their principals, sometimes by redefining "author" to include principals. To focus on such initial vesting, which will anchor chain of title, assume *arguendo* that no express contract addresses this issue where a number of creators originate a work together or else where a

mine standing to sue on Dutch copyright and U.S. law to ascertain the extent of any copyright transfer invoked as a basis for suit).

132 *Cf.* Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82 (2d Cir. 1998) (rejecting the standing of Russian newspapers to sue for infringement of U.S. copyright because, under Russian law chosen to govern copyright ownership, they could not prove factual predicates of such ownership).

133 Berne Convention, *supra* note 6, art. 15. *Compare* the *Bora Bora* decision, Bundesgerichtshof [BGH] [Federal Court of Justice], July 10, 1986, 1986 GRUR 887, *in English translation in* 19 IIC 411 (1988) (Ger.) (holding that names on published copies suffice to trigger Berne standing to sue), *with* Sté. Gare O Loup c. Sté. Jenny Ben Diffuse Faucon, Cour d'appel [Intermediate Court], 4e ch., Paris, Feb. 9, 1995, 166 RIDA 310 (1995) (Fr.) (mooting conflict between U.S. and French definitions of "author" in a case of piracy by allowing a U.S. corporation, exploiting a work in France in its own name, to sue).

134 *See, e.g.*, Circle Film Enters., Inc. v. Can. Broad. Corp., [1959] S.C.R. 602 (Sup. Ct.) (Can.) (holding that a domestic copyright certificate raises presumptions of entitlement overriding those adopted from Berne article 15).

135 *Cf.* the *GEMA/Austro-Mechana* decision, Oberster Gerichtshof [Supreme Court], July 14, 1987, 1988 GRUR Int. 365 (Austria) (while allowing a national statute to empower a domestic society to collect royalties, precluding such law from authorizing that society to use foreign claimants' royalties for the benefit of domestic members).

136 Note that neighboring or related rights in performances may initially vest in performers, with caveats for groups of performers; in recordings, in the recording producers; in broadcasts, in the broadcasters. *Cf.* Rome Convention, *supra* note 40, arts. 4–6 (protecting such parties as if they were initial vestees).

creator originates a work subject to a principal such as an employer. In such cases, choice-of-law decisions vacillate about which law or laws should determine the initial vestee of copyright in resulting works: some decisions apply the law of the source country of the work at issue,[137] and some apply the laws of the protecting countries respectively.[138] Since, in such cases, the work at issue originates out of consensual relationships among multiple parties, I have argued that, whatever law in theory determines "author" as initial vestee, such consensus may at times provide a basis in practice for initially allocating rights among team creators and, where applicable, principals.[139]

What law or laws may apply to a contract transferring copyrights that are effective abroad or even worldwide?[140] The issue may turn on characterization, as illustrated by the case of a French ghost writer who sought relief from such a U.S.-made contract hiring the writer. The court, applying the French rule barring the alienation of French moral rights, ordered the attribution of authorship to the ghost writer throughout France; however, holding terms of payment to be subject to U.S. contract law, it left these terms in effect, despite contrary French law on point.[141] Generally

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137 *See, e.g.*, Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82, 89-94 (2d Cir. 1998) (applying Russian law to ownership of copyright in a Russian work in a case of U.S. infringement).

138 *See, e.g.*, the *Spielbankaffaire* decision, Bundesgerichtshof [BGH] [Federal Court of Justice], Oct. 2, 1997, 1999 GRUR 152, *in English translation in* 30 IIC 227 (1999) (Ger.) (holding that the law of the protecting country determines authors in whom rights initially vest); Huston c. Turner Entertainment (the *Asphalt Jungle* decision), Cass. civ. [Supreme Court], 1re ch., May 28, 1991, 149 RIDA 197 (1991), *in English translation in* 23 IIC 702 (1992) (Fr.), *followed on remand*, Versailles, Cour d'appel [Intermediate Court], ch. réunies, Dec. 19, 1994, 164 RIDA 389 (1995) (same approach, here for moral rights).

139 *See* Geller, *International Copyright: The Introduction*, *supra* note 8, § 6[2][b][ii]; Geller, *Conflicts of Laws in Copyright Cases*, *supra* note 73, at 363-66. *Cf.* F. Jay Dougherty, *Not a Spike Lee Joint? Issues in the Authorship of Motion Pictures Under U.S. Copyright Law*, 49 UCLA L. Rev. 225, 282-334 *passim* (2001) (analyzing creative contributions to films, reviewing U.S. and foreign laws governing the ownership of copyright in such team works, and proposing that courts allow producers to use contributions upon paying equitable royalties, absent binding contractual provisions on point).

140 Note that, once issues arise with regard to a transfer arguably subject to the law of a federated state, one has to ask whether that law may be a federal or state law. *See, e.g.*, Cohen v. Paramount Pictures Corp., 845 F.2d 851, 854 (9th Cir. 1988) ("the license must be construed in accordance with the purpose underlying [U.S.] federal copyright law"); Rodrigue v. Rodrigue, 218 F.3d 432 (5th Cir. 2000) (holding state law regarding the marital community to be in "compatible combination" with U.S. federal copyright law).

141 Bragance c. Michel de Grèce, Cour d'appel [Intermediate Court], 1re ch., Paris, Feb. 1, 1989, 142 RIDA 301 (1989) (Fr.).

speaking, then, if a rule bearing on contractual alienation is characterized as a copyright rule, as was the French rule here, it may apply territorially as part of the law of the protecting country to validate or invalidate the transfer of such rights as are effective in that country. For example, other author-protective rules, notably terminating transfers, have thus been applied, but only to the extent that the underlying law did not allow other dispositions.[142] If a rule is characterized as a contract rule, it may apply according to any choice-of-law clause freely negotiated into the contract at issue. Or it may apply according to choice-of-law principles applicable absent such contractual choice or to specific rules applicable in special cases.[143] In hard cases, where copyright and contract rules are not easily disentangled, solutions may lie only in equitable compromises.[144]

Rights may be transferred as a matter of law. Consider transfers in inheritance, within a marital community, in the realization of creditors' claims, or in corporate or like reorganizations. The case law is neither plentiful nor settled with regard to the choice of laws applicable to such transfers by law of the copyrights accorded in different countries. For example, inheritance is usually governed by the law of the decedent's home country, subject to caveats that are scattered throughout sparse case law with regard to copyright.[145] Furthermore, priority issues may arise across borders, whether under transfers by contract or by law: for example, different parties may claim rights in the same work under successive trans-

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142 *Compare* Sté. Boosey & Hawkes, Ltd. c. Taverne, Trib. civ., Bayonne, May 16, 1972, *as commented by* Henri Desbois, Note, 25 REV. TRIMESTRIELLE DR. COM. 624 (1972) (Fr.) (finding an author's transfer of U.K. rights terminated under the U.K. 1911 Act), *with* Redwood Music, Ltd. v. B. Feldman & Co., Ltd., [1979] Rep. Pat. Cases [R.P.C.] 385, 404-06 (Ct. App.) (U.K.), *aff'd sub nom.* Chappell & Co., Ltd. v. Redwood Music, Ltd., [1981] R.P.C. 337 (H.L.) (finding that U.S. authors' estates had contractually transferred reversionary interests in U.K. rights, as allowed by the U.K. 1911 Act).

143 *Compare* RESTATEMENT (SECOND) OF CONFLICT OF LAWS, *supra* note 30, §§ 186-88 (encapsulating U.S. case law), *with* Council Regulation (EC) 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), 2008 O.J. (L 177) (governing laws applicable to most E.U. contractual issues).

144 *See, e.g.*, Geller, *International Copyright: The Introduction*, *supra* note 8, § 6[3][c][ii]; Geller, *Conflicts of Laws in Copyright Cases*, *supra* note 73, at 375-81 (exploring such solutions for waivers of moral rights).

145 *Compare* the *Brancusi* case, Oberlandesgericht [OLG] [Court of Appeal], Munich, Sept. 17, 2009, 2009 KUNST U. RECHT 198 (Ger.) (applying French law to inheritance issues where the deceased, a Romanian-born sculptor, had been a French national, and German law to decide whether German rights may devolve on heirs), *with* the *Giacometti* case, Cour d'appel [Intermediate Court], 1e ch., Paris, Sept. 23, 1997, 176 RIDA 418 (1998) (Fr.) (invoking Berne article 6*bis* to support applying French law to standing to assert a Swiss sculptor's French moral rights after death).

fers, or opposing creditor's claims may be asserted, say, in bankruptcy. Rare case law on point, usually according priority to the first transfer in time, has sometimes taken account of the fact that few countries have registration systems to record priorities among copyright transfers.[146]

E. Shop for a Favorable Forum

The last guideline here, and the trickiest to follow, presupposes what should already be abundantly clear: While infringement may take place in any one country, suit may at times be best brought in still another jurisdiction.[147] For example, in Internet cases, where infringement may be threatened worldwide, claimant's counsel has pressing interests in suing in a court or a few courts best positioned to grant relief effective in as many countries as possible.[148] But such forum-shopping is risky, necessitating judgment calls based on multiple and often volatile tactical and strategic factors. I shall here briefly revisit some factors that I have already broached, plus a few others.

At the threshold, jurisdiction has to be established. A court needs jurisdiction, not only over parties and subject matter, but to enforce relief. Forum law governs jurisdiction, but the enforcement of one court's orders or awards by other courts may turn on the laws or treaties binding on these other courts.[149] A regulation effective for courts in the European

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146 *See, e.g.*, R. Griggs Group Ltd. v. Evans (No. 2), [2004] EWHC 1088, para. 140 (Ch.) (U.K.) (confirming an initial transferee's copyrights worldwide, as against a later transferee with notice, "[a]bsent some special rule" locally based on registration), *aff'd*, [2005] EWCA Civ 11 (Ct. App.). *But cf.* U.N. Convention on the Assignment of Receivables in International Trade, arts. 26-32, Dec. 12, 2001, 41 I.L.M. 776, *available at* http://www.uncitral.org/uncitral/uncitral_texts/security/2001Convention_receivables.html (pending treaty with choice-of-law provisions bearing on the priority of transfers of rights in copyright royalties, security interests, etc.).

147 Increasingly, fora have been taking jurisdiction over actions for infringement abroad. *See, e.g.*, Lucasfilm v. Ainsworth, [2011] UKSC 39 (Sup. Ct.) (U.K.) (allowing suit in a U.K. court for infringement abroad, while overturning precedents to the contrary).

148 Note that different systems may variously deal with suits duplicating parties and causes of action in different fora. *Compare* Perfect 10, Inc. v. Google, Inc., 2011 FC 348 (Fed. Ct.) (Can.) (declining to stay, for *forum non conveniens*, a suit in Canada for transmissions received in Canada, even given an allegedly parallel U.S. action), *with* Brussels I Regulation, *supra* note 58, art. 27 (given a prior pending action in one member state, a court in another such state may not adjudicate a subsequent action "involving the same cause of action and between the same parties").

149 Few countries are bound by the Hague Convention of 1 February 1971 on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters, Feb. 1, 1971, 1144 U.N.T.S.249, *available at* http://www.hcch.net/index_en.php?act=conventions.text&cid=78. Accordingly, the Hague

Union governs such issues, subject to an increasingly differentiated case law construing how the regulation bears on the availability and enforceability of relief across the Union.[150] Rules governing jurisdiction over parties and subject matters, as well as the reach of relief, can be differently complex in any one federation, say, the United States, than in others with both state and federal courts.[151] Common-law courts, absent provisions to the contrary, have discretion to decline to exercise jurisdiction on the grounds of *forum non conveniens*.[152]

Turn to conflicts of laws. Each court will determine its own approach to choosing among conflicting laws.[153] Taking plaintiff's perspective, suppose, *arguendo*, a pair of deep-pocketed defendants who may be jointly and severally liable for the same allegedly infringing transactions. Suppose, as well, that each of these parties is domiciled in a distinct country, whose courts have jurisdiction over the party and enough of its assets to satisfy the claims brought. Plaintiff, in deciding where to sue at least one of such hypothetically attractive defendants, may ask which court has the choice-of-law approach most favorable to its claims. It would seem that, in shopping for such a favorable forum, counsel need only follow a results-oriented reasoning, canvassing laws that may conflict on key issues and

Conference on Private International Law has its Judgments Project, *with developments available at* http://www.hcch.net/index_en.php?act=text.display&tid=153. For its uncertain application to intellectual property, see Rochelle C. Dreyfuss & Jane C. Ginsburg, *Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters*, 77 CHICAGO-KENT L. REV. 1065 (2002).

150 *See* Brussels I Regulation, *supra* note 58. *Compare* eDate Advertising GmbH v. X and Martinez v. MGN, Ltd., Joined Cases C-509/09 and C-161/10, Court of Justice of the European Union (C.J.E.U. Oct. 25, 2011), *available at* http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:62009CJ0509:EN:HTML (allowing jurisdiction over a privacy case in a court of the country where the victim has "his centre of interests," but restricting it in countries of access to damages respectively incurred in each of them), *with* Renault SA v. Maxicar SpA & Orazio Formento, Case C-38/98, European Court of Justice (E.C.J. May 11, 2000), 2000 E.C.R. I-2973 (compelling an Italian court to enforce the judgment of a French court for infringement of a French right in designs, though no similar Italian right existed).

151 *See, e.g.*, 28 U.S.C. § 1332 (2012), *available at* http://uscode.house.gov/download/title_28.shtml (diversity of parties); *id.* § 1338(a) (jurisdiction over U.S. copyright suits).

152 *See, e.g.*, Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co., 145 F.3d 481, 492 (2d Cir. 1998) (vacating dismissal for *forum non conveniens* upon failure to consider whether any adequate alternative forum was available, while outlining interests at stake in the case that might favor or disfavor exercising jurisdiction, such as location of evidence and witnesses, convenience of trying issues in one proceeding, and readiness to go to trial).

153 *See supra* text accompanying note 77.

anticipating how this or that court may choose among these laws.[154] A court, however, also reasoning backwards from results toward which it leans, may reach decisions that are not so easily predicted, notably if any law it may choose contains open-ended provisions or if its choice-of-law approach is discretionary. Thus apparently clear and authoritative choice-of-law precedents may not always offer reliable guidance to anticipating a court's dispositions among conflicting laws.[155]

Finally, it has to be asked whether any court considered for suit could and would grant the relief sought.[156] Assuming the judicial capacity and willingness to fashion remedies applied for, return to the problem of territorially overreaching injunctive relief.[157] Imagine, for example, an author who had licensed a director to stage her play for access online, only to discover that this licensee's parody-like staging not only went beyond the scope of her license, but would run counter to her creative intentions: asserting her moral right to integrity, she then sues to enjoin the licensee from enabling worldwide access online.[158] Assume that a court takes jurisdiction over this suit: it then faces hard remedial choices: on the one hand, denying the author all relief would leave her claims sounding in moral rights, otherwise strong in many countries, without effect; on the other, acceding to her petition for an injunction with worldwide effect could ignore the licensee's defenses in many countries.[159] For example, the court may consider converging limitations to copyright such as U.S. fair use and German *freie Benutzung* that, along with freedom of expression, could serve as bases for declining to enjoin access to the new staging

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[154] *See supra* Part III.C.

[155] *See, e.g.*, Heriot v. Byrne, 2008 U.S. Dist. LEXIS 60600, at *17 (N.D. Ill. July 21, 2008) ("The *Itar-Tass* court seemed to leave open the possibility that article 14*bis*(2)(a) of the Berne Convention may obviate the significant relationship choice of law test with respect to cinematographic works.").

[156] *See supra* note 108.

[157] *See supra* text accompanying notes 120–123.

[158] There is another premise here: the author, in licensing the staging, did not waive her moral right to integrity. For further analysis, see *supra* text accompanying notes 141-44.

[159] Consider but one country, Germany, whose case law displays tensions on point. *Compare* the *Die Weber* decision, Kammergericht [KG] [Court of Appeal], Berlin, June 21, 2005, *available at* http://openjur.de/u/226399.html (Ger.) (in principle allowing some changes in the licensed staging of a play, but confirming the injunction prohibiting the staging with other changes, notably "murderous fantasies" introduced into the script, as lacking sufficient basis in the parties' understandings or in the play and as thus violating the author's moral rights), *with* the *Germania 3* decision, *supra* note 122 (to protect artistic freedom, declining to enjoin the publication of a play, although it incorporated large passages from Brecht's works, critically and without consent).

in many countries.[160] It is submitted that, in many such cases, a court may accommodate diversely protected interests by tailoring minimally invasive relief.[161]

Before concluding, I shall allow myself a penultimate editorial comment. To my mind, a choice-of-law approach has much to recommend itself to the extent that it minimizes forum-shopping. Here we have another reason for following the Berne-based territorial approach, which would apply the laws respectively effective wherever protection is sought and available: allowing little discretion, it would not encourage forum-shopping and, to that extent, would enhance legal certainty.[162] However, as we have just seen, in especially hard cases, courts may still have to exercise their remedial discretion to accommodate laws in conflict. Such solutions could appear variously equitable in the eyes of different forum-shoppers.[163]

V. CONCLUSION

The Berne Convention has exercised a "more or less gentle and gradual pressure toward harmonization" on copyright laws worldwide since 1886.[164] The United States, however, had been an exception to this trend, joining the Berne Union only belatedly, in 1989.[165] The *Nimmer* treatise introduced U.S. counsel and courts to the Berne regime in advance of this critical juncture. Soon afterward, copyright law itself was to face new challenges.[166]

Globalizing media trends, culminating in the Internet, have since subjected the Berne treaty regime itself to pressures that have been making cross-border copyright cases more and more perplexing. From my present perspective, for which I have Mel Nimmer to thank, I have here raised

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[160] *See supra* text accompanying notes 25–32 *passim*.

[161] *E.g.*, an order requiring the staging shown online to link back to a version acceptable to the author. For this solution, see Paul Edward Geller, *Beyond the Copyright Crisis: Principles for Change*, 55 J. COPYRIGHT SOC'Y 165, 184-85 (2008), *updated and linked to illustrative examples in* Paul Edward Geller, *Copyright Principles: An Ongoing Inquiry*, principle 3 [hereinafter Geller, *Principles*], *available at* http://www.criticalcopyright.com/principles.htm.

[162] *See* Geller, *International Copyright: The Introduction*, *supra* note 8, § 3[1][a][ii].

[163] *See supra* text accompanying notes 156–161.

[164] ADOLF DIETZ, COPYRIGHT LAW IN THE EUROPEAN COMMUNITY 9 (English translation 1978).

[165] There was, however, a great U.S. treatise written on international and comparative copyright early in the twentieth century: STEPHEN P. LADAS, THE INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY (2 vols. 1938).

[166] *See supra* Part II.

problems in choice-of-law methodology that have become more acute in just such cross-border cases.[167] To help practitioners reckon with resulting opportunities and risks, I have also outlined an admittedly provisional set of guidelines for handling such cases.[168] It remains to be seen whether, following these rules of thumb, counsel would often prompt courts to reach more principled decisions.[169]

[167] *See supra* Part III.
[168] *See supra* Part IV.
[169] For speculation on point, see Geller, *Principles*, *supra* note 161, principle 10.

I LICENSED NIMMER

by ALEX KOZINSKI

MELVILLE B. NIMMER
Photo by Hon. Alex Kozinski

I LICENSED NIMMER

by ALEX KOZINSKI*

I started law school at UCLA in the fall of 1972. No one in my family had been a lawyer or had anything to do with the law, so I had no idea what to expect. The first day of class, I had quite a surprise: The professor at the front of the class looked very familiar and, on closer inspection, I recognized him as Edgar "Ted" Jones, the judge on the 1960s TV show *Day in Court* — an early and much tamer version of Judge Judy and Judge Wapner.

Was I jazzed! A law school with celebrities as teachers. I knew I'd made the right decision in picking the school closest to Hollywood. It was also the only one that didn't reject me, but I took credit for that too in strategically blowing a few key classes as an undergrad.

The professors that first quarter were all showmen of one type or another, the way law professors tend to be. Some did it by strutting across the classroom and gesticulating with dramatic flair. Others did it by presenting deep paradoxes or anomalies in the law, and asking us to ponder the mysterious and nonlinear way in which the law developed. Still others did it by creative use of the Socratic method, always managing to manipulate students into making contradictory arguments and then telling them they were beginning to think like lawyers. And one did it by lampooning my accent, which got a big laugh.

There was one class that was a bit different, and that was Contracts. The professor was a neatly dressed, quiet, balding man with a mustache. He always wore a suit, a tie and a shirt with French cuffs. He would walk into class, sit at the desk on the dais facing the class and, at the stroke of nine, start lecturing. He didn't move the entire period, except to turn pages in the book or recognize a student by pointing.

The entire lecture consisted of words, spoken softly but clearly, as he deftly peeled back the mysteries of consideration, meeting of the minds, parol evidence and mutual mistake of fact. His explanations were simple and to the point; his Socratic dialogue was always calculated to illuminate, never to shock and awe.

Only once during the two quarters he taught us Contracts did Nimmer get up from his desk. I remember it vividly because it was such an event. He was in the midst of explaining a particularly tricky concept when some student (probably me) asked a convoluted, off-the-wall ques-

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tion. Nimmer paused a few seconds and then, as if making up his mind to do something distasteful but necessary, he pushed back his chair and stood up. He then buttoned his coat and started to turn towards the blackboard. As he did, he turned back to us and, in a tone that was half explanation and half apology, said, "I'll have to approach the . . . the . . . board." The last word came out muffled, as if it was not a term to be used in mixed company. We all cracked up.

With a few strokes of the chalk, he drew a diagram that untangled the questioner's conundrum, and quick as a bunny he was back at his desk, wiping chalk from his fingers with a monogrammed handkerchief. His look of relief at having survived the ordeal told us he'd never do it again, and he never did.

* * *

While Nimmer was always soft-spoken and polite in class, we found out he had used the F-word before the Supreme Court. One of my classmates had heard a rumor to that effect and we were all wondering whether inside the mild-mannered Professor Nimmer was a Lenny Bruce trying to break free.

So at the beginning of class, one student (probably me again) asked him about his representation of Paul Robert Cohen in the Supreme Court: "Is it true that the Chief Justice wouldn't let you quote what was written on Cohen's jacket?"

"Well, he tried," Nimmer answered. "When I started speaking, the Chief Justice said: 'Mr. Nimmer, the Court is familiar with the facts of your case so there is no need to state them.'" Nimmer continued, "I felt that if I let him censor what I said in the Supreme Court I'd be conceding that the word was taboo in other courtrooms as well. So I responded, 'I think I can summarize the facts very briefly, Mr. Chief Justice,' and I did."

The class was silent as we waited for Nimmer to quote that summary, but he never did. I guess he thought that kind of language wasn't appropriate for the classroom.

* * *

One day he assigned an opinion with which I disagreed completely. I tried to make the point in class, but I didn't manage to persuade anybody, least of all the professor. Why didn't this case have a dissent? A dissent would surely have explained to everyone's satisfaction that the majority was out to lunch.

So I decided to write a dissent of my own, and when I was done I dropped by Nimmer's office and handed it to him.

"What is this?" he asked.

"It's a dissent to the *Smith* case," I explained. "If you'll just read it, you'll see how wrong the opinion is."

I left it with him and waited for a week or two, hoping he'd buttonhole me after class — or, dream of dreams, during class — and tell me how brilliant the dissent was and how wrong the *Smith* case had been, but he never did.

After a couple of weeks, I could stand it no longer. So I went to his office and asked him what he thought of my dissent.

"It was very good," he said. "You ought to write more of them." Little did either of us know that one day writing dissents would be my life.

"But were you persuaded?" I asked impatiently.

"It had its points," Nimmer said, his voice trailing off.

After a few moments of silence, I completed his thought: "But you weren't persuaded, right?"

He shook his head. There was nothing left to say, so I turned to leave. As I did, it occurred to me that I hadn't kept a copy so I asked him for it back. He looked a bit perplexed and then he said, "Um, I filed it," pointing to the trash can. So my first dissent persuaded no one and wound up in the round file.

* * *

Near the end of the school year, I got it in my head to take pictures of my various professors. I had a state-of-the-art Nikon F, and I loaded it up with a roll of Kodak Gold 100 ASA film. I stopped my various professors wherever I could find them — after class, in the corridor, coming out of the bathroom.

I found Nimmer in his office, sitting at his desk, of course. He was dressed, as usual, in a blue shirt with gold cufflinks and a conservative pattern tie. He looked pretty much as he did in class, except his suit jacket was off. When he learned my business he demurred, but I would have none of it. Realizing he wasn't going to get rid of me without a fuss, he resignedly took off his glasses and leaned slightly on his right elbow. I had about five seconds to take my best shot, and I fired off exactly one.

Those being the days of film, I had to wait till the roll was full and the film was developed to see the results. By and large, they were a mixed bag, but the picture of Nimmer was pretty much perfect. Surrounded by books, illuminated by daylight streaming into his office, neat and kempt like a model from a Brooks Brothers ad — that was the Nimmer we all knew and loved. I had a copy of the picture printed and dropped it off at his office. He looked at it, gave me a slight smile and thanked me. As I left, I wondered if the picture would get filed, like my dissent, in the round file.

* * *

It was a few weeks later, just as finals were starting. I was walking down the main hall of the law school carrying a large cardboard box with my books and notes, pretty much oblivious to everything around me. Sud-

denly, I heard a voice calling behind me: "Mr. Kozinski, Mr. Kozinski, may I have a word with you?"

It was Professor Nimmer. Contracts had ended weeks ago and I had no idea what he could possibly want with me. Maybe — my heart leapt at the thought — he had found my dissent under a stack of books, re-read it and decided I was right after all. Could it be?

"I don't quite know how to say this," he said, "but I may have . . . um . . . infringed your copyright."

Say what? Had he published my dissent without my permission? But he was pointing to a poster on the bulletin board right next to where we were standing. It was an announcement for a lecture he was going to give a few days later and right there, under the title and description, was a picture of the speaker. And not just any picture. *My* picture.

"They asked me for a picture to include in the announcement for this lecture," Nimmer was saying. "And the only picture I could find was the one you gave me." His voice trailed off. Finally he added, "I neglected to ask your permission."

When I finally got it, I put down my box, thrust out my hand and spoke words that I'm sure many a copyright scholar would be pleased to have been able to speak: "Professor Nimmer, I grant you a copyright license!"

He took my hand and we shook on it. Little did I know that years later, in a case involving a gustatory melodrama, I would hold that a transfer of copyright had to be in writing, but a non-exclusive license could be oral: "The leading treatise on copyright law states that '[a] nonexclusive license may be granted orally, or may even be implied from conduct.'" *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 558 (9th Cir. 1990) (quoting 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 10.03[A], at 10-36 (1989)).

I'm sure this was the right answer, but I've always wondered just how it got *into* the treatise. Do you think Nimmer put it there to make sure the license I gave him orally, on the spur of the moment, would hold up in court?

Nah. To quote Elvis, "we can't build our dreams on suspicious minds." I'm sure Nimmer knew very well that an oral license was sufficient, and when I offered it, he was happy to accept, knowing it would stand up if it was ever challenged. And now I'm happy to grant a *written* license to the Copyright Society of the same picture, to be run as part of their Nimmer Treatise Commemorative Issue. I'm honored to contribute to a Festschrift celebrating the finest copyright treatise of our generation.

SALUTING *NIMMER ON COPYRIGHT*

by MARIA A. PALLANTE*

Like so many, I came of age as a copyright lawyer reading Nimmer on Copyright. Today I have an online subscription to the treatise, but I still keep a set on my bookshelf. Perhaps a little dog-eared, perhaps a little chaotic because of too many sticky notes, the treatise with its deep-blue cover and multiple volumes stands proudly at attention near my desk, ready to be called upon at any moment, no matter the lateness of the hour or the reason at hand. In an office like mine, everyone shares books freely, but I don't like it much when my Nimmer volumes go missing.

Whatever Melville Nimmer was thinking when he started the treatise, whatever compelled him to trade the life of a practitioner for one of a scribe, the real value of his work, in my opinion, is not the dense and brilliant content, but the sheer scale of his commitment to copyright — the range of issues, the dizzying detail, and the poignant reflections. His love of copyright law comes through in abundance. More importantly, so does his respect for it.

It's fun to wonder whether in 1963, Nimmer the elder could have imagined the issues of our twenty-first century — the discussions over distribution and making available, the growth of the public performance right, the rules against circumvention, the international interest in fair use. He certainly knew then that it was only a matter of time before the United States would shed formalities and move to a regime of automatic protection. But would he get a kick out of the nostalgia that many older lawyers now have for the more regimented club rules of the 1909 Act? Would he be amazed that so many young scholars are calling for their return?

What would the Nimmer of 1963 do with red flag knowledge or orphan works? What protections would he assign to vidders and bloggers? How would he analyze the application of copyright law to the software in cell phones and car radios? What would he think of the development agenda at WIPO? What would he do with section 115?

Thankfully, through Nimmer the younger, the treatise goes on, building upon the early days and reminding us that the practice of copyright law isn't only exciting but difficult. It isn't about what we know, or how quickly we can state it in this age of instant public discussion; rather it's a matter of respect. The more one learns about copyright law the more

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there is to learn. What better symbol is there of this fact than the enduring legacy of *Nimmer on Copyright*?

PERFORMANCE ANXIETY: COPYRIGHT EMBODIED AND DISEMBODIED

by REBECCA TUSHNET*

The primary economic and cultural significance of copyright today comes from works and rights that weren't contemplated by the Framers of the Constitution's Copyright Clause. Some, like videogames, were barely considered by the drafters of the 1976 Copyright Act, and new means of distribution have profoundly changed the scope and meaning of copyright even for entrenched genres.[1] Performance — both as protected work and as right — is where much of copyright's expansion has had its greatest impact, as new technologies have made it possible to fix performances in records and films and as cultural change has propelled recorded music and audiovisual works to the forefront of the copyright industries.[2]

Performance is now the prototype for all works. For one thing, the expansion of copyright beyond exact copying to substantial similarity and derivative works means that the actual scope of a copyright encompasses a practically infinite set of potential variations. This mimics the standard condition of any play or score, which carries with it a practically infinite set of potential performances, all of which will be understandably performances of the underlying work. Yet copyright has never fully conceptualized performance, and this has led to persistent confusion about what copyright protects.

Tensions and inadequacies in copyright's treatment of non-text elements of a work such as performance have been largely ignored for two reasons beyond copyright's traditional focus on text. First, the major copyright challenge of the digital age involves pure reproductions. When we are talking about massive sharing of digital files, collections of ones and zeros, it matters much less what type of work ultimately is reproduced. Second, copyright has been much more interested in "performance rights" than "performances," and debate has focused on issues such as what con-

*Thanks to Rob Kasunic and participants at the Chicago Faculty Workshop and the Chicago-Kent Faculty Workshop for helpful comments.

1 Pamela Samuelson, *Preliminary Thoughts on Copyright Reform*, 3 UTAH L. REV. 551 (2007).

2 Software, which for historical reasons is considered a literary work, is also hugely valuable, but my focus here is on works sequentially experienced by users — whether that happens through reading (books), watching (film and television), listening (music/sound recordings), or playing (videogames). While software is a literary work, a videogame is also an audiovisual work. *See* Atari Games Corp. v. Oman, 979 F.2d 242 (D.C. Cir. 1992).

stitutes a "public" performance instead of a "private" one and whether restaurants should have to pay when they turn the radio on. These are issues that tend to be resolved by interest group influence and bargaining.

Conceptually, legal discussions tend to offer a dual model of the performance as work. In one view, it's protected because of its technical characteristics: the things that make it a material object, such as the fact that the camera or microphone operator chose a particular angle and the editor cut the film at a particular point or the sound engineer chose a particular level. In another, it's protected because of its content: the creative actions of the performers being recorded. Courts and advocates tend to switch back and forth between these as needed. This dual nature allows courts to finesse awkward questions about the relationship between authorship, creativity, and copyright's incentives.

One key problem of performance from copyright's perspective is thus how to identify the creative elements that make a work of performance original and protectable, as distinguished from elements that make it a work (a fixed artifact).[3] A major variant of this question involves authorship: who is sufficiently responsible for a work of performance to be deemed its author, and thus its default owner? In a world where works require dozens and even hundreds of people to complete them, this question will often be difficult to answer while both respecting creativity and recognizing economic imperatives. While contracts will often take care of authorship issues for well-represented commissioning parties, there will inevitably be gaps that require identification of who counts as an author; in addition, third parties such as fair users and intermediaries have separate interests in knowing who owns a work, and contracts don't address the

[3] Nimmer considers motion pictures "distinctive" among the categories of copyrightable works "in that their continuous sight and sound can provide the requisite fixation to almost any human activity," "everything from an athletic event to a surgical procedure, from a Thanksgiving day parade to the steps executed in operating a nuclear power plant." 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2.09[F] (2013) (footnote omitted). One interesting thing about this statement is that motion pictures really aren't distinctive in that sense: words can also fix descriptions of these things — and yet it does not seem to be a difficult concept that protecting copyright in the words doesn't give any copyright in the activities described. *See* Baker v. Selden, 101 U.S. 99 (1879). Somehow, the immediacy or apparent realism of the moving image seems to create more difficult questions about what's protected, though it's still possible to undertake a separate analysis of whether the activity captured on film is itself a work of authorship. *See* 1 NIMMER & NIMMER, *supra*, § 2.09[F] ("The focus of this inquiry necessarily divides the creative aspects of the motion picture from the creative aspects of the underlying subject matter portrayed therein.") (footnote omitted).

problems they face when performers make authorship claims. An underlying theory of authorship is necessary.

Another set of questions involves whether there are ways to recognize performers' creative contributions without contributing to copyright's bloat, and how to assess claims of infringement in a performance context when the alleged copying isn't exact. This article addresses these puzzles of performance, arguing that manageability rather than creativity is generally the basis for the rights allocations and distinctions copyright law makes. The recent controversy over the film *Innocence of Muslims*, along with other instances in which subjects of audiovisual works claimed copyright in those works, demonstrate the limited role played by creativity in copyright law. That's not necessarily illegitimate, but we should be more honest about why, even outside the work for hire context, we seem to require more of performers than of other author-claimants.

I. PERFORMANCE AS WORK: FLUIDITY AND FIXATION

Performance is not itself a category of protected works in U.S. law. Rather, certain performances are protected. A performance of a musical work, for example, can be fixed in a sound recording.[4] A performance of a play, known as a "dramatic" work, can be fixed in an audiovisual recording. Choreography for dance can be fixed and protected if it is notated or if a performance is recorded on video.[5] Movies and other audiovisual works are also protected, raising the possibility of protecting a film as a film and separately protecting the dramatic work recorded in that film (thus, for example, a film of the same performance taken from a different camera angle might infringe the performance but not the film), or of denying separate protection to the work depicted.[6] By contrast, plays and scripts are literary works, not works of performance, even though they are intended to be performed.

In defining what it will protect, copyright helps produce what we consider valuable in art.[7] Copyright law has often ignored the fluidity of creativity, especially when it comes to works that are performed. This tendency has only been reinforced by the traditional artistic hierarchies that elevate writers over performers, and look down even on written

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[4] A work consisting of recorded sound is still a sound recording if it's just a recording of nature, with no performance by human beings involved. *See* H.R. REP. No. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1566, 1570.

[5] 17 U.S.C. § 106 (2006); Horgan v. MacMillan, Inc., 789 F.2d 157, 162-63 (2d. Cir. 1986).

[6] *See* 1 NIMMER & NIMMER, *supra* note 3, § 2.09[F].

[7] *See* Anne Barron, *The Legal Properties of Film*, 67 MOD. L. REV. 177 (2004).

works to the extent they are part of genres such as science fiction and romance that are associated with visuals, embodiment, and high emotion.[8]

Both in creation and in execution, performance is less fixed and predictable than copyright's categories generally accept.[9] For example, plays tend to emerge through interaction with performers rather than just from a playwright's head.[10] The dependence of playwrights and others who write for performance on performers has generally not been recognized

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[8] Francesca Coppa, *Writing Bodies in Space: Media Fan Fiction as Theatrical Performance*, in FAN FICTION AND FAN COMMUNITIES IN THE AGE OF THE INTERNET: NEW ESSAYS 225, 231 (Karen Hellekson & Kristina Busse eds., 2006) ("[T]raditional values . . . privilege the written word over the spoken one and mind over body. The move down the hierarchy therefore represents a shift from literary values (the mind, the word, the 'original statement') to what I would claim are theatrical ones (repetition, performance, embodied action)."); *see also id.* at 228 (noting that, even within relatively low status literary genres such as science fiction, the literary establishment has looked down on performance genres, including film); *cf.* Don Cusic, *In Defense of Cover Songs: Commerce and Credibility* 223, 224, *in* PLAY IT AGAIN, COVER SONGS IN POPULAR MUSIC (George Plasketes ed., 2010) [hereinafter PLAY IT AGAIN] (in music, critics and fans tend to prefer singer-songwriters, ignoring the value of interpretation).

[9] There are performance-like written works and writing-like performances. It's not my project to argue that there are clean dividing lines, but rather to suggest that the prototype of the written text has had negative effects on modern copyright law (in much the same way one might suggest that the prototype of "mother" has had negative effects on mothers whose identities don't fit the prototype). *See* GEORGE LAKOFF, WOMEN, FIRE AND DANGEROUS THINGS: WHAT CATEGORIES REVEAL ABOUT THE MIND 37 (1987).

[10] As Brent Salater writes:

> Theatre is inherently collaborative because it is an amalgam of the "static" word as it appears in the text and the "dynamic" act as it appears on the stage. There is an inseparability of the textual and the theatrical production. The process does not carefully insulate the writing of scripts from the acting or actual production of plays. It is not until this final step of "performance" is realised that the play can be said to be complete.

Brent Salter, *Taming the Trojan Horse: An Australian Perspective of Dramatic Authorship*, 56 J. COPYRIGHT SOC'Y 789, 815 (2009). Salter's interviews with directors repeatedly return to this theme:

> Directors . . . suggest that there is a clear distinction between what is written on the page and what appears on the stage. As a consequence, some directors believe the notion of the "Romantic playwright" being the authorial voice of the work is incompatible with theatre creation. Theatre director Ben Winspear:
>
> > [Romantic authorship in theatre is] just not realistic. The theatrical text is only relevant when it's spoken and spoken in the context of the stage. At any other point it's like an architect's plans. You know there wouldn't be a single building in the world that accurately reflects the plans of an architect. You are always pulling out the jack hammer and shaving off a bit here, and knocking an extra doorway

either by copyright law or by literary critics.[11] For live theater, reproductive copying is neither the point of the endeavor nor particularly highly valued. Francesca Coppa explains that different performances are ways to learn more about the underlying work as well as to explore the multiple potential stories that can be told using the same characters and situations:

> [I]n theatre, stories are retold all the time. . . . Moreover, there's no assumption that the first production will be definitive; in theatre, we want to see *your* Hamlet and *his* Hamlet and *her* Hamlet; to embody the role is to reinvent it. We also want to see new generations of directors and designers recast the play without regard for authorial intent or historicity, putting *Hamlet* into infinite alternative universes. What if Hamlet was a graduate student? What if Hamlet had an (entirely ahistorical) Oedipal complex? What if Hamlet was a street kid in the Bronx? Hamlet has been portrayed as an action hero/medieval warrior, the avenging son of a Japanese CEO, an angry young man, and a university student home on break.[12]

Though this is not often recognized, this fluidity is inherent in *any* work under modern copyright law. The intangible "copyrighted work" is, by definition, distinguishable from the material copies in which it is embodied.[13] Thus, the boundaries of the "work" are unfixed until we start comparing it to other works that might or might not infringe. In modern copyright law, copyright owners have a right to control "substantially similar" copies of their works, and a (partially) separate right to control "derivative works," which means that their rights extend to other forms, such as movie versions, sequels, translations, condensations, and so on.[14] Every

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> through there and filling that up with concrete . . . . [T]heatre exists between the audience and the performers . . . .

Id. at 873. *See also* Coppa, *supra* note 8, at 237 ("The script isn't the final product in theatre; in fact, one of the questions that theatre theorists have had to debate is the location of the work of art. Is it in the author's original script? Probably not; the original script goes through innumerable changes in performance and is rarely seen outside of library archives. The published script of a theatrical or teleplay is usually a postproduction draft that takes into account changes that were made during production by actors, directors, and designers; far from being evidence of a single authorial vision, a published play is one of the most collaborative genres in existence. And most theatre works never result in a published script at all, so it's difficult to argue for text as the central object in a theatrical art experience.").

11 Michael W. Carroll, *Copyright's Creative Hierarchy in the Performing Arts*, 14 VAND. J. ENT. & TECH. L. 797, 818 (2012) ("Authors of source works are not similarly situated to most other authors because their work is not fully realized until it has been performed. The law should not give one of these codependent parties the right to veto the creative aspirations of the other . . . .") (footnote omitted).

12 Coppa, *supra* note 8, at 236.

13 17 U.S.C. § 101 (2006).

14 *Id.* § 106.

copyrighted work is therefore like the script for a play: it is a blueprint, but not just for one particular instantiation. Rather, the blueprint can have a potentially infinite series of variations.[15] All works are surrounded by possible derivative and infringing variants, most unrealized.[16]

However, as copyright's scope expanded, the conception of a work of art, paradoxically, hardened. The West has experienced a long period of what Fumi Arewa calls the "sacralization" of the work. For example, before the classical period, opera performers routinely chose arias that showcased their own skills, regardless of the opera in which the singers were performing. Over time, that ability to alter the role to suit came to seem bizarre: a failure of the performer to recognize her place.[17] The same sacralization process tended to freeze symphonic music and dramatic works, making revisions of Shakespeare's plays to change their endings or genres — formerly standard — into assaults on the correct order of things.[18] Only one version was "authentic." Shakespeare had to be protected both from the audience (which might want different versions or happier endings) and from "overbearing actors" whose desire to show off their own skills threatened the play's "integrity."[19] Cultural arbiters admonished actors "not to take liberties" with the text.[20] This elevation of the creator of the fixed script/text over the performer, whose performance was thereby made less significant, is part of the cultural devaluation of performance. The body-work of performance — the physical labor of creating a performance — seems easier to discount than the creative labor of conceptualizing a work, even though a performance may be the result of just as much preparation and calculation as a script (and even though copyright formally disavows a labor theory of value).[21]

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15 *See* Coppa, *supra* note 8, at 237.

16 *Cf.* Marvin Carlson, *Theatrical Performance: Illustration, Translation, Fulfillment, or Supplement*, 37 THEATRE J. 5, 10 (1985) ("A play on stage will inevitably display material lacking in the written text, quite likely not apparent as lacking until the performance takes place, but then revealed as significant and necessary. At the same time, the performance, by revealing this lack, reveals also a potentially infinite series of future performances providing further supplementation.").

17 *See* Olufunmilayo B. Arewa, *Creativity, Improvisation, and Risk: Copyright and Musical Innovation*, 86 NOTRE DAME L. REV. 1829, 1839-40 (2011).

18 LAWRENCE W. LEVINE, HIGHBROW/LOWBROW: THE EMERGENCE OF CULTURAL HIERARCHY IN AMERICA 72, 138 (1988); *see also id.* at 146 (for symphonies, "the masterworks of the classic composers were to be performed in their entirety by highly trained musicians on programs free from the contamination of lesser works or lesser genres, free from the interference of audience or performer . . . .").

19 *Id.* at 72.

20 *Id.* at 138.

21 For a version of this argument from a venerable source, see Adam Smith:

Recordings changed what was sacred, but left the sacralization process largely intact. As Jacob Smith explains, "recording allowed for a shift in the ontological status of music, most dramatically in genres such as rock and roll, which made the record, not the written score or live performance, the central work."[22] Performances can now be separated from performers and exist as artifacts: "With recording one is able to experience, revisit, and analyze nuances of particular sounds and voices, so that improvised genres of music such as jazz can be heard and discussed in the same manner as a written score."[23]

Audiences came to understand and evaluate performances in relation to some other fixed instance, whether written or recorded.[24] Now, we go to concerts to see live performances of the recorded songs with which we are intimately familiar. These performances can then be judged against their recorded versions in a way that was impossible for previous generations, creating a new meaning for live, embodied performance.[25] Jazz is

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> The labour of some of the most respectable orders in the society is, like that of menial servants, unproductive of any value, and does not fix or realize itself in any permanent subject . . . . In the same class must be ranked, some both of the gravest and most important, and some of the most frivolous professions: churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, musicians, opera-singers, opera-dancers, &c. . . . Like the declamation of the actor, the harangue of the orator, or the tune of the musician, the work of all of them perishes in the very instant of its production.
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> 2 ADAM SMITH, AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS 45-46 (Edwin Cannan ed., 5th ed. 1904). Thanks to Wendy Gordon and Joseph Liu for insights on this point.

[22] JACOB SMITH, VOCAL TRACKS: PERFORMANCE AND SOUND MEDIA 120 (2008).

[23] *Id.* at 121.

[24] *See, e.g.*, Joanna Demers, *Melody, Theft, and High Culture*, *in* MODERNISM AND COPYRIGHT, 114, 119 (Paul K. Saint-Amour ed. 2010) ("Lydia Goehr has shown that Western art music's work-concept emerged around 1800, alongside a growing awareness of musical material as property . . . . Composers no longer wrote mere pieces but rather works that existed theoretically as a set of instructions or 'scores.' These theoretical works were realized through performances whose quality was judged on the basis of their fidelity to the originating score as well as to conventions governing music-making. The work-concept was groundbreaking because it distinguished performances (which could be riddled with mistakes) from works (which were supposedly independent, permanent, and capable of expressing the ineffable). The work-concept, in short, allowed music to escape its grounding in ephemeral sound and to aspire to what was seen as a superior quality of the plastic arts: permanence.") (citations omitted).

[25] The distinction isn't total. It was always possible for an individual to consider Sarah Bernhardt's Hamlet the canonical Hamlet; that judgment was just more debatable. *Cf.* Ben Brewster, *The Fundamental Reproach (Brecht)*, 2

celebrated for its improvisational nature and radio stations play canonical jazz recordings long after the improvisers are dead. Elsewhere, some people attend showings of *The Rocky Horror Picture Show* in order to participate in a live performance whose pleasures stem from its relation back to the fixed, canonical version.

This conceptual shift toward a single canonical performance as the embodiment of a work occurred even though fixity was neither historically a characteristic of books in the early age of print[26] nor is it now a requirement in the digital age.[27] Today, the same technology that allows exact fidelity also allows George Lucas to reconstruct Star Wars to erase the fact that, when the film was first shown, Han Solo shot first,[28] and allows Amazon to delete copies of George Orwell's books (and our notes on them) from our Kindles.[29]

So why canonize? The static work seems easier to handle, legally speaking, than a changeable performance.[30] "Performances seem ineffable, and thinking about them induces reverie rather than analysis."[31] In addition, art critics have been willing to deem performance marginal and less creative by comparison to standard works of literature and visual art.

CINE-TRACTS 44 (1977) (Brecht "asserted that 'the theatre's first advantage over the film is . . . in the division between play and performance', and continued 'the mechanical reproduction gives everything the character of a result: unfree and inalterable.'").

[26] ADRIAN JOHNS, THE NATURE OF THE BOOK: PRINT AND KNOWLEDGE IN THE MAKING (1998) (arguing that, because of the ways in which books were printed sheet by sheet and "pirated" by various printers who altered them in different ways, it was extremely common for different copies to differ significantly and unlikely that all copies of the "same" book would be identical; the fixity of print was an ideological effect, not a natural fact).

[27] WILLIAM J. MITCHELL, THE RECONFIGURED EYE: VISUAL TRUTH IN THE POST-PHOTOGRAPHIC ERA 52-53 (1992) (digital technology enables a general shift from fixity to lack of certainty in the existence of a true original; each digital image is an instance in a chain, "made to be processed, . . . and any file is the potential progenitor of an endless sequence of descendants").

[28] Rich Drees, *George Lucas and the Not-So-Special Edition of Star Wars*, FILM BUFFONLINE, http://www.filmbuffonline.com/Editorial/EditorialStarWars.htm (last visited July 29, 2010).

[29] Brad Stone, *Amazon Erases Orwell Books From Kindle*, N.Y. TIMES, July 17, 2009, https://www.nytimes.com/2009/07/18/technology/companies/18amazon.html.

[30] Anne Barron, *supra* note 7, at 371 (arguing that the division of art into specific types, as in copyright, makes performance exceedingly difficult to conceptualize, in part because theater and related arts cross the boundaries of type and in part because theater needs an audience to be complete and thus refuses the self-contained status so vital to copyright's (and modernism's) definition of an artwork).

[31] John O. Thompson, *Screen Acting and the Commutation Test*, *in* STARDOM: INDUSTRY OF DESIRE, 183, 183 (Christine Gledhill ed., 1991).

(This bias is found in high and low culture alike — consider the preference many rock fans have for singer-songwriters, and the disdain they have for boy bands and other performing groups.) Performance is often founded on interpretation of others' creativity, as when actors perform an existing play or singers perform an existing song.[32]

Moreover, a system oriented towards words has difficulty evaluating performance elements and may treat them as meaningless or worthless. Thus, prominent copyright lawyer Nathan Burkan failed to persuade a court that there was anything protectable in Charlie Chaplin's performance, despite (or perhaps because of) his argument that the performance was so distinctive that it couldn't be described in words, only portrayed.[33] Likewise, copyright law specifically prevents audio performers from claiming rights available to other authors: the sound recording copyright protects only against mechanical duplication of fixed sounds, not against the creation of soundalikes copying the performance elements added by a singer; while this restriction is necessary to make the mechanical license for musical works effective, it also encodes into law the judgment that creative elements of musical performance aren't worth protecting against the kind of copying that would be actionable as applied to books, scores, and the like.[34]

Our difficulty with recognizing the contribution of performance elements to meaning is also troublesome when it comes to fair use. In *Campbell v. Acuff-Rose*, for example, Justice Kennedy's concurrence cautioned that the defense should not be read too broadly, using as an obvious example the claim that a rap version of the country hit *Achy Breaky Heart* would be (1) hilarious and (2) not a fair use.[35] Justice Kennedy was unwilling to acknowledge that performance style alone could change the meaning of a musical work sufficiently to serve as commentary on that work, even though it is patently obvious that this occurs on a regular basis.

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[32] *See* Carroll, *supra* note 11, at 799 ("Regrettably, copyright law in all countries takes an elitist approach. In the thrall, or under the pall, of the ideology of Romantic authorship, copyright grants the author of the source work a privileged position and the right to veto a live or recorded performance that does not suit her taste, unless one of copyright's limitations or exceptions applies.").

[33] See PETER DECHERNEY, HOLLYWOOD'S COPYRIGHT WARS 74 (2012) ("Burkan's larger strategy, however, was to insist that [Charlie] Chaplin was a unique genius, an ineffable quality that anyone could just see for themselves. Chaplin's genius could not be described or broken down into distinct elements. In one show of courtroom theatrics, Burkan claimed that a clip from a Chaplin film would have to be placed in the court's decision, because words could not describe him.") (footnote omitted).

[34] 17 U.S.C. § 114(b) (2006). I thank Joe Liu for this point.

[35] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 599 (1994) (Kennedy, J., concurring).

George Plasketes argues that covers routinely provide a new meaning and message for existing works:

> As one of music's major forms of intertextuality, covers are not only immersed in history, they recognize, recite and reshape the past . . . . A cover song invites, if not insists upon, a comparison to the original, . . . engaging the listener in a historical duet with lyric and lineage. . . . With the original framed in forefront or back of our mind, we consider the conversions and their contrasts . . . .[36]

Tori Amos, for example, has an entire album of cover songs by men about women; her renditions are often transformative, most notably when she covers Eminem's tale of a jealous husband murdering his wife and child.[37] Jimi Hendrix famously reworked *The Star-Spangled Banner* in a way that transformed its meaning. More generally, Sheldon Schiffer has documented how racial, social, and sexual difference as instantiated by performers can change the meaning of a song.[38]

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[36] George Plasketes, *Further Re-flections on "The Cover Age": A Collage and Chronicle*, *in* PLAY IT AGAIN, *supra* note 8; at 11, 35-36; *see also* Greil Marcus, *Old Songs in New Skins*, *in* DE CAPO BEST MUSIC WRITING 2000, at 374, 376 (Peter Guarlnick & Douglas Wolk eds., 1999) ("One of the ways songs survive is that they mutate . . . . Pop songs are always talked about as the 'soundtrack to our lives,' when all that means is that pop songs are no mere containers for nostalgia, but lives change and so do soundtracks, even if they're made of the same songs."); Deena Weinstein, *Appreciating Cover Songs: Stereophony*, in PLAY IT AGAIN, *supra* note 8, at 243, 249 ("A cover can provide a different mood, another emotional tone, and can alter the meaning of a composition, inverting it or merely providing a new understanding of the subject. And many covers change both mood and meaning . . . . Goth renditions, for example, tend to infuse a composition with a sense of weakness or misery."). These changed meanings aren't necessarily progressive. *See* David Dante Troutt, *I Own Therefore I Am: Copyright, Personality, and Soul Music in the Digital Commons*, 20 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 373, 417 (2010) (discussing major record labels' practice of producing white covers of African-American performers and promoting those covers to white audiences).

[37] *See/hear also* Alanis Morissette delivering the Black Eyed Peas' *My Humps* in her distinctive mournful style, creating a contrast that both emphasizes the banality of the original song and the bathos of Morissette's own style. Alanis Morissette, My Humps, YOUTUBE (April 5, 2007), http://www.youtube.com/watch?v=pRmYfVCH2UA. I am reliably told that Bowling for Soup's cover of Britney Spears in the remake of *Freaky Friday* produces a similar effect. *See generally* Plasketes, *supra* note 36, at 27 (discussing ways in which cover songs recontextualize the work, making it the performer's own).

[38] Sheldon Schiffer, *The Cover Song as Historiography, Marker of Ideological Transformation*, in PLAY IT AGAIN, *supra* note 8, at 77, 81 ("Songs 'intended' to validate relations between God and its human subjects were sexualized (Sister Rosetta Tharpe's 1940s *Nobody's Fault But Mine* versus Led Zeppelin's 1970s). Songs intended to validate heterosexual romance and

Similar performance changes affect meaning in nonmusical performances. Comedian Tina Fey delivered vice presidential candidate Sarah Palin's words verbatim, and, in the performance, made a profoundly effective parodic point.[39] (Not incidentally, it is difficult to imagine anything other than performance that could have made this point: even playing footage of Palin's own interview would not have been as revealing.) Often, the changes depend on the physicality of the actors, particularly their apparent race, gender, or sexuality; attempts to change racial or gender casting in plays have been suppressed because of interference with preferred meaning.[40] But there are infinite and incalculable ways that performance elements can change meaning: for example, setting *Waiting for Godot* in a post-apocalyptic bunker has a very different meaning than setting it in Beckett's empty room, grounding "the individual's despair in an external event that was shared by all."[41]

In non-performance situations, where the person making the changes has the same desire to interpret an existing work through a new lens, courts have understood that the copyright owner's very insistence on fixing meaning strengthens the case for fair use. In the *Wind Done Gone* case, Alice Randall's rewriting of *Gone with the Wind* to add in discussions of miscegenation and homosexuality was a factor in favor of transformativeness, given the Mitchell estate's unwillingness to accept such changes.[42] But Randall was a writer like Mitchell, not a mere implementer as directors and performers are often considered. Thus, her fair use defense was taken seriously in ways that directors' and performers' claims for interpretive freedom generally aren't.

Perhaps a performance-oriented culture will come to see the transformativeness of performance more readily. In one recent case, the plain-

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sexual roles could validate homosexual love or alternative sex roles (Rod Stewart's *Tonight's the Night* 1970s versus Janet Jackson's 2000s). Songs meant to personify one ethnic or national group could augment another ethno-national identity (David Bowie's *Changes* 1970s versus Seu Jorge's in 2004) . . . . The recording star persona, utilizing the cover song to construct its own identity, by affiliation, alters the beliefs of its listeners.").

39 Gender pops up in these examples along with race, which is not surprising given conventional associations between performance, excess emotionalism, and femininity.

40 *See* Anthony Tommasini, *All-Black Casts for 'Porgy'? That Ain't Necessarily So*, N.Y. TIMES, Mar. 20, 2002, at E1 (cross-racial casting of *Porgy and Bess*); Leonard Jacobs, *German 'Godot' a No Go: Beckett Publisher Quashes Cross-Gender Production*, BACK STAGE, Feb. 6, 2004, at 62 (cross-gender casting of *Waiting for Godot*); Carroll, *supra* note 11, at 808 (discussing the content restrictions that are standard in performing licenses).

41 MARTIN GARBUS WITH STANLEY COHEN, TOUGH TALK: HOW I FOUGHT FOR WRITERS, COMICS, BIGOTS, AND THE AMERICAN WAY 192 (1998).

42 SunTrust Bank v. Houghton Mifflin Co., 268 F. 3d 1257 (11th Cir. 2001).

tiff, Keeling, created a parody version of the film *Point Break*, *Point Break LIVE!* The parody stemmed from recreating the storyline of the original film — about an FBI agent who goes undercover to take down a group of surf-loving bank robbers — using amusingly unrealistic props and staging, and putting an unrehearsed audience member in the key role of the FBI agent, played in the film by notoriously blank actor Keanu Reeves. The lawsuit began when the defendants, after a dispute with the plaintiff, started staging their own version of *Point Break LIVE!* They obtained a license from the owners of the rights to *Point Break*, but none from Keeling, and argued that she had no valid copyright because her version was an unauthorized infringing work. The court, and a subsequent jury, found that she had established that her version was fair use. Therefore it had its own independent copyright, which the defendants infringed.[43]

Here, performance works as commentary by heightening elements of the original. The props and the use of the unrehearsed audience member reading from cue cards "really catches the essential rawness of Keanu Reeves' acting style."[44] Tongue in cheek repetition produces a disruptive effect: the "wonderfully iconic quotes from the movie" combined with their theatrical presentation created "a night of live theater that rivals anything by Samuel Beckett in terms of pure excitement and energy."[45] Like an annoying younger sibling repeating anything the older one says, the copying is itself the change that fair use seeks.

But the *Point Break LIVE!* decision produced barely any written findings. The court didn't explain its conclusions on the transformativeness of performance, and so the case may not make much of a precedential dent. It wouldn't be surprising if the court simply found it very difficult to

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[43] Keeling v. New Rock Theater Prods., LLC, No. 10-cv-09345 (S.D.N.Y. Jan. 10, 2013).

[44] About Point Break Live, http://www.pointbreaklivela.com/About.html (last visited Jan. 29, 2013); *see also* Eriq Gardner, *Playwright of 'Point Break' Parody Wins $250K Trial Verdict* (Dec. 20, 2012, 4:45 PM PST), http://www.hollywoodreporter.com/thr-esq/playwright-point-break-parody-wins-405930 ("'The trial turned on Ms. Keeling's testimony of how she made the serious into jokes and how the amount she used from the film was justified,' says Ethan Jacobs, an attorney at Vinson & Elkins, who represented her. By way of example, Jacobs says Keeling showed that by having unrehearsed audience members pretending to make a movie, 'She captured the effect of Keanu Reeves' performance in the film like he was reading off of cue cards.'").

[45] *Id.*; *see also* Jacob Coakley, *Yo, Johnny! See You in the Next Life! Point Break LIVE! is the Ultimate Rush*, http://www.lasvegasweekly.com/news/2008/oct/09/yo-johnny-see-you-next-life/ (Oct 9, 2008) ("This is a raucous, hysterical night of theater that revels in the stupidity of the movie and the absurd cleverness of adapting it live onstage in front of you.").

explain in conventional legal language what was so transformative about repetition with irony and bad line readings.

If we don't have a good vocabulary for explaining how meaningful performance is, it should come as no surprise that we don't even know how to give credit to performers, as the following section discusses.

II. PERFORMANCE AS AUTHORSHIP

A. Background: Dividing the Dancer from the Dance

As noted above, the legal system has difficulty in assessing performance as a contributor to the value or meaning of a work.[46] It is even difficult to tell what creative elements audiovisual copyrights protect in many cases: the camerawork or the underlying activities depicted. In successfully arguing for protection for virtually all audiovisual works, proponents focused on the characteristics of a recorded performance that make it a *record* — the producer's choice of microphone, the cinematographer's choice of angle or focus.[47] As Anne Barron has explained with respect to

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[46] *See, e.g.*, Troutt, *supra* note 36, at 396 ("[T]he secondary status given to performers and performance under copyright law has been a critical lever in determining the scope of economic benefit and artistic recognition under music copyright law."); Sunny Noh, *Better Late Than Never: The Legal Theoretical Reasons Supporting the Performance Rights Act of 2009*, 6 BUFF. INTELL. PROP. L.J. 83, 83-84 (2009). And yet performance can readily make all the difference. Playwrights who refuse to allow cross-racial or cross-gender casting, among others, are pretty clear that the written instructions do not control the meaning of a performed work. See Rebecca Tushnet, *Copy This Essay: How Fair Use Doctrine Harms Free Speech and How Copying Serves It*, 114 YALE L.J. 535, 570 & nn. 162-163 (2004) (citing instances); *cf. id.* at 569-70 (discussing ways of performing music that change its meaning). Because of performance's connections to the body, it is unsurprising that treatment of performance has had a profoundly disparate racial impact as well. *See, e.g.*, Troutt, *supra* note 36, at 404 ("[W]hether they were composers and performers or only performers, the majority of musicians then and now received most of their income as artists from performance. The fact that the 1909 Act continued to regard most performance as . . . unprotected 'reading' of protectable 'writing,' severely disadvantaged many musicians for generations, especially black artists who were often rendered unprotected performers after the theft of their compositions by unscrupulous intermediaries.") (footnotes omitted).

[47] *See* 1 NIMMER & NIMMER, *supra* note 3, § 2.09[F] ("When a football game is being covered by four television cameras, with a director guiding the activities of the four cameramen and choosing which of their electronic images are sent to the public and in which order, there is no doubt that what the cameramen and the director are doing constitutes authorship."); Nat'l Basketball Ass'n v. Motorola, Inc., 105 F.3d 841, 847 (2d Cir. 1997); *cf.* Eva E. Subotnik, *Originality Proxies: Toward a Theory of Copyright and Creativity*, 76 BROOK. L. REV. 1487, 1513-17 (2011) (arguing that courts regularly protect photographs based on the characteristics that make them, physically,

UK law, copyright law has therefore oscillated between reducing film to a physical medium — a record of technical choices — and ignoring film's specific characteristics, such as the way that editing creates narrative meaning, by claiming to protect the dramatic events recorded by the medium separate from editing.[48]

The formal justification for providing copyright to film as film is that creative, authorial activity takes place in selecting camera angles and similar choices.[49] Thus, the Zapruder film was an incredibly valuable copyrighted work, whose creative choices consisted of Zapruder's choice to bring his camera, choice (limited by multiple constraints) of place to stand, choice to focus on the Kennedy car, and so on. Zapruder wasn't responsible for the things that happened on the film, but he owned his recording of them. But the film isn't valuable because of the camera angles. It's valuable because it's a record of what happened. The situation is similar, if less historically significant, with many valuable works such as sports competitions, for which broadcast rights are worth billions of dollars. Copyright's incentives are really working on the underlying, unprotectable games, not the camera angles.[50] Still, the participants — performers — aren't understood to be authors.

When we can't be sure what the protected elements of a work should be, we also have difficulty figuring out who to credit for it. Thus, controversies over performance works, including plays and movies, make up a large share of disputes over joint authorship in the U.S. system.[51] Because joint authors share equally in the rights to a work no matter how unequal

photographs); BERNARD EDELMAN, OWNERSHIP OF THE IMAGE: ELEMENTS FOR A MARXIST THEORY OF LAW (1977) (arguing that the needs of capitalism led courts to shift from considering photographs as mere mechanical reproductions to regarding them as productions of an author; in film, the producer was likewise deemed an author).

48 Barron, *supra* note 7, at 193.

49 *See supra* note 3.

50 *Compare* Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n, 805 F.2d 663, 669 (7th Cir. 1986) (baseball players' performances in playing baseball were copyrightable, thus preempting right of publicity claims based on televised performances), *with Nat'l Basketball Ass'n*, 105 F.3d at 846-47 (unscripted sports performances were not copyrightable); 1 NIMMER & NIMMER, *supra* note 3, § 2.09 [F] (underlying athletic events themselves are "not subject to copyright protection[,]" even if fixed).

51 See Thomson v. Larson, 147 F.3d 195 (2d Cir. 1998); Childress v. Taylor, 945 F.2d 500 (2d Cir. 1991) (holding that an actress who helped playwright with play was not a joint author because of lack of intent); Mary LaFrance, *Authorship, Dominance, and the Captive Collaborator: Preserving the Rights of Joint Authors*, 50 EMORY L.J. 193, 228-29 (2001) (attacking the *Childress* approach to determining joint authorship and arguing that it has not been grounded in either law or policy by any subsequent court).

their contributions, and because each one can license it nonexclusively without the consent of the other authors, courts have preferred to award authorship to a single person. This preference, however, often leads to dismissiveness regarding the real creative contributions of others involved in bringing a work of performance to its audience.[52]

Claims of copyright in stage directions have provided one place where tensions between creators have moved to the legal arena.[53] The law has difficulty conceptualizing stage directions because they are both dynamic — arising out of the interaction of many people — and dependent on the underlying play: they are at least close relatives to derivative works of the original script. Indeed, one might go beyond stage directions and claim that individual actors' performances are also derivative works — works that transform, recast or adapt the script to the medium of performance and that as a whole represent the addition of new creative material (the stuff of authorship).[54] This is an awkward conclusion, however, because the derivative works right is a separate right from the public performance right, and a standard license to perform a play only grants the latter.

Perhaps copyright law has been able to ignore stage performers' creativity because we expect their compensation to come from direct payment for the services of their bodies, not from the royalties to which other creative types are accustomed.[55] We understand the producer of a movie to be

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[52] Carroll, *supra* note 11, at 804 (discussing the "mutual dependence" of the author of a text destined for performance on the people who bring it to life, and vice versa; "Both the authors and the other creative parties contribute individual creativity to the collective performance. A range of creative individuals sits between the author of the source work and the performer, such as directors, producers, dramaturges, and cinematographers.").

[53] *See, e.g.*, David Leichtman, Note, *Most Unhappy Collaborators: An Argument Against the Recognition of Property Ownership in Stage Directions*, 20 COLUM.-VLA J.L. & ARTS 683 (1996); Jennifer J. Maxwell, Note, *Making a Federal Case for Copyrighting Stage Directions:* Einhorn v. Mergatroyd Productions, 7 J. MARSHALL REV. INTELL. PROP. L. 393 (2008); Talia Yellin, *New Directions for Copyright: The Property Rights of Stage Directors*, 24 COLUM.-VLA J.L. & ARTS 317 (2001); Margit Livingston, *Inspiration or Imitation: Copyright Protection for Stage Directions*, 50 B.C. L. REV. 427 (2009).

[54] Rob Kasunic's research has suggested that many copyright registrations for "pantomimes" historically were similar to stage directions. He speculates that actors could argue that their movements qualified as copyrightable pantomimes. Private correspondence.

[55] *Cf.* Christopher Sprigman, *The Knockoff Economy and the Power of Performance and Brands*, VOLOKH.COM (Oct. 18, 2012, 7:35 AM), http://www.volokh.com/2012/10/18/the-knockoff-economy-and-the-power-of-performance-and-brands, (suggesting that being able to charge for performance aspects of an experience diminishes the need for copyright's economic incentives).

interested in — motivated by — the right to circulate copies, and thus we generally treat movies as artifacts that exist only because of the incentives copyright provides. Actors, as well as theatrical directors, or anyone else engaged in making bodies move in space, seem to have different and lesser interests.[56]

The lesser cultural value given to performance-oriented creativity pushes courts and critics towards perceiving single authorship. There are also factors pulling in that direction, especially for large-scale works such as films. For economic reasons, control is generally centralized in a film company as the owner of a "work made for hire." And on a theoretical level, treating a film director as the unitary source of intent and meaning has been an irresistible temptation for many film critics. It's just so much simpler than looking at all the contributors, and it's often useful to believe that there is a single master mind to whom a unitary plan can be attributed.[57]

But we also recognize performers as artists, which is to say as creators. The ideology of creativity as the foundation of authorship thus suggests that (some) performers should count as authors.[58] It's true that individual authorship only matters in the U.S. in the absence of contracts with the potential authorial candidates specifying that the film is a work for hire for the purposes of copyright law. A work for hire is legally authored by the commissioning party. Such contracts are routinely signed with the traditionally recognized author-candidates involved in creating a film.[59] Contracts are less consistent with respect to non-lead performers,

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[56] *Cf.* Matthew Rimmer, *Heretic: Copyright Law and Dramatic Works*, 2 QUEENSLAND U. TECH. L. & JUST. J. 131, 142 (2002) (arguing that there is a double standard in the treatment of producers as between plays and movies, so that "[t]he producer of a play is denied copyright protection because of a belief that a dramatic work is just concerned with live performance" while "[t]he producer of a film receives copyright protection in order to facilitate the capital investment that is required to produce and market such a work to mass audience").

[57] *See* Salter, *supra* note 10, at 838.

[58] Carroll, *supra* note 11, at 805-06 ("An actor, a dancer, and a musician each face a range of creative choices when deciding how to perform a role or a piece of music. These creative choices can be fixed in a tangible medium simply by recording the performance. On copyright's first principles, these creative choices are sufficiently original to qualify the performer as an author of her performance. This view does not enjoy full acceptance, however. . . . Courts treat musicians, producers, and some sound engineers as authors of their recorded performances. Nevertheless, courts recognize only some collaborators in theatrical productions as authors, and actors and dancers usually are not treated as authors.") (footnotes omitted).

[59] *See* Jonathan Barnett, Hollywood Deals: Soft Contracts for Hard Markets 13 (2012), *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2118918 (explaining that Hollywood film companies treat writers differently

makeup artists, set designers and so on, since their contributions are not generally thought to rise to the level of authorship in the first place.[60] If they're not authors, there's no reason to call their contributions "works made for hire," and perhaps some reason not to do so, in order to strengthen the argument that no one expects such people to be authors in the not uncommon case in which a contract is incomplete or not fully executed.[61]

Authorship is still important even if we expect it routinely to be transferred by contract. Among other things, a work is only copyrightable when it's fixed "by or under the authority of the author,"[62] so we first need to know who the author is to know whether the fixation requirement has been met. Also, authors have special rights with respect to copyrighted works, compared to non-authors who contributed to those same works. While the author of a novel owns the copyright, and can even recapture it thirty-five years after transferring it to a publisher as a matter of statutory right, the editor of the novel owns nothing, no matter how much she contributed to the novel's value and success. The same rule applies to anyone who contributes material not rising to the status of "authorship" to any work — and for films, there are a lot of such people.

In order to protect against the threat of hundreds of people claiming partial ownership of each film or play, courts have interpreted the concept

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than directors and actors because of their understanding of copyright law, requiring written contracts with writers in order to ensure ownership of the writers' copyright); *but cf. id.* at 11 (noting that studios do appear to insist that directors and principal actors transfer any intellectual property rights in writing even if the rest of the contract isn't formalized).

60 *See, e.g.*, Britton Payne, *Copyright Your Life: The Implications of Works Made for Hire and Termination of Transfer in Non-Scripted Entertainment*, 15 U. BALT. INTELL. PROP. L.J. 171, 172 (2007) ("Because of the nature of some kinds of reality television and other new media making use of the technological democratization of entertainment, the contracts granting copyright to producers often do not explicitly identify a performer as contributing work made for hire."); Gregory N. Mandel, *To Promote the Creative Process: Intellectual Property Law and the Psychology of Creativity*, 86 NOTRE DAME L. REV. 1999, 2018 (2011) ("Contributors often do not adequately consider their intellectual property rights beforehand, or even if they do, rarely pay enough attention to clearly define their respective rights by contract."); Rochelle Cooper Dreyfuss, *Collaborative Research: Conflicts on Authorship, Ownership, and Accountability*, 53 VAND. L. REV. 1159, 1165, 1169-82 (2000) (noting pervasive failure to contract with sufficient specificity about copyright ownership).

61 As Barnett points out, Hollywood is full of non-repeat players and potentially large one-time gains that make attempts to impose holdup costs on film companies more likely. Barnett, *supra* note 59, at 22.

62 17 U.S.C. § 101 (2006).

of joint authorship extremely narrowly.[63] The 1976 Copyright Act defines a "joint work" as "a work prepared by two or more *authors* with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."[64] So the intention to merge contributions may be present, but you first have to be an author before that intention matters. And how do you get to be an author? Initially, courts look for a "master mind" in control of the entire production.[65] Since that's inconsistent with the very idea of joint authorship, the courts then hold that each author must have the intent to share *authorship* specifically, not just the intent to merge their contributions into a unified whole, in order to become a joint author.[66] Courts also often state that true authors have final decisionmaking authority, again in inherent tension with the concept of joint authorship.[67]

But this test is problematically self-referential: how do we decide who gets to have the relevant intent? What if, for example, contributor 1 thinks of herself and contributor 2 as authors, but contributor 2 sees himself as the sole author? Contributor 2's self-centeredness is likely to be a

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[63] Barron, *supra* note 7, at 206. Anne Barron attributes this result to the needs of capitalism overriding the theory of creativity supposedly adopted by copyright law. *Id.* at 191 ("[C]opyright law in the UK has had no difficulty whatsoever in reconciling the ideology of individual artistic expression with the commodity form of the subject: quite simply, the former has yielded unquestioningly to the latter when the relations of production have so required. This is nowhere more evident than in relation to photographers and filmmakers.").

[64] 17 U.S.C. § 101 (2006) (emphasis added).

[65] Aalmuhammed v. Lee, 202 F.3d 1227, 1233 (9th Cir. 2000) ("author" is best defined as "the person to whom the work owes its origin and who superintended the whole work, the 'master mind.' . . . [For a film, this] would generally limit authorship to someone at the top of the screen credits, sometimes the producer, sometimes the director, possibly the star, or the screenwriter — someone who has artistic control.") (citation omitted).

[66] *Id.* at 1233-34 ("[A] person claiming to be an author of a joint work must prove that both parties intended each other to be joint authors.").

[67] If joint authors disagree, one of them must generally prevail, and yet they could still easily be joint authors as long as they both admit their interdependence. *See* Roberta Rosenthal Kwall, *"Author-Stories": Narrative's Implications for Moral Rights and Copyright's Joint Authorship Doctrine*, 75 S. CAL. L. REV. 1, 60 (2001) (identifying bias against joint authorship in *Aalmuhammed*: "[T]he court is fixated on a definition of 'authorship' which embodies a single creative entity. . . . The notion that a movie could be the product of many creative authors whose contributions are blended into the final product is completely foreign to the court's sensibilities. This bias is underscored by the court's obsession with the exercise of 'control' as a key element in determining authorship.").

legal advantage.[68] As long as he looks sufficiently author-like, his discounting of contributor 1's contributions will help him be deemed the sole author. Some scholars have begun to argue for use of accession, a doctrine borrowed from real property, to resolve related questions about ownership of derivative and transformative works.[69] But to know who owns an improvement or contribution through accession, one must first know who owned the core piece of property. Multi-contributor productions can often resemble the soup in the fable of "Stone Soup," in which a sharp operator convinces a village that he can make soup out of stones — as long as each of the villagers contributes a little bit of meat, vegetables, spices, etc. The resulting dish is delicious, and the stones are a but-for cause of the soup, and yet it seems odd at best to say that the stranger with the stones is the true owner and proprietor of the soup.

Along with intent, courts also look at customary roles to disqualify people as authors — editors are not authors;[70] playwrights are authors but

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[68] *See* Roberta Rosenthal Kwall, Book Review, *The Author as Steward "For Limited Times": The Idea of Authorship in Copyright*, 88 B.U. L. REV. 685, 695 (2008) (noting that the standard favors the "dominant" author over an equally contributing but "non-dominant" author).

[69] *See* David Fagundes, Efficient Theft: Copyright & the Accession Insight (2011), *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1949545; Christopher M. Newman, *Transformation in Property and Copyright*, 56 VILL. L. REV. 251, 292 (2011) (addressing accession with the presupposition that a work already has an identified author who has planned the work).

[70] As one court put it:

> [A] writer frequently works with an editor who makes numerous useful revisions to the first draft, some of which will consist of additions of copyrightable expression. Both intend their contributions to be merged into inseparable parts of a unitary whole, yet very few editors and even fewer writers would expect the editor to be accorded the status of joint author, enjoying an undivided half interest in the copyright in the published work. Similarly, research assistants may on occasion contribute to an author some protectable expression or merely a sufficiently original selection of factual material as would be entitled to a copyright, yet not be entitled to be regarded as a joint author of the work in which the contributed material appears. What distinguishes the writer-editor relationship and the writer-researcher relationship from the true joint author relationship is the lack of intent of both participants in the venture to regard themselves as joint authors.

Childress v. Taylor, 945 F.2d 500, 507 (2d Cir. 1991). *But see* Mary LaFrance, *Authorship, Dominance, and the Captive Collaborator: Preserving the Rights of Joint Authors*, 50 EMORY L.J. 193, 223 (2001) (criticizing the "unexamined assumption" that Congress wouldn't have wanted this "parade of horribles" and the further assumption that an intention test is required to prevent it).

dramaturgs and actors are not;[71] and so on. The result of the current test is that portions of a work added in rehearsal, or in the middle of production, when the lived experience of creating a work counsels changes in its form, are unlikely to result in any authorship rights for the people who are taking a script from the page to its instantiation in a performance. Copyright thus contributes to freezing notions of authorship and discounting the contributions of people who play vital roles in the form and content of the final work but who didn't write scripts for it.

Giving authorship to a single master mind responsible for making a film neatly avoids the practical problems of recognizing multiple creative contributions. But, as Barron points out, the cost of disregarding those contributions is a significant one: it seems to threaten copyright's legitimacy, since copyright is supposedly justified by the need to protect and incentivize creativity.[72] The Patent and Trademark Office, for example, whose name indicates its outsider relation to copyright law, claimed in support of a treaty expanding copyright obligations that, "[u]nder U.S. law, actors and musicians are considered to be 'authors' of their performances providing them with copyright rights."[73] Yet this is not the consensus among copyright experts, especially as to non-lead singers and actors.

When it comes to sound recordings, indeed, copyright discourse is highly conflicted.[74] Representatives of the music industry touted the authorial contributions of recording engineers (as part of a larger strategy to argue that sound recordings generally constitute "works for hire" not subject to termination rights).[75] Yet recording a live concert without the per-

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[71] *See, e.g.*, Thomson v. Larson, 147 F.3d 195 (2d Cir. 1998) (dramaturg); Childress v. Taylor, 945 F.2d 500 (2d Cir. 1991) (actor).

[72] Barron, *supra* note 7, at 206-07 (pointing out that granting copyright to producers overprotects, in that it gives rights in non-expressive works like security videos, and underprotects, in that it ignores the "elements of film form that constitute a film as an aesthetic object").

[73] UNITED STATES PATENT AND TRADEMARK OFFICE, WIPO AVP TREATY – BACKGROUND AND SUMMARY 2 (2012).

[74] Nimmer recognizes the substantial uncertainty surrounding authorship of standard commercial sound recordings. *See* 1 NIMMER & NIMMER, *supra* note 3, § 5.03[B][2][a][ii] (suggesting that, if featured artists were authors and could therefore terminate transfers to record companies, "[e]qually entitled to terminate would be backup musicians, sound engineers, producers, and others" (citing Register of Copyrights Marybeth Peters' testimony that "[t]here could easily be a dozen or more potential co-authors of a single sound recording")) (citation omitted).

[75] H.R. REP. NO. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1566, 1570 ("The copyrightable elements in a sound recording will usually, though not always, involve 'authorship' both on the part of the performers whose performance is captured and on the part of the record producer responsible for setting up the recording session, capturing and electronically processing the sounds, and compiling and editing them to make the final sound recording . . . . As

former's permission is understood to be "without the consent of the author,"[76] which assumes that it's the performer, not the recording engineer, who's the author, in that case the sole author (since there was obviously no intention to create a jointly authored work). Authorship moves around as needed to meet the needs of the industry.

If authorlike contributions can easily disappear into a larger work without authorship, presumptive statutory categories might provide a better guide to joint authorship than the current system. American law could create such categories for audiovisual works in the same way that European countries list default classes of authors for films. The U.S. already distinguishes between lead performers and backup or session performers for certain purposes in sound recordings, and could explicitly do so for authorship purposes as well.[77] If anti-fragmentation considerations are primary, the law could identify specific roles eligible for joint authorship treatment (and perhaps allow others to contract into joint authorship), making explicit judgments about manageability rather than implicit judgments about value. While drawing lines may seem difficult, it is a difficulty already encountered by current law, only filtered through ideas of authorship and intent;[78] performers might benefit from making such determinations more openly and categorically.

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in the case of motion pictures, the bill does not fix the authorship, or the resulting ownership of sound recordings, but leaves these matters to the employment relationship and bargaining among the interests involved."); Mary LaFrance, *Authorship and Termination Rights In Sound Recordings*, 75 S. CAL. L. REV. 375, 383 (2002).

[76] *See* 17 U.S.C. § 1101 (2006).

[77] *But see* La France, *supra* note 73, at 405 n.110 ("In theory, Congress could designate by statute some finite class of creative collaborators . . . . [I]t is difficult to imagine a statutory scheme that could conclusively predetermine the owners of termination rights in every possible type of creative collaboration that results in a sound recording. Even statutory categories such as 'featured' and 'nonfeatured' musicians, see 17 U.S.C. §§ 114(g), 1006(b)(1) (2006), are open to much interpretation . . . . It is, therefore, doubtful whether any of these theoretical solutions offers much promise in practice."). LaFrance's criticism is well taken, but we may well need to decide between rough justice or none. It may make sense to make baseline assumptions for pure administrability purposes.

[78] *Cf.* 1 NIMMER & NIMMER, *supra* note 3, § 5.03[B][2][a][ii] (noting objection that determining "key contributors" to sound recordings would be too difficult, and the rejoinder that most contributors didn't qualify as authors in the first place because "side musicians, backup singers and engineers, are hired to work on a song with the contractual understanding through standard industry agreements that their contributions are made without claims of authorship") (quoting Michael Greene of the National Academy of Recording Arts & Sciences).

As is often the case, tensions in the law become more apparent in edge cases. The next sections discuss the rise of performers' copyright claims, asserted as a way to get around barriers to other (more appropriate) causes of action such as defamation and invasion of privacy. These cases, in which the performers are often sympathetic figures, threaten copyright's self-image as simultaneous protector of creativity and protector of economic incentives.

B. Case Study: Innocence of Muslims and the Innocence of Actors

Recently, authorship in performance was glancingly part of a significant public controversy: the *Innocence of Muslims* video disparaging Islam that sparked violent protests around the world.[79] One of the actors in the film, Cindy Lee Garcia, alleged without contradiction that she was duped into participating by the filmmaker, Nakoula. Garcia alleged that she was paid to perform in a film called *Desert Warrior*, "an adventure film set in ancient times." She was allegedly unaware of any religious or sexual content to the film (although her lines did involve her protest against marrying her thirteen-year-old daughter to a man of over fifty). She alleged that most of her scenes involved only "playing with the actress who portrayed her 'daughter.'" After filming, her dialogue was overdubbed and changed so that she appeared to accuse the prophet Mohammed of being a child molester.[80]

Garcia attempted to exploit the gaps in our current concept of performance by arguing that all the ordinary rules for imputing her consent and non-author status were voided by the filmmaker's fraud.[81] And it

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[79] *Reactions to* Innocence of Muslims, WIKIPEDIA, https://en.wikipedia.org/wiki/Reactions_to_Innocence_of_Muslims (last visited Feb. 26, 2013).

[80] Complaint, Garcia v. Nakoula ¶ 4, No. 2:12-cv-08315-MWF-VBK (C.D. Cal. filed Oct. 4, 2012).

[81] Garcia allegedly signed a release, which if valid appears to be a form adopted without much knowledge by anyone involved, and the form itself is incomplete, another sign of unsophistication on all sides. (Garcia claims that the release is a forgery. Michael Joseph Gross, *Disaster Movie*, VANITY FAIR (Dec. 27, 2012), http://www.vanityfair.com/culture/2012/12/making-of-innocence-of-muslims ("Garcia's suit includes expert testimony from a forensic analyst who worked on the case of the Zodiac Killer, asserting that Garcia's handwriting and signatures on the releases provided by Nakoula are forged.")). The "Assignment of Rights" provision in the "cast deal memo" assigns "all rights necessary for the development, production and exploitation of the Motion Picture, whether denominated copyrights, performance rights, or publicity rights," then separately states that all writing for the film will constitute "works made for hire." Garcia v. Nakoula, Declaration of Mark Basseley Youssef ¶ 4. The two provisions in the cast release were probably supposed to be alternatives, not to work in tandem, and only the latter provides for the "work for hire" status that is standard in film.

does seem that fraud should usually invalidate the contractual logics courts ordinarily use to resolve performers' authorship claims. However, copyright law wouldn't work very well if Garcia owned a separate copyright in her performance. But that conclusion requires us to explicitly detach authorship from creativity, at least for certain cultural artifacts, and admit that's what has happened.

Garcia sued a number of entities for producing and disseminating the film. Among her targets was Google, on whose YouTube site the film "trailer" appeared. Her initial lawsuit, in state court, asserted only intentional infliction of emotional distress and similar claims. Google has immunity under § 230 of the Communications Decency Act for such causes of action, but the CDA does not cover intellectual property claims.[82] Thus, in her subsequent federal lawsuit she offered the theory that she was an *author* and not just a victim of a fraud. She alleged that Google wrongfully ignored her takedown notice[83] and was therefore liable for copyright infringement.

An earlier case offers an instructive comparison. In *Morrill v. Smashing Pumpkins*,[84] Jonathan Morrill filmed *Video Marked*, a music video, showing Billy Corgan's then-band The Marked. When Corgan's new, successful band The Smashing Pumpkins released a video that included short clips from *Video Marked*, Morrill sued, claiming sole ownership of the music video. Corgan's defense was that he was a joint author, and the court agreed. Corgan's songwriting and performance were copyrightable contributions to the overall work. Corgan controlled the performance elements, while Morrill's filming, editing and producing "helped shape and present"

The release also speaks of a grant of "permission" to "record" and "use" Garcia's performance, and states that Garcia won't bring any claims, "including but not limited to, those grounded upon invasion of privacy, rights of publicity or other civil rights, or for any other reason." *Id.*, Exh. 1. However, this language is insufficient to fully transfer a copyright interest, if any exists, because the Copyright Act bars any agreement that surrenders a natural person's right to terminate a copyright transfer after thirty-five years. *See* 17 U.S.C. § 203 (2006). *Cf.* Payne, *supra* note 60, at 189 (arguing that, if a performance is independently copyrightable, then a transfer of a performer's rights would be fully terminable, because the larger work in which it is embedded is unlikely to be a derivative work of the performance). Section 203 allows continued exploitation of derivative works post-termination, but the transferor can stop continued use of mere reproductions. I think Payne is wrong, because the termination right is best read to prevent termination in these circumstances, but the existence of the argument shows why a producer would want a work for hire agreement from anyone in the position of an author.

82 47 U.S.C. § 230 (2006).

83 17 *id.* § 512.

84 157 F. Supp. 2d 1120 (C.D. Cal. 2001).

the music but would have been meaningless without the music. Corgan and his band had "sole control" over the musical work and its performance — they were the relevant master mind(s). In addition, Morrill described the video as a work he created "with" Corgan and the band, a "collaboration," evidencing intent to be a joint author. Finally, the work's appeal to the audience came both from the visual aspects of the work and the musical/performance elements, and the share of each in its success couldn't be disentangled from the other. Thus, the court concluded, Corgan was a joint author.[85]

Garcia would seem to satisfy this version of the "master mind" test — interviews with many people involved with the film suggest that the director gave no direction, and performers played with their performances and line readings at will;[86] and of course without her performance, there'd be a meaningless blank space in the film regardless of editing and camera operation. Likewise, whatever appeal *The Innocence of Muslims* has seems to come from the combination of the various contributions. As a unitary work, it wasn't designed to be separable. Only "intent to be a joint author" stands between Garcia and joint ownership.

Given current doctrine's joint authorship intent requirement, however, Garcia's position as victim of a fraud makes her authorship claim untenable. The very facts that indicate that she was defrauded, and that we ought not to take her initial consent to perform in (what she thought was) the film as true consent to its creation and dissemination, plead her out of authorship status.[87] In order to establish her blamelessness, Garcia pled that the filmmaker, Nakoula, manipulated her. She did not receive a

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[85] *Cf.* Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n, 805 F.2d 663, 668-69 (7th Cir. 1986) (telecasts of baseball games are protectable because of "camera angles, types of shots, the use of instant replays and split screens," and similar choices, but baseball players' contributions were also copyrightable). *Baltimore Orioles*' conclusion about the copyrightability of the underlying game has been heavily criticized. *See* 1 NIMMER & NIMMER, *supra* note 3, § 2.09[F]. Subsequent cases have largely ignored the possibility of joint authorship and the critical question of intent. *See, e.g.*, Big Fights, Inc. v. Ficara, 40 U.S.P.Q.2d 1377, 1378 (S.D.N.Y. 1996) (holding that filmmakers, not boxers, own copyright to movies of fights while quoting *Baltimore Orioles* for the proposition that both the contributions of the filmmakers and the contributions of the performers are copyrightable).

[86] *See* Gross, *supra* note 81.

[87] Nimmer has argued that a material breach by the hiring party should allow recission of a work-for-hire agreement, thus allowing a person who would otherwise be an author to regain that status; this would imply similar results for fraud. However, the treatise notes that this position has not been followed in the US, particularly where there is an agreement with a non-employee to contribute to a work for hire. 1 NIMMER & NIMMER, *supra* note 3, § 5.03[E].

full script from him but was only given "specific pages"[88]; he "held himself out as the writer and producer," "managed all aspects of production, and as far as [Garcia] observed, was in charge of all aspects of the production."[89] Indeed, Nakoula allegedly "used her as a puppet."[90] This is the language of Nakoula as master mind: the singular author who can accept or reject contributions from others without losing his status as singular author.[91] Thus, even accepting her claim that her contract transferred no copyright rights — and additionally that her contract was void based on fraud — that would still not give her a copyright interest in the film under current doctrine. She wasn't a joint author because she wasn't an *author.*

Garcia argued that the film was not a joint work because there was no meeting of the minds, given Nakoula's fraud.[92] But that's a much worse fact for Garcia than for Google: since she was simply an actor in a larger production, the parties' failure to form a mutual intent to create a joint work means that authorship stays with the "master mind," in this case clearly Nakoula, who told Garcia that she was "innocent" of involvement with the final work. Regardless of Garcia's intent, there is no reason to believe that Nakoula ever had any intent of sharing authorship in the copyright sense.[93] Later, Nakoula allegedly disavowed any ownership interest in the film.[94] But that didn't logically mean that Garcia became the author. At most, a lacuna may have appeared, a blank space — or perhaps Nakoula dedicated the work to the public domain as part of whatever his mission is.

The Ninth Circuit, in *Aalmuhammed v. Lee*, had previously held that "a person claiming to be an author of a joint work must prove that both parties intended each other to be joint authors."[95] Garcia argued that this meant that the burden was not on her to prove ownership, because she

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88 *Id.* ¶ 28; *see also* Declaration of Cindy Lou Garcia ¶ 10.

89 Complaint, *supra* note 80, ¶ 5.

90 *Id.* ¶ 8; *see also* Gross, *supra* note 81 ("During filming, as in the auditions, everyone associated with the production got the sense that Sam Bacile [aka Nakoula] was in charge. . . . The film's titular director was Alan Roberts, whose long list of B-movie credits includes soft-core films such as Young Lady Chatterley. . . . He was generally perceived to be Nakoula's lackey, and he kept his distance from most people on the set.").

91 *Almuhammed*, 202 F.3d at 1234 ("an author 'superintend[s] the work . . . 'by putting the persons in position, and arranging the place where people are to be . . .'").

92 Garcia v. Nakoula, Ex parte Application for TRO, at 4.

93 *See* Garcia Declaration ¶ 13 (stating that Nakoula claimed sole responsibility for the film, and averring "I never harbored any intent, jointly with [Nakoula] or with anyone else . . . to commit my performance to *Innocence of Muslims*").

94 Garcia Ex parte Application, at 13 n.9.

95 202 F.3d 1227, 1233-34 (9th Cir. 2000).

was claiming to be the sole copyright owner.[96] This argument is revealing because it's so odd: Garcia argued that, as a performer who appeared for five seconds in a much longer film,[97] she should be considered the sole author as long as the director wasn't intervening in the dispute. The very implausiblity of the claim highlights how the current joint authorship standard inherently presumes that there's one real or core author who can be identified and whose intent can then be assessed.[98] Only from that baseline can the Ninth Circuit's standard sensibly be applied. The standard is useless if, for example, two people each claim sole authorship of a work they produced together and we can't tell which is the "real" author.

In response to the point that she had pled herself into the position of non-author, Garcia argued that the position "that minor actors simply do not make creative contributions because they are reading a script or do not have marquee billing [] denigrates the work of actors."[99] But Google's argument — following the case law — was not about creativity: it was about authorship.[100] The case law functions to detach participants' creativity from any copyright interest in a work where intent to become joint authors was absent on the part of the person who seems to count as the "master mind." Creativity abounds in an audiovisual work, but it only finds legal attachment points in a few places. Again, this poses difficulties for the theoretical coherence of a law that supposedly grants rights *because* of the existence of creativity in a work, but those appear to be tolerable in the interests of consolidating ownership.

Garcia's initial ownership argument — disavowing joint ownership but claiming copyright — implied that, in the absence of an intent to share authorship, both parties (or, here, all parties, since there were multiple actors involved) owned undivided copyrights in something. But what? It couldn't be in the work as a whole, since if they all owned undivided copy-

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96 Garcia, Ex parte Application, at 18.

97 Garcia v. Nakoula, Google Opposition, at 13.

98 *See also* Reinsdorf v. Skechers, U.S.A., 2011 U.S. Dist. LEXIS 28293, at *9 (C.D Cal. Mar. 9, 2011) (parties' inconsistent intentions could indicate lack of intent to form a joint work; what remains is to decide who the singular author then was).

99 Garcia Reply at 1.

100 *See* Aalmuhammed v. Lee, 202 F.3d 1227, 1233 (9th Cir. 2000) ("Everyone from the producer and director to casting director, costumer, hairstylist and 'best boy' gets listed in the movie credits because all of their creative contributions really do matter. It is striking in Malcolm X how much the person who controlled the hue of the lighting contributed, yet no one would use the word 'author' to denote that individual's relationship to the movie. . . . A creative contribution does not suffice to establish authorship of the movie.").

rights in the work as a whole, they'd be joint authors; that's the definition of joint authorship.

As a workaround to this problem, Garcia claimed sole ownership of her performance as fixed (or deformed) in the final film, alleging that she owned copyright in "the dramatic performance she delivered."[101] Thus, she claimed sole authorship of her contribution even absent an authorship interest in the final film. She cited cases holding that actors' performances fixed on film were within the subject matter of copyright,[102] and argued that *Aalmuhammed* recognized that contributions not rising to the level of joint authorship could still be independently copyrightable as separate works.[103]

But there is a gap between "within the subject matter" of copyright and "copyrightable,"[104] and that gap here is authorship. The key move in this argument is whether, as Google insisted, the film had to be treated as a unitary work for these purposes.[105] A "dramatic performance," inseparable from the audiovisual work of which it is a part, has little claim to a separate copyright status. Even Garcia's registration application reflects this difficulty. She used the form for registering an audiovisual work (a category recognized by the Copyright Office) but then stated that she sought to register a performance (a category not recognized as such).[106]

Google also, unsurprisingly, appealed to policy considerations in favor of conceptualizing the work at issue as the film rather than as Garcia's performance: Google decried the

> impenetrable thicket of conflicting rights that would arise if each creative contributor (*i.e.*, actors, director, producer, cameraman, cinematographer, costume designer, make-up artist, etc.) could hold an independent

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101 Garcia Complaint ¶ 10, 11.

102 TMTV Corp. v. Pegasus Broad. of San Juan, 490 F. Supp. 2d 228 (D.P.R. 2007); Fleet v. CBS, Inc., 58 Cal. Rptr. 2d 645, 650 (Ct. App. 1996) (holding that "individual performances" in a film were copyrightable, and thus that actors' right of publicity claims were preempted by federal copyright law).

103 Garcia Reply at 5-6, citing *Aalmuhammed*, 202 F.3d at 1231, 1232 ("We recognize that a contributor of an expression may be deemed the 'author' of that expression for purposes of determining whether it is independently copyrightable.").

104 As indicated by preemption cases, which generally find that right of publicity claims are preempted when they're based solely on the use of a copyrighted work in which the person portrayed consented to appear, at least when the work isn't used as part of an ad for an unrelated product. Actors' performances are in that sense within the scope of copyright even though the actors aren't copyright owners. *See Fleet*, 58 Cal. Rptr. 2d at 650; *cf.* Selby v. New Line Cinema Corp., 96 F. Supp. 2d 1053 (C.D. Cal. 2000) (scope and protection are not synonymous).

105 Google Opposition, at 14.

106 Garcia Complaint Exh. B.

> and exclusive copyright interest in his or her contribution to a movie. The copyright held by the film's author would be rendered meaningless, as he or she could not possibly exercise the exclusive rights afforded under the Copyright Act without trampling on the rights of other contributors.[107]

This fundamentally utilitarian consideration is why, if the master mind does not intend to share authorship, voluntary contribution of copyrightable material to a unitary work that can't be disaggregated into the separate contributions of individuals constitutes a surrender of *authorship*, which means a surrender of ownership.[108] This situation is not unique to performers—software created by multiple contributors is another common example—but the general inability of performers to access the benefits of authorship shows how copyright's antifragmentation inclinations can trump creativity-as-authorship. Contracts could change this rule in performer-friendly ways, but rarely do. (Even European copyright law, which is generally more protective of the claims of individuals than American law, has scant regard for performers in this regard: default rights-owners in films, where specified, are people such as producers, directors, screenwriters, cinematographers, and composers — not performers.[109])

The court's denial of Garcia's motion for a preliminary injunction broke no new ground. Because Garcia didn't and couldn't claim authorship or co-authorship of the entire film, "by operation of law Garcia necessarily (if impliedly) would have granted the Film's author a license to distribute her performance as a contribution incorporated into the indivisi-

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107 Google Opposition at 14-15. *See also* Note, *Recent Cases: Copyright – Joint-Authorship – Second Circuit Holds That Dramaturge's Contributions to the Musical Rent did not Establish Joint Authorship with Playwright-Composer*, 112 HARV. L. REV. 964, 967 (1999) (noting that if a work can be carved up into multiple works, a contributor "could hold a collaborative work hostage, or demand its dismemberment").

108 *Cf.* Russ VerSteeg, *Intent, Originality, Creativity and Joint Authorship*, 68 BROOK. L. REV. 123 (2002) (justifying essentially the present regime with a contractarian argument based on implicit consent).

109 PASCAL KAMINA, FILM COPYRIGHT IN THE EUROPEAN UNION 151-52 (2002) (arguing that a performer would never count as an author, as actors only perform works and do not create them or contribute to them substantially enough to rise to the level of authors); *see also* Adriane Porcin, *Of Guilds and Men: Copyright Workarounds in the Cinematographic Industry*, 35 HASTINGS COMM/ENT L.J. 1, 6 (2012) (in French law, the director, the script-writer, the author of any adaptation, the dialogue writer, and the composer are considered authors of an audiovisual work by default; EC law provides that the director of an audiovisual work is an author, but does not specify anyone else who must be considered an author). While European law mandates certain protections for non-owners, it distinguishes "authors" from "interpreters," excluding performers from the definition of authors. *See* Porcin, *supra*, at 10.

ble whole of the Film."[110] Yet it is not clear why Garcia's fairly persuasive fraud claim has no purchase against the implied license.[111] Moreover, while Ninth Circuit precedent means that Garcia's license is apparently irrevocable,[112] in other circuits an implied license may be revocable at will, which would allow similar claims.[113]

The policy considerations behind Google's arguments are compelling, but would be more persuasive if offered without the fiction of a master mind who, Svengali-like (or at least Hitchcock-like), controlled everything in the film. If we are honest that, at least with respect to large-scale works, we are interested in economic incentives and in the smooth operation of copyright rights and limitations, rather than in rewarding creativity as such, we can deny multiple authorship claims without calling performers uncreative. Despite her sympathetic moral status as against Nakoula, Garcia's remedy should lie outside of copyright.

C. Other Performers' Authorship Claims and Their Weaknesses

Garcia is not the only performer to have made similar authorship claims.[114] Legal scholars have suggested that unwilling participants in "revenge porn," whose images are uploaded onto public websites without their consent, should claim copyright in still and moving pictures as "authors" of their own performances. As Derek Bambauer puts it:

> For revenge porn, I think there is a defensible position that the subject – the victim – of the image or video is at least a joint author. . . . Because of the subject – not because of the lighting, the use of unusual color or angle, the excellent development of the print, or any other contribution by the photographer. Put it this way: imagine that the victim is replaced by a

110 *Garcia*, No. CV 12-08315-MWF (VBKx) (C.D. Cal. Nov. 30, 2012), at 3.

111 Perhaps the underlying idea is that fraud can't void a license to create a copyrighted work. Garcia knew that she was contributing to the production of a unitary work, even if she was deceived about the nature of that work. Her remedy would then be in contract, not in copyright. Conceptually, one might liken this to the difference between covenants in copyright licenses (breach of which makes a licensee liable in contract, but not for copyright infringement) and conditions (breach of which makes a licensee into a copyright infringer). *See* MDY Indus. v. Blizzard Entm't, Inc., 629 F.3d 928 (9th Cir. 2010); *cf.* Christopher M. Newman, *A License is Not a "Contract Not to Sue": Disentangling Property and Contract in the Law of Copyright Licenses*, 98 Iowa L. Rev. (forthcoming Mar. 2013).

112 Asset Mktg. Sys., Inc. v. Gagnon, 542 F.3d 748, 757 (9th Cir. 2008); Rano v. Sipa Press, Inc., 987 F.2d 580, 585-86 (9th Cir. 1993).

113 *See* Walthal v. Rusk, 1998 WL 42469 (N.D. Ill. Jan 28, 1998).

114 *See also, e.g.*, Ahn v. Midway Mfg. Co., 965 F. Supp. 1134, 1139-40 (N.D. Ill. 1997) (two martial arts experts and a professional dancer who modeled for characters to be used in the Mortal Kombat arcade games were not authors, given the game makers' control and the relative insubstantiality of the plaintiffs' contribution to the game).

> dummy, or Felix the Cat. No one is even going to glance at the photo: there's nothing expressive or original about it. I think that means that a victim, and her attorney, can often take a legally defensible position that she is an author of the photo.[115]

Bambauer's concern for the victims of these reprehensible sites is understandable, but distorting copyright law is not the right solution. Change the subject: Lee Harvey Oswald was not an author of the Zapruder film, though he created the subject matter.[116]

Entertainer Hulk Hogan recently claimed copyright in a sex tape in which he was featured, though it's unclear whether he claimed to be the author or whether he secured the copyright as part of a settlement with the person who recorded and released the film without his consent.[117] In his initial argument, his attorneys claimed that the film itself was made without his knowledge, which would pose some difficulty for a claim that he was an author.[118] A court denied his request for a preliminary injunction against dissemination of the film, questioning his later-added copyright claims as inconsistent with his disavowal of knowledge, and emphasized the First Amendment interests in reporting news.[119] Other celebrities who've had sex tapes released have also claimed copyright rights by transfer of ownership from the author (the filmmaker), but authorship-by-performance may represent a new legal frontier for disappointed performers.[120]

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115 Derek Bambauer, *Beating Revenge Porn with Copyright*, INFO/LAW (Jan. 25, 2013), http://blogs.law.harvard.edu/infolaw/2013/01/25/beating-revenge-porn-with-copyright/.

116 In a different context, Nimmer criticizes the idea that contributing commercial value to a work is an indicator of the copyrightability of that contribution. 1 NIMMER & NIMMER, *supra* note 3, § 2.09[F] n.78 ("[I]n a reductio ad absurdum . . ., one could maintain that the fans, popcorn vendors, and everyone else whose image is broadcast have participated in the creation of a copyrightable work. Their mere appearance on the television screen vouchsafes the 'commercial value' of their appearance . . . .").

117 *See* José Patiño Girona, *In Legal Twist, Hulk Hogan Might Copyright Sex Tape*, TBO.COM (Nov. 8, 2012), http://www2.tbo.com/news/breaking-news/2012/nov/08/in-legal-twist-hulk-hogan-might-copyright-sex-tape-ar-559467.

118 *Id.*; *see also* Oren J. Warshavsky, *Hulkamania Is Running Wild: Let the Battle Begin (in Court*, LEXOLOGY.COM (Nov. 11, 2012), http://www.lexology.com/library/detail.aspx?g=739ce022-6912-4c29-a354-ea51048a613d. Given that Hogan settled with the initial taper, his copyright claim might well be the result of a transfer as part of the settlement.

119 Bollea v. Gawker Media, No. 12-cv-02348 (M.D. Fla. Dec. 21, 2012) (questioning the validity of the plaintiff's claimed copyright, though resting its decision on fair use and plaintiff's own lack of interest in exploiting the tape).

120 *See, e.g.*, Michaels v. Internet Entm't Group, Inc., 5 F. Supp. 2d 823 (C.D. Cal. 1998) (granting summary judgment against sale of celebrity sex tape on copyright grounds); *cf.* Michaels v. Internet Entm't Group, Inc., 1998 WL

The distinction between initial ownership and transfer makes a difference because of the divergent way the law treats authors and people claiming invasion of privacy. Non-authors have a much harder time suppressing dissemination of works about them than authors do. Courts may react badly when the copyright has been obtained by transfer in order to suppress the work. Howard Hughes, for example, purchased the copyrights in articles about him in and then sued a biography quoting those articles; the court found fair use in significant part because of Hughes' censorial motive.[121] By contrast, if the copyright was owned by the performer in the first instance, she could easily be seen as exercising an ordinary right of control over timing and release,[122] or even a right to suppress the work entirely.[123]

Expanding performers' ownership claims by giving them pieces of a larger work is therefore not an optimal way to recognize the creative value they provide. Many commentators have proposed solving problems of joint authorship by allocating interests proportionally, rather than equally.[124] While these rules might do more equity as between contributors to works, they would create significant problems for third parties, such as intermediaries or fair users. In a world in which any contributor might be at least a partial author, after a final judicial determination, how should YouTube react to a takedown notice from a contributor, especially if YouTube isn't in a position to confirm that the work was posted by another contributor? (Given that an exclusive right is required to send a

882848 (C.D. Cal. Sept. 11, 1998) (granting summary judgment against copyright owner in favor of news program that aired short clips of the same sex tape).

121 Rosemont Enters., Inc. v. Random House, Inc., 366 F.2d 303 (2d Cir. 1966). *But see* Scott v. WorldStarHipHop, Inc., 2012 WL 1592229 (S.D.N.Y. May 3, 2012) (where film showed subject repeatedly hitting another person, court dismissed right of publicity claim by subject, but refused to dismiss his copyright claim because he'd obtained copyright by transfer). As Eric Goldman points out, allowing copyright to suppress truthful negative information is an abuse of its purpose, but it's more likely to work for audiovisual content because of the veridical nature of audiovisuals — the truth can be reported in many noninfringing verbal ways, but a picture or video often needs to be shown to be fully understood. Eric Goldman, *The Dangerous Meme That Won't Go Away: Using Copyright Assignments to Suppress Unwanted Content—Scott v. WorldStarHipHop*, Eric Goldman Tech. & L. Blog (May 14, 2012), http://blog.ericgoldman.org/archives/2012/05/the_meme_that_w.htm.

122 Harper & Row v. Nation Enters., 471 U.S. 539, 551 (1985).

123 Stewart v. Abend, 495 U.S. 207, 228-29 (1990).

124 *See, e.g.*, Dreyfuss, *supra* note 60, at 1220; Kwall, *supra* note 67, at 57-58; Mandel, *supra* note 60, at 2020.

DMCA takedown notice or to sue for infringement, recognizing more joint authorship would affect these practices as well.)

How should a user who believes her work is a fair use evaluate a threat from the same contributor? Or, if the contributor claims a separate copyright in her contribution, as Garcia did, how should we think about fair use? The "amount used" factor might change substantially if works can be carved into multiple copyrightable performances, and a use might "transform" the meaning of the overall work but leave a contributor's performance untouched/uncommented-on, which would seem to mean that the use wouldn't be transformative as to that contributor's interest. While all of these problems could be worked through with a new set of rules (likely adding further epicycles of copyright complications), I pose them to make clear that the current authorship/ownership rules don't just favor big corporations, though they of course also do that.

As Professor Justin Hughes has explained, the practice of recognizing "microworks" — little bits of larger works, each with their own copyrights — is harmful to the overall function of the copyright system.[125] The performer isn't the only one who might exploit such arguments to suppress fair use. If a film's copyright owner successfully obtained the performer's rights, it could make the same arguments against fair uses of short clips. While some courts might resist such gamesmanship, Hughes has documented that many courts are willing to accept this kind of slicing and dicing in order to expand copyright owners' rights.[126]

Indeed, another reason to doubt that tweaks to authorship doctrine would do much good for most voluntary performers is that, at least for well-advised producers, contracts would change to ensure that no individual contributor is ever an author of an audiovisual work, but always a participant in the creation of a work for hire.[127] The people most affected by

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125 Justin Hughes, *Size Matters (Or Should) In Copyright Law*, 74 FORDHAM L. REV. 575 (2005).

126 *See id.* at 576-79.

127 Even Nakoula tried that, however badly. Compare the consequences of *New York Times Co. v. Tasini*, 533 U.S. 483 (2001), which found that newspapers lacked rights to use freelancers' articles in computer databases. The result seems to have been that contracts going forward granted the newspapers full electronic rights, with no increase in payment. *See, e.g.*, Eric B. Easton, *Who Owns 'The First Rough Draft of History?': Reconsidering Copyright in News*, 27 COLUM. J.L. & ARTS 521, 524 n.11 (2004) ("[F]reelance contracts now typically include a 'work made for hire' clause or other provisions granting publishers the right to use purchased freelance articles without meaningful restriction or further compensation."); Maureen O'Rourke, *Bargaining in the Shadow of Copyright Law After* Tasini, 53 CASE W. RES. L. REV. 605, 605-06 (2003) ("[L]arge publishers . . . have been requiring freelancers to sign work for hire agreements or to license all of their rights under so-called 'all-rights agreements' . . . all often for no compensation

a change in the law would be amateurs who didn't have Hollywood-style contracts — the *Innocence of Muslims* situation — and people who were filmed without their consent (such as participants in brawls that show up on YouTube), or who didn't think copyright would matter (such as people who make sex tapes but expect that their lovers will stay true). For those people — the least likely to be well advised, and relatedly the least likely to be incentivized by copyright to create — courts would still have to assess what level of contribution would suffice to make them "authors." Would deliberately planned movement count? Causal effect on the event ultimately recorded? Only a very strong right grounded in mere physical presence in the film, which would itself tend to diminish the role of creativity in justifying the right, would help in those situations.

Other rights would do a better job than copyright here: victims of revenge porn should have an invasion of privacy remedy, whereas for voluntary performers who make significant contributions to a work we might consider statutory rights to compensation (rather than control), as already exist in some instances for music in the U.S. and more broadly in Europe.[128]

III. PERFORMANCE AS INFRINGEMENT

Infringement inquiries also raise difficult questions about how to compare distinct media, particularly when one medium includes a performance element and the other doesn't. We should be highly skeptical of most such claims. The technical features of texts and performances are different, and they produce different effects on the audience, or the same effects in different ways.[129] For example, written text has the ability to present characters' internal states of being; first person narrative has dif-

above what publishers paid under licenses customarily understood by the industry to grant rights only to one-time publication in North America.").

128 As Catherine Fisk has argued, non-copyright regimes such as labor law also have a role to play in securing compensation, attribution, and other benefits as against employers. *See, e.g.*, Catherine Fisk, *The Modern Author at Work on Madison Avenue*, *in* MODERNISM AND COPYRIGHT 173 (Paul K. Saint-Amour ed., 2010) (arguing that, given work for hire doctrine, labor relations have meant more to determining authorship and authors' rights than formal copyright law); Catherine Fisk, *The Role of Private Intellectual Property Rights in Markets for Labor and Ideas: Screen Credit and the Writers Guild of America, 1938–2000*, 32 BERKELEY J. EMPLOY. & LAB. L. 215 (2011) (arguing that unions can support privately negotiated intellectual property rights suitable to particular industries).

129 *Cf.* Miller v. Civil City of South Bend, 904 F. 2d 1081, 1086 (7th Cir. 1990) ("The raw communicative power of dance was noted by the French poet Stephane Mallarme, who declared that the dancer 'writing with her body . . . suggests things which the written work could express only in several paragraphs of dialogue or descriptive prose.'").

ferent qualities than limited third person or omniscient third. By contrast, audiovisual works produce identification (or distance) with techniques based on external presentation, such as closeups and reaction shots.[130] These techniques make use of the physical (or at least visual) presence of performers: embodiment changes how stories are told. Narration in film and television is carried out not by a speaker but "by the camera (the angles, duration, and sequencing of what it sees) and not uncommonly by music."[131]

Consider the technique of the repeated flashback: because of the way in which we experience visuals and audio, repetition that would be intolerable in a written text is a standard storytelling technique for television and movies. Indeed, movies and shows can be *built* around repeated sequences — *Groundhog Day* is the most well-known example, though there are many others.[132] Relatedly, many people happily listen to the same sound recordings over and over, but reading the same book multiple times in a short period is a task generally reserved for those with small children to placate. Whether the repetition includes variation or not, something about the performance experience changes the value and pleasure of that repetition. The medium isn't entirely the message, but performed works regularly bring new meanings with them in every performance, as Francesca Coppa noted with respect to *Hamlet.* The bottom line is that although performance elements often drop out of our consideration of creativity in audiovisual works in authorship disputes, they are still vital to audiovisual works.

To say that a novel is substantially similar to a film with the same general plot, and thus infringing, therefore requires a very high level of abstraction away from the affordances of each medium and a focus on narrative. But narrative theorists point out that story (what happens) is distinct from narrative (how what happens is communicated to the audi-

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130 Y'Barbo argues that the expression in a book comes from its prose and literary devices, including internal monologue, while film's expression is visual and depends on actors, juxtaposition of images (such as the Kuleshov effect, whereby sequencing shots leads viewers to attribute emotions to actors as if they were reacting to the previous shot), and other forms of editing. Written texts communicate the passage of time differently than film, leading to different pacing. Douglas Y'Barbo, *Aesthetic Ambition Versus Commercial Appeal: Adapting Novels to Film and the Copyright Law*, 10 ST. THOMAS REV. 299, 356-62 (1998).

131 H. PORTER ABBOTT, THE CAMBRIDGE INTRODUCTION TO NARRATIVE 19 (2d ed. 2008).

132 *See Groundhog Day Loop*, TVTROPES.COM, http://tvtropes.org/pmwiki/pmwiki.php/Main/GroundhogDayLoop (listing examples) (last visited Mar. 30, 2013).

ence).[133] Consider a recent review of the film adaptation of Jack Kerouac's *On the Road*, which deems the movie itself not good as a movie, but "a pretty interesting work of literary criticism," because "[s]ome things just feel different when they are thrust visibly in front of you rather than filtered through the ramshackle prose of Jack Kerouac." Some of Kerouac's most well-known lines, when delivered by actors, are transformed:

> [While we hear one famous line, the actors] . . . are walking bouncily down an alleyway, jumping in puddles and generally making bumptious asses of themselves. Which is pretty much what Sal, in the book, says they're doing as he shares that thought. But somehow, when reading it, you forget he's watching a couple of twentysomethings yell half-baked philosophy at each other on a noisy city night. Watching them on screen, it occurs to you: The Beat generation was just a bunch of guys.[134]

The tale has changed in the visual, embodied telling. But it's a copyright truism that plots in themselves are not protected.[135] If what is protected is *how* the story is told, and changing a medium involves inherent changes in that mechanism, then how could a film ever infringe a book, or vice versa?[136]

A number of theorists express skepticism that there can be anything like a true adaptation, from the perspective of artistic criticism, of a book into a film.[137] Yet it has seemed important to copyright theorists, such as

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133 *Id.*

134 David Haglund, *On the Road: Not a Great Movie, But an Interesting Work of Literary Criticism*, SLATE (Dec. 20, 2012, 7:32 PM ET), http://www.slate.com/articles/arts/movies/2012/12/on_the_road_the_movie_reviewed.html.

135 Y'Barbo, *supra* note 130.

136 *See id.* at 335-36 ("[A]esthetic appeal, which is what copyright law is ostensibly designed to protect, is fragile. Paint eyebrows on the Mona Lisa, affix arms to the Venus de Milo, or add a plot to a Jane Austen novel, and you may end up with a work whose difference in aesthetic appeal, compared with the original, is far out of proportion to the actual modification. . . . *Clueless* undeniably retains many of [the features of Jane Austen's *Emma*], most notably the theme, plot, style, and basic sequence of events. However, many are reproduced in the movie in painstaking detail. It impacts the viewer as a truly different work, with a different aesthetic appeal.") (footnotes omitted).

137 *Id.*; GEORGE BLUESTONE, NOVELS INTO FILM, at viii, 5, 23, 31 (1968) ("changes are inevitable the moment one abandons the linguistic for the visual medium," particularly since film can imply the content of thoughts but can't show them directly; film shifts focus from thought and character to external action and plot). Echoing the earlier disussion of authorship, Bluestone also argues that film and literature are inherently different because film must be produced collaboratively, while an individual author can target smaller and more idiosyncratic audiences. *Id.* at 47-48, 58. *See also* Seymour Chatman, *What Novels Can Do That Films Can't (and Vice Versa)*, *reprinted in* FILM THEORY AND CRITICISM: INTRODUCTORY READINGS 445 (Leo Braudy & Marshal Cohen eds., 6th ed. 2004).

Melville Nimmer, to insist that it must be possible for a film to infringe a book, so much so that Nimmer was willing to dispense with the general rule that infringement must be judged from the perspective of an ordinary observer (who is, after all, the consumer who might substitute one work for the other).[138] He therefore called for literary analysis to discover infringing similarity. This appears to be a mistake of kind, since applying literary analysis to film is a bit like applying color theory to cooking — it might tell you something, but it probably won't reveal the most important information. The hegemony of the word, that is, led Nimmer to ignore the study of the special features of film, which at least arguably would allow us to figure out whether the protectable expression of a novel had been translated into an audiovisual mode (just as we could determine whether an English novel had been translated into French).[139] The good news is that courts have generally been able to reject infringement claims predicated on mere plot similarity, recognizing that film's narrative techniques generally involve completely different kinds of expression than written texts.[140]

Of course, film infringement cases often appear to be strike suits, in which a writer- plaintiff believes the defendant-filmmaker has copied elements that are far from unique. Courts thus are rarely forced to confront the role of performance elements in substantial similarity head-on. In other circumstances, some courts have been willing to hold that a still image can infringe a performance, and vice versa. In *Horgan v. MacMillan, Inc.*,[141] the Second Circuit suggested that photographs of a ballet could, by the power of imagination, contain more than what was depicted and communicate performance elements, including the copyright-protected choreography.[142] More recently, another case identified potential substantial similarity between a music video and a still photograph because "both

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138 Melville B. Nimmer, *Inroads on Copyright Protection*, 64 HARV. L. REV. 1125, 1137-38 (1951).

139 *See* Cameron Hutchison, Adapting Novel into Film 15-18 (2012), http://ssrn.com/abstract=2117556.

140 *See, e.g.*, Braddock v. Jolie, No. 12-055883 (C.D. Cal. Mar. 29, 2013), slip op. at 11 ("It is difficult to compare the dialogue of the two works because [the novel] *Slamanje Duse*, a written work, depicts much more of the characters' inner thoughts and monologues than is possible on film. Nevertheless, in *Slamanje Duse*, the characters' thoughts and conversations are verbose and analytical, while the dialogue in [the film] *Blood and Honey* is short, urgent, and sparse."); *see also* Y'Barbo, *supra* note 130 (summarizing cases).

141 789 F.2d 157, 162 (2d. Cir. 1986).

142 *Id.* at 163 ("A snapshot of a single moment in a dance sequence may communicate a great deal. It may, for example, capture a gesture, the composition of the dancers' bodies or the placement of the dancers on the stage. . . . A photograph may also convey to the viewer's imagination the moments before and after the split second recorded . . . .").

works share the frantic and surreal mood of women dominating men in a hyper-saturated, claustrophobic domestic space."[143]

By contrast, another court found substantial similarity between a photo and a video unlikely because video is "a wholly dissimilar and dynamic medium, in which camera angles, lighting, and focus are changing at a rate of 29.4 frames per second."[144] The courts differ in their emphasis on the importance of movement to the overall expressiveness of the performed work, and also — explicitly in *Horgan* — in how much weight they give to the viewer's own ability to imagine movement from looking at a still photo.[145] This latter consideration should not count in favor of infringement, residing as it does in the audience and not in the works.

Likewise, in a recent videogame infringement case, the court reasoned that infringement had to be evaluated in the context of the experience of gameplay rather than simply looking at screenshots: "It is as difficult to compare two video games by looking at a few screen shots and reading written descriptions of game play as it is to compare two movies by looking at posters and reading excerpts of screenplays."[146] These latter cases are better reasoned. They attend to the actual works and the ways that different media make different meanings. Explicit attention to narrative techniques, distinct from subject matter, "mood," and other considerations, could aid courts in identifying when performance elements matter.

Problems determining infringement can also occur when performance is the way a work is communicated to a factfinder, even though the work itself is not a work of performance. Professor Jamie Lund's empirical work on music infringement cases provides further reason to be skeptical about infringement judgments when performance elements may influence perceptions even as factfinders lack the vocabulary to explain those perceptions, or even lack awareness that the performance elements matter. Lund demonstrates that when mock jurors are asked to assess the similarity of two musical works using standard instructions given to actual juries, they give enormous significance to the performance elements of the sound recording.[147] Her controlled experiments showed that performance style

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143 LaChapelle v. Fenty, 2011 WL 2947007, at *5 (S.D.N.Y. July 20, 2011).

144 Gordon v. McGinley, 2011 WL 3648606, at *6 & n.5 (S.D.N.Y. Aug. 18, 2011).

145 789 F.2d at 162 (holding that a viewer of one photo would intuitively understand the movements that must have occurred before and after the photo was taken, and that one familiar with the underlying ballet would recognize even more of the choreography from the still photo).

146 *See* Spry Fox, LLC v. Lolapps, Inc., No. C12-147RAJ, order at 11 (W.D. Wash. Sept. 18, 2012).

147 Jamie Lund, *An Empirical Examination of the Lay Listener Test in Music Composition Copyright Infringement*, 11 VA. SPORTS & ENT. L.J. 137, 175 (2011) ("[P]laying sound recordings for jurors invites jurors to compare the wrong thing — the similarity of the performances, rather than the similarity

can make two very distinct musical works sound similar, or two very similar musical works sound different. These jurors are performing the wrong task, legally, but their failure to follow instructions is understandable given the actual effects of performance on our experience of a written text or score.[148] Lund's results suggest that performance matters most when the works are less similar and least when the musical works are nearly identical. This means juries are far more likely to produce false positives — mistaken findings of infringement — than false negatives — mistaken findings of no infringement — when they try to understand musical works through performances.[149]

Lund's work also sheds light on the controversial *Newton v. Diamond* decision, in which the Ninth Circuit held that the Beastie Boys didn't infringe a musical work when they sampled a short portion of it, given that they had a license to sample the corresponding sound recording.[150] The composer's specific way of playing his score, using a technique known as overblowing, was part of the licensed sound recording, not the unlicensed musical work, and thus couldn't be considered as part of the infringement inquiry.[151] This reasoning can be criticized for discounting elements of musical works that can't be or at least aren't represented in standard notation.[152] But the court was presented with a system in which there are two works embodied in every piece of recorded music, and it's understandable that the court allocated the performance elements to the sound record-

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of the compositions. . . . [W]hen given a jury instruction on substantial similarity, 86.4% of participants who heard the songs performed similarly . . . said that the songs were substantially similar — a significant majority. Participants who heard the songs performed differently went the exact opposite direction with 84.8% of participants finding that the songs were not substantially similar. These results suggest potential for pervasive unpredictability in the application of the law.").

148 *Id.* at 139-40 ("The jurors are being asked to look beyond the performance as expressed in the recording, and focus on the underlying musical ideas embodied in the recording. Yet playing an audio recording invites the juror to make the wrong comparison by comparing the sound recordings rather than the compositional elements underlying each recording. . . . Playing sound recordings to juries in a Composition Copyright case . . . creates an unavoidable risk that the jury will reach the wrong conclusion.").

149 Lund, *supra* note 147, at 152.

150 Newton v. Diamond, 388 F.3d 1189, 1191-92 (9th Cir. 2004).

151 *Id.* at 1193-94 (the infringement analysis could consider only compositional elements, not elements "unique to Newton's performance," and the court had to filter out the licensed elements of the sound recording).

152 Newton's own expert stated that "[T]he copyrighted score of 'Choir', as is the custom in scores written in the jazz tradition, does not contain indications for all of the musical subtleties that it is assumed the performer-composer of the work will make in the work's performance. The function of the score is more mnemonic in intention than prescriptive." *Id.* at 1194.

ing.[153] If performance elements were part of the musical work, then the statutory license for covers could become much more complicated. The statutory license explicitly allows the performer to modify a composition to suit his or her style, but not to alter the "fundamental character or melody" of the work.[154] This provision reflects specific Western norms about what musical works are, but it also gives cover artists greater certainty about what they can do. If the rule were otherwise, a performer incapable of Newton's overblowing technique might not be allowed to make a cover, despite the statutory license.

Newton-type problems are only going to increase in intensity as Western music shifts further away from written scores. Infringement claims may routinely involve scores reconstructed after the fact, and thus potentially shaped to seem as similar as possible to the accused work.[155] More generally, careful consideration of performance elements in infringement claims may require courts to go beyond the terms with which they are familiar — plot and melody primary among them — and consider narrative techniques, rhythm, and other features that may affect similarity judgments.

These difficulties suggest that courts should be skeptical about performance-based or cross-genre infringement, where verbatim copying is not at issue and factfinders are likely to have trouble identifying the contributions of performance elements to an accused work.

VI. CONCLUSION

It's difficult to regulate properly without being able to define the regulated object. This is a persistent problem with performed works, whose boundaries and even whose authors are often ill-defined. Outdated concepts of creativity focused on sole authors, wholly unsuited to most works of performance, and unclear ideas about the protectable aspects of audiovisual works help give copyright its reputation for unpredictability and litigation risk. This situation benefits very few people. Although formalistic solutions have obvious costs and inherent arbitrariness at the edges, it is worth considering default categories of protected authors and presump-

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153 Given Professor Lund's results, the dissent's willingness to accept that "a reasonable listener would recognize the sampled segment even if it were performed by the featured flautist of a middle school orchestra" may be overconfident. *Newton*, 388 F.3d at 1196 (Graber, J., dissenting).

154 17 U.S.C. § 115 (2006).

155 *See* Lund, *supra* note 147, at 143 ("Commentators have argued that because music is increasingly composed using audio recording equipment without ever being written down, the scope of Composition Copyright should reflect the distinctive elements of a song as embodied by the recording.") (footnote omitted).

tions against cross-genre infringement. Manageability, at this point in our copyright history, may be more beneficial than a regime that claims to protect every instance of creativity in any form — especially when that promise is so often unrealized.

PART II

ADMINISTRATIVE DEVELOPMENTS

PART II

ADMINISTRATIVE DEVELOPMENTS

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Digitization: Moving Right Along! 24.9 million cards out of the estimated 40 million in the Copyright Card Catalog have been digitized, quality checked and image files placed in secure Library storage. By September 30, it is expected that 30 million cards will have been completed. In addition to the cards, all 667 volumes of the published Catalog of Copyright Entries from 1891 to 1978 have been digitized and are available online at the Internet Archive: http://www.archive.org/details/copyright records.

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Office Seeks Comments on Technological Upgrades to Registration and Recordation Functions. The Copyright Office is in the process of identifying and evaluating potential improvements and technical enhancements to the information technology platforms that support its registration and recordation functions. The Office seeks comments on how stakeholders use the current online system for registering claims to copyright and recording documents and how this system meets user expectations. In addition, the Office wants to know how stakeholders would like to interact with the Office electronically in the future, that is, what online services the stakeholders would like to have. A comment form is posted on the Copyright Office Web site at http://www.copyright.gov/docs/technical_upgrades. Comments were due on May 21, 2013.

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Register of Copyrights Testifies. Maria A. Pallante, Register of Copyrights and Director of the U.S. Copyright Office, testified on March 20 before the Subcommittee on Courts, Intellectual Property, and the Internet of the House Committee on the Judiciary. Additional information about the hearing and the Register's written testimony, "The Register's Call for Updates to U.S. Copyright Law," are available from the Subcommittee and the Copyright Office Web site.

PART III

BIBLIOGRAPHY

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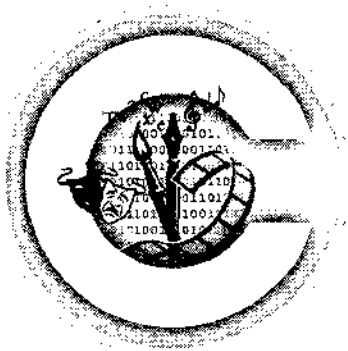

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FROM THE DESK OF THE CO-EDITORS-IN-CHIEF

Volume 60, Issue 3, of the *Journal of the Copyright Society of the USA* begins with *The Orphan Works Copyright Issue: Suggestions for International Response* by Bingbin Lu, which proposes a legal framework that would solve the orphan works problem and facilitate lawful, cross-border online access to orphan works. After examining the issues, the author concludes that: "The international treaties on copyright should be revised or a special agreement on orphan works should be drafted in order to address the challenges posed by digital technologies in the Internet era."

The next two articles deal with aspects of Chinese law. *Dancing in Shackles: Copyright in China's Highly Regulated Publishing Market* by Hongsong Song discusses the tensions that exist in China's media industry between the market and state control. He observes that by acquiescing to private publishing, the state press control authorities derive revenue from the profits of private publishing and "benefit from copyright revenue generated from the market." *Toward a More Balanced Model: The Revision of Anti-Circumvention Rules* by (Jerry) Jie Hua, focuses on China when looking for a way to revise anti-circumvention rules in a way that would "restore the balance of interests between copyright owners and public users in general, as well as guarantee access to information and knowledge in less developed countries . . .." He advocates: "the inclusion of access-control technological measures into more general legal systems such as competition law."

In *Comparing Apples to Applejacks: Cognitive Science Concepts of Similarity Judgment and Derivative Works*, author Kate Klonick suggests ways in which cognitive science can be applied to copyright law. She states that: "scientific models and understandings shed light on the potential biases of court-made tests to judge similarity and suggest new frameworks for understanding courts' various considerations in assessing copyright infringement and derivative works." Next, *The Quest for "Parity": An Examination of the Internet Radio Fairness Act* by Rick Marshall examines competing rate-setting standards, and analyzes recurring issues in the dispute between webcasters and sound recording owners over standards governing rate-setting proceedings. The author maintains that if Congress acts on a new IRFA bill, instead of a one-sided rate-setting mechanism, "it should endorse a standard that creates true parity — a market-based rate that applies across all digital music platforms."

The final article in issue 3, *On the Prospects of Raising the Originality Requirement in Copyright Law: Perspectives from the Humanities*, Erlend

Lavik and Stef van Gompel explain that because copyright law is so distinct from patent law and aesthetic theory, "introducing a higher originality standard along the lines of patent law's criterion of non-obviousness or the threshold of originality in aesthetics is highly problematic and therefore undesirable." They note that "[t]he proposal to raise the originality threshold, or to make works' degree of copyright protection commensurate with their degree of originality, holds intuitive appeal," but add that they "find it impracticable, and have reservations about the presuppositions on which it is based." The authors conclude that: "Other measures are more feasible, proficient, and relevant to the problems that so many creators face as a result of deficiencies in the current legal framework."

The issue concludes with Part III, Administrative Developments, and Part IV, the Bibliography.

As always, your comments and suggestions are welcome.

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PART I

ARTICLES

THE ORPHAN WORKS COPYRIGHT ISSUE: SUGGESTIONS FOR INTERNATIONAL RESPONSE

by BINGBIN LU*

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INTRODUCTION

The orphan works problem is one of the major challenges to copyright law today.[1] This problem has been extensively publicized and amplified by the Google Book Search case, which demonstrated that the orphan works problem is a serious obstacle to any large-scale digitization project. Individualized clearances of copyrights seem to be inappropriate and even impossible for large-scale digital library projects such as Google Book Search in the U.S. and *Europeana* in the EU. The problem has been labeled "a tragic problem"[2] and needs to be solved in a proper way.

This article will first discuss the problem of orphan works and analyze its causes and roots. It will then discuss and evaluate some leading suggestions and models proposed or carried out by some countries concerning orphan works. Finally, it will propose a legal framework to solve the orphan works problem with the objective of facilitating lawful, cross-border online access to orphan works.

I. THE ORPHAN WORKS PROBLEM

An orphan work is generally defined as a work protected by copyright, but whose rights holder cannot be identified or located, after a diligent search. Since orphan-work status can only be determined after a diligent search, the definition of orphan work shall incorporate a requirement of diligent search. Reasons for a work to be orphaned are many. The passage of time, death, business insolvency, etc. may result in great difficulty in finding the copyright owner. In some cases, the name of the creator or copyright owner of an orphan work may be known, but other than the name no information can be established, meaning that the rights holder cannot be located.

The scale of the orphan works problem is surprising. According to a British Library estimate, orphan works constitute 40% of the copyrighted works in its whole collection.[3] A study by the Carnegie Mellon University Libraries showed that 22% of the publishers of the works in its collection could not be found.[4] Google's Senior Vice President of Corporate Devel-

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[1] *See* Katharina de la Durantaye, *Finding a Home for Orphans: Google Book Search and Orphan Works Law in the United States and Europe*, 21 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 229, 232 (2011).

[2] DUKE CENTER FOR THE STUDY OF THE PUBLIC DOMAIN, ORPHAN WORKS ANALYSIS AND PROPOSAL: SUBMISSION TO THE COPYRIGHT OFFICE 13 (2005), *available at* http://web.law.duke.edu/cspd/pdf/cspdproposal.pdf.

[3] *See* Press Release, British Library, British Library Welcomes Orphan Works Commitments (Nov. 23, 2009), *available at* http://pressandpolicy.bl.uk/Press-Releases/British-Library-welcomes-orphan-works-commitments-302.aspx.

[4] *See* Letter from Denise Troll Covey, Principal Librarian for Special Projects, to Jule L. Sigall, Assoc. Register for Pol'y & Int'l Affairs, U.S. Copyright Of-

opment and Chief Legal Officer, David Drummond, estimated that about 20% of all books published in the United States, Canada, Australia, and the United Kingdom will ultimately remain unclaimed and will be deemed orphaned.[5] Estimates of the number of orphan works vary not only because it depends on the sector involved, but also because there is currently no standardized methodology and criterion that libraries, archives, and museums can use to establish the status of an orphan work.[6] Actually, books in libraries at least contain some information regarding their authors and publishers. The worst cases are other categories of works such as photographs, sound recordings, and film footage, which usually lack information indentifying the author or rights holder. According to a survey of the Image Library of U.K. National Archives, for photographs with registration forms for copyright protection between 1883 and 1912, 95% of the copyright holders to 80,000 images still in copyright were untraceable.[7]

The adverse effects of the current copyright system on the use of orphan works are obvious. Under the current copyright system, copyrights are automatically attached to all creative works, meaning that a law-abiding user must assume that the work is protected by copyright, and try to locate the copyright owner and request permission. Thus, a user will face difficulties in obtaining licenses for exploiting orphan works. Mass-scale digitization of copyrighted works has manifested and also magnified such adverse effects. The legal uncertainties involved with using orphan works create a major obstacle to mass-scale digitization projects such as the Google Book Search Project. The cost of identifying and contacting copyright holders probably will outweigh the cost of digitization and indexing of the books, whether or not the books are orphaned.

The licensing difficulties of orphan works have substantial adverse effects on the purpose of copyright law and the public interest. As stated by Marybeth Peters, the former Register of Copyrights in the U.S., "If there

fice 3 (Mar. 22, 2005), *available at* http://www.copyright.gov/orphan/comments/OW0537-CarnegieMellon.pdf.

[5] *See Competition and Commerce in Digital Books: Hearing Before the H. Comm. on the Judiciary*, 110th Cong. 12 (2009) (testimony of David Drummond, Senior Vice President of Corporate Development and Chief Legal Officer, Google, Inc.).

[6] *See* European Commission, Commission Staff Working Paper, Impact Assessment on the Cross-border Online Access to Orphan Works (accompanying the document proposal for a Directive of the European Parliament and of the Council on certain permitted uses of orphan works), SEC(2011) 615 final, Brussels, 24.5.2011.

[7] *See* Anna Vuopala, Assessment of the Orphan Works Issue and Costs for Rights Clearance, European Commission, DG INFSO (Feb. 2010), *available at* http://ec.europa.eu/information_society/activities/digital_libraries/doc/reports_orphan/anna_report.pdf.

is no copyright owner, there is no beneficiary of the copyright term and it is an enormous waste. The outcome does not further the objectives of the copyright system."[8] The U.S. Copyright Office has also noted that "the public interest may be harmed when works cannot be made available to the public due to uncertainty over its copyright ownership and status, even when there is no longer any living person or legal entity claiming ownership of the copyright or the owner no longer has any objection to such use."[9] The orphan works problem may frustrate reutilization of pre-existing content and prevent culturally or scientifically valuable content from being used.[10] The current copyright system for orphan works has been widely criticized, and labeled as "a system that offers no real benefits to authors."[11] Such a system is desperately in need of reform.

II. NO FORMALITY PRINCIPLE: ROOT OF THE ORPHAN WORKS PROBLEM

Currently, copyright protection does not require adherence to any kind of formality. The formality-free or no-formality principle is an international obligation under the Berne Convention for the Protection of Literary and Artistic Works, the preeminent international treaty on copyright. It does not allow signatory countries to condition the enjoyment or exercise of rights on compliance with formalities.[12] The enjoyment of copyright is automatic, and copyrights may not be revoked or limited for failure to follow formalities.

However, from a historical perspective, initially copyright law imposed formality requirements. The first modern copyright law, the 1710 U.K. Statute of Anne (An Act for the Encouragement of Learning), im-

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[8] *The "Orphan Works" Problem and Proposed Legislation: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Prop., Comm. on the Judiciary, 110th Cong.* (2008), *available at* http://www.copyright.gov/docs/regstat031308.html.

[9] Copyright Office, Library of Congress, Orphan Works: Notice of inquiry, 70 Fed Reg. 3739 (Jan. 26, 2005), *available at* http://www.copyright.gov/fedreg/2005/70fr3739.html.

[10] Stef van Gompel, *Unlocking the Potential of Pre-existing Content: How to Address the Issue of Orphan Works in Europe?*, 38 INT'L REV. INTELL. PROP. & COMPETITION L. [IIC] 669, 671 (2007).

[11] Duke Center for the Study of the Public Domain, *supra* note 2, at 3.

[12] "The enjoyment and the exercise of these rights shall not be subject to any formality." Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as revised at Paris July 24, 1971, and amended on Sept. 28, 1979), art. 5(2), S. TREATY DOC. NO. 99-27 (1986) [hereinafter Berne Convention].

posed the formalities of registration and deposit.[13] The 1790 U.S. Federal Copyright Act sections II (regarding registration) and V (regarding deposit), and the 1791 and 1793 French *droit d'auteur* decrees, all had formalities requirements. To enjoy copyright protection or to enforce the right before courts, these laws required authors or copyright owners to register their copyrights, to deposit copies of their works or to mark these copies with some kind of copyright notice.[14] Registration, deposit, and the indication of a notice are the most typical examples of copyright formalities.

The Berne Convention originally also permitted formalities as conditions for the enjoyment of copyrights, but only allowed those of the country of origin of the work or the country to which the author belonged in the case of a manuscript or unpublished work. In the first draft of the Berne Convention published in 1884, the relevant part of article 2 read as follows: "The enjoyment of the above rights shall be subject to compliance with the conditions of form and substance prescribed by the legislation of the country of origin of the work or, in the case of a manuscript or unpublished work, by the legislation of the country to which the author belongs."[15]

From the late-nineteenth or early-twentieth centuries onward, copyright formalities began to lose their significance at both the international and national levels. The 1908 Berlin revision of the Berne Convention adopted a different version of article 2, one that has survived until now, renumbered as article 5(2). Among national laws, those of the United States once were the most firmly attached to adherence to formalities for copyright. Prior to 1976, copyright laws passed by the U.S. Congress established a system that required compliance with numerous formalities in order for a work to be protected. The important formalities were registration of the work and deposit of a copy with the U.S. Copyright Office, providing notice of copyright protection upon publication of the work by affixing a device such as the familiar © symbol along with the name of the

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[13] *See* Act for the Encouragement of Learning (1710), secs. II (including registration), V (about deposit), 8 Anne, c. 19 (Eng.), *available at* http://avalon.law.yale.edu/18th_century/anne_1710.asp.

[14] Act of May 31, 1790, c. 15, *available at* http://www.copyright.gov/history/1790act.pdf (last visited May 30, 2012); French Decree of 19-24 July 19–24, 1793, art. 6 (on the property rights of authors of writings of all kind, of music composers, of painters and of designers (deposit)). *See* Stef van Gompel, *Formalities in the Digital Era: an Obstacle or Opportunity?*, *in* GLOBAL COPYRIGHT: THREE HUNDRED YEARS SINCE THE STATUTE OF ANNE, FROM 1709 TO CYBERSPACE 395-424 (Lionel Bently, Uma Suthersanen & Paul Torremans eds., 2010).

[15] *See* WORLD INTELL. PROP. ORG. (WIPO), BERNE CONVENTION CENTENARY 1886–1986, at 94 (WIPO Publication No. 877(E) 1986).

owner, and renewal of the registration after a comparatively short period of initial protection.[16] In the 1976 Copyright Act, the U.S. Congress began the journey toward eliminating formalities from copyright law. The 1976 Copyright Act and adherence to the Berne Convention marked a sea change in U.S. copyright law — a profound shift in philosophy.[17] In 1988, the United States finally acceded to the Berne Convention, effective March 1, 1989. By joining the Berne Convention, the U.S. committed itself to the elimination of formalities and in the Berne Convention Implementation Act of 1988[18] accepted the principle of formality-free rights. Under the current U.S. Copyright Act, registration is only required for copyright owners of American works who want to sue for copyright infringement.[19] This special formality is justified by the rule of evidence, and is not considered a formality prerequisite for the exercise of rights. The elimination of formalities has also occurred in China. The earliest Chinese Copyright Decree of 1910, formulated by the Qing Dynasty government, also imposed the registration requirement for copyright protection.[20] The Copyright Law of the Peoples' Republic of China of 1990 eliminated this requirement, meaning that after eighty years, the Chinese Copyright Law adopted a formality-free principle for copyright. Thus, the last century has witnessed the shift away from copyright formalities.

The reasons for the international and national evolution of no-formality copyright are manifold.[21] No-formality copyright fit very well into the natural right theory of property. Formality-free copyright also has practical implications for securing international copyright protection. If a formality requirement were maintained in copyright law, it would cause problems such as substantial administrative costs and huge backlogs of applications, which are manifested by the current patent system.

Because the absence of a comprehensive registry creates prohibitive transaction costs and is directly linked to the orphan works problem, several academic proposals include the reformation of a copyright registry.[22]

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16 *See, e.g.*, Tobe Leibert, *Features – The Problem of Orphan Works*, LLRX.COM (May 15, 2005), http://www.llrx.com/features/orphanworks.htm.

17 Shira Perlmutter, *Freeing Copyright from Formalities*, 13 CARDOZO ARTS & ENT. L.J. 565, 581(1995).

18 Pub. L. No. 100-568, 102 Stat. 2853.

19 17 U.S.C. §§ 411(a), 412 (2006).

20 *See* Copyright Decree of the Qing Dynasty (China), issued on January 1, 1990, arts. 2, 4 (in Chinese).

21 Stef van Gompel, *Formalities in the Digital Era: an Obstacle or Opportunity?*, *supra* note 14, at 395-424.

22 *See, e.g.*, Joshua O. Mausner, *Copyright Orphan Works: A Multi-Pronged Solution to Solve a Harmful Market Inefficiency*, 55 J. COPYRIGHT SOC'Y 517, 534 (2008); Dennis W.K. Khong, *Orphan Works, Abandonware and the Missing Market for Copyrighted Goods*, 15 INT'L J.L. & INFO. TECH. 54, 71

Ideally, a one-stop-shop registry, which is user-friendly and internationally interoperable, should be established.[23] If a copyright registration system were reinstituted, it could serve to improve rights clearance and legal certainty concerning the claim of copyright, thus enhancing the free flow of information. In a formality-based system, the law will provide more certainty to the exercise of rights. However, such a system would also impose great burdens on authors and copyright offices. In particular, the question of how a registration system would work in a world with countless authors should be carefully deliberated, particularly for frequent authors.[24] Whether to impose formalities in copyright law or not is indeed a dilemma. This article maintains that it is not technically feasible to reinstitute a workable copyright registration system, which should be user friendly and international interoperable. In addition, a registration system cannot provide a full solution to the orphan works problem, as this solution is meant to help prevent new works from becoming orphan works in the future.[25] For the existing numerous orphan works, a registration system is useless. Because of all these considerations, it is better to find an alternative solution to the orphan works problem while maintaining the no-formality principle of copyright's enjoyments and exercises.

III. MAJOR APPROACHES FOR SOLVING THE ORPHAN WORKS PROBLEM

While it is comparatively easy to define the problem of orphan works and illuminate its roots, a solution will be difficult. Three categories of solutions have emerged. The first one can be classified as a business model relying on market forces, which is the Google Book Search Settlement approach. The second category is a governmental model relying on public ordering, which is represented by the current Canadian copyright law. The third category is a combined approach that includes both market elements and public elements in solving the orphan works problem. The U.S. legislative proposals and the EU approach can be classified as combined approaches. However, in the U.S. proposals, reliance on market

(2007); Pamela Samuelson, *Preliminary Thoughts on Copyright Reform*, 3 UTAH L. REV. 551, 562-63 (2007).

[23] *See* STEF VAN GOMPEL, FORMALITIES IN COPYRIGHT LAW: AN ANALYSIS OF THEIR HISTORY, RATIONALES AND POSSIBLE FUTURE 296 (2011) (noting that "it should consist of one simple formality that is universally applicable").

[24] *See* Brad A. Greenberg, *More Than Just a Formality: Instant Authorship and Copyright's Opt-Out Future in the Digital Age*, 59 UCLA L. REV. 1028, 1048 (2012).

[25] *See* Megan L. Bibb, *Applying Old Theories to New Problems: How Adverse Possession Can Help Solve the Orphan Works Crisis*, 12 VAND. J. ENT. & TECH. L. 149,162 (2009).

forces is dominant, while the EU approach relies more heavily on public ordering.

A. The Google Book Settlement Approach and Its Controversies

The Google Book Search case is indeed unprecedented, and has provoked heated debate around the world. Google began digitizing books in 2002. On December 14, 2004, Google launched its Library Project's Book Search, which allowed users to search its database of books. Users could view snippets of copyrighted books and the full text of public domain books. On September 20, 2005, the Authors Guild filed a class action lawsuit in the Southern District of New York against Google. It argued that Google's Library Project involved massive copyright infringement because it created digital copies of copyrighted works. In response, Google temporarily suspended scanning copyrighted works to allow for changes to its Print Publisher Program and to allow copyright owners to submit lists of books they wished to be excluded. On October 19, 2005, the Association of American Publishers filed another lawsuit against Google for copyright infringement, seeking injunctive relief. Google responded that its use was a fair use because it was only showing "snippets" of books when they did not have permission from a rights holder.[26] In the spring of 2006, the parties began negotiations to settle the lawsuit. In October 2008, the parties to this class action lawsuit proposed a Settlement Agreement, which called for Google to pay out $125 million. The Settlement Agreements have extended the Google Book Search project beyond an indexing and search tool into a business model for digital books, meaning that Google could sell digital books. On November 9, 2009, the parties filed an Amended Settlement Agreement ("ASA") after the Department of Justice filed a brief suggesting that the initial agreement may violate the U.S. anti-trust laws.

The drafted settlement agreements gave rise to a variety of concerns. One major concern was the treatment of orphan works in the Google Book Search Project. The orphan book issue was indeed one of the most problematic parts of the settlement since many of the books included in the Google digital library were "orphan works."[27] The amended agreement planned to create an independent "Unclaimed Works Fiduciary" to

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[26] For the background of this case, see Authors Guild v. Google Inc., 770 F. Supp. 2d 666, 670 (S.D.N.Y. 2011).

[27] *See* Statement of Interest of the United States of America Regarding Proposed Class Settlement, Authors Guild, Inc. v. Google, Inc., No. 05-CV-8136 (S.D.N.Y. Feb. 4, 2010), at 23-26, *available at* http://docs.justia.com/cases/federal/district-courts/new-york/nysdce/1:2005cv08136/273913/922; James Grimmelmann, *The Google Book Search Settlement: Ends, Means, and the Future of Books*, AM. CONST. SOC'Y ISSUE BRIEF, Apr. 15, 2009, at 4.

represent interests with respect to, and assume responsibility for, certain decisions pertaining to unclaimed works, including pricing, book classification and holding payments due to orphan works.[28] "Unclaimed work" was a term used in the Google Book Search Settlement. Most unclaimed works are orphan works. However, they cannot be equated because there are unclaimed or unregistered non-orphan works with a reachable, but inactive copyright holder. The Registry would use funds from the Settlement, as well as unclaimed funds and public domain funds, to attempt to locate copyright holders of unclaimed books and inserts.[29]

Licenses for exploiting orphan works are automatically waived by such an agreement. Orphan works are included in the scope of the Google Book project by default. Another major feature of the Google settlement's treatment of orphan works was that it tried to escape the diligent search issue. Google didn't impose a diligent search requirement on itself before scanning books into its database. The Google Book Settlement actually foresaw an extended collective license of orphan books by the Book Right Registry. Such a "collective-ish" approach to rights management was both unfamiliar and threatening to copyright holders in the U.S. and many other countries.[30] The settlement also looked like a statutory exception for Google to digitize orphan works. As noted by Professor Samuelson, it can be viewed as a "Quasi-Legislative Settlement."[31]

Such an arrangement with quasi-legislative characteristics was rejected by the court. There were two main reasons. First, the court believed: "the establishment of a mechanism for exploiting unclaimed books is a matter more suited for Congress than this Court."[32] In the court's view, the questions of who should be entrusted with guardianship over orphan books, under what terms, and with what safeguards were matters more appropriately decided by Congress than through an agreement among private, self-interested parties.[33] Second, the fact that the Amended Settlement Agreement ("ASA") would have given Google a de facto monopoly over unclaimed works also raised some concerns.[34] The

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28 Amended Settlement Agreement of the Authors Guild, Inc., Association of American Publishers, Inc., et al., v. Google Inc. § 6.2(b)(iii) (United States District Court for the Southern District of New York, Case No. 05 CV 8136-DC) [hereinafter Amended Settlement Agreement].

29 *Id.* § 6.2 (b)(iv).

30 *See* Lois F. Wasoff, *If Mass Digitization Is the Problem, Is Legislation the Solution? Some Practical Considerations Related to Copyright*, 34 COLUM. J.L. & ARTS 731,735 (2011).

31 Pamela Samuelson, *The Google Book Settlement as Copyright Reform*, 2011 WIS. L. REV. 483, 541 (2011).

32 *Authors Guild*, 770 F. Supp. 2d at 677.

33 *Id.* at 677.

34 *Id.* at 682.

U.S. Department of Justice (DOJ) noted that the seller of an incomplete database — i.e., one that does not include the millions of orphan works — cannot compete effectively with the seller of a comprehensive product.[35] Google has a dominant position in the marketplace and its ability to deny competitors the ability to search orphan books would further entrench its market power in the online search market.[36] Thus, the Court concluded that the ASA would arguably give Google control over the search market.[37] Because of these controversial issues on orphan works along with others, the settlement was ultimately rejected by the Court on March 22, 2011.

The private nature of the settlement agreement left open the question of whether Google and its partners were acting too much in their own self-interest.[38] The solution envisioned by major market players, especially one with dominant positions in the market, would inevitably benefit themselves to the utmost and overlook the interests of other subjects. A legislative solution to the orphan works problem is the most suitable. This would not only benefit major companies, but also public libraries, archives, museums, and, ultimately, the public at large.[39] Currently, there are several models of legislative approaches to the orphan works problem.

B. The Canadian Model and Its Deficiencies

The Canadian Copyright Act has created a type of public body intervention license scheme when the copyright owner cannot be located. According to article 77 of the Canadian Copyright Act, the Copyright Board of Canada may grant non-exclusive licenses authorizing the use of published works, fixations of performers' performances, published sound recordings or fixations of a communication signal, if the copyright owners cannot be located, and the Board is satisfied that the applicant has made reasonable efforts to locate the owner of the copyright.[40] In order to demonstrate such reasonable efforts, as a matter of practice, the Copyright Board will ask the applicant to indicate precisely all the steps it undertook to locate the copyright owner and requires the applicant to file all the

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[35] Statement of Interest of the United States of America Regarding Proposed Class Settlement 24, DOJ Statement of Interest Authors Guild, Inc. v. Google, Inc., 5 civ. 8136-DC (S.D.N.Y. Sept. 18, 2009).

[36] *Authors Guild*, 770 F. Supp. 2d at 683.

[37] *Id.* at 682.

[38] Christina M. Costanzo, *Have Orphan Works Found a Home in Class Action Settlements?*, 83 TEMP. L. REV. 569, 592-598 (2011).

[39] De la Durantaye, *supra* note 1, at 291.

[40] Canadian Copyright Act § 77, R.S.C., 1985, (last amended on Nov. 7, 2012), *available at* http://laws-lois.justice.gc.ca/eng/acts/C-42/index.html.

documents evidencing such efforts, as well as an affidavit to this effect.[41] After such reasonable efforts are demonstrated, the Copyright Board will grant a license to use the concerned orphan work. The Copyright Board must also act reasonably in setting the terms and conditions of such a license. A study funded by the Copyright Board of Canada shows that the most difficult issues have been the terms of price and payment.[42] As for the copyright owner, he or she is entitled to collect royalties within a deadline of five years from the expiration of a license, or, in default of his or her payment, commence an action to recover them in a court of competent jurisdiction.[43]

The Canadian approach on orphan works has been followed by several countries, including Japan, whose copyright regime has a similar provision on orphan work compulsory licenses. In Japan, a public body is empowered to issue a license of an orphan work. Article 67 of the Japanese Copyright Law authorizes the Commissioner of the Agency for Cultural Affairs to issue a compulsory license for the exploitation of a work that has been made publicly available if, after due diligence has been exercised, the copyright owner cannot be found because he is unknown, or for other reasons. Copies of the work reproduced under such compulsory license shall bear an indication to the effect that the reproduction of these copies has been licensed in accordance with the article 67(1) and give the date when the license was issued. Compensation with the amount fixed by the Commissioner as corresponding to an ordinary rate of royalty is deposited on behalf of the copyright owner.[44]

Section 190 of the U.K. Copyright, Designs and Patents Act 1988 gives the Copyright Tribunal the power to give consent on behalf of performers in certain cases. The Tribunal may, on the application of a person wishing to make a copy of a recording of a performance, give consent in a case where the identity or whereabouts of the person entitled to the reproduction right cannot be ascertained by reasonable inquiry.[45] The U.K. applies the public body/intervened license scheme only to limited situations concerning the reproduction right of a recording of a performance, and

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41 Laurent Carrière, Unlocatable Copyright Owners: Some Comments on the Licensing Scheme of Section 77 of the Canadian Copyright Act § 5.2.2 (1998), *available at* http://www.robic.ca/admin/pdf/277/103-LC.pdf.

42 Jeremy de Beer, Mario Bouchard, *Canada's "Orphan Works" Regime: Unlocatable Copyright Owners and the Copyright Board*, 10 Oxford Univ. Commonwealth L.J. 215, 234-39 (2010).

43 Canadian Copyright Act, *supra* note 40, sec. 77.

44 Chosaku-ken-ho [Copyright Act] art. 67, Law No. 48 of 1970 (Japan), *available at* Copyright Research and Information Center, http://www.cric.or.jp/english/clj/cl2.htm (English translation).

45 Copyright, Designs and Patents Act 1988, c. 48, § 190, para. 1 (Eng.).

thus implements such a license scheme in a very limited way, leaving the general problem of orphan works unresolved.

In the Chinese Copyright Law Amendment Draft of 2012, China also plans to implement a similar compulsory license scheme. According to article 25 of the first Amendment Draft released in March 2012, if an author cannot be found after a diligent search or the identity of an author is not clear and the owner of the original work cannot be found after diligent searches, a user can apply to the National Copyright Administration of China (NCAC) to use the work after depositing the usage fees.[46] In the second Amendment Draft released in July 2012, a slight modification was made. A body designated by the NCAC, instead of the NCAC itself, would be in charge of verifying the diligent search, managing the escrow account for usage fees and issuing the licenses.[47] The Chinese Copyright Law Amendment Draft also authorizes the NCAC to prescribe in detail the provisions concerning orphan works.[48] According to Chinese practice, a body designated by the NCAC will most probably be a subsidiary body of the NCAC, such as the Copyright Protection Center of China, which currently provides copyright registration and other copyright administrative services in China.

A governmental license scheme has certain deficiencies. First, it will impose extensive administrative burdens. As one commentator notes, it would require a budget and expertise beyond that possessed by the Copyright Office.[49] If the governmental body could keep the licensing fee if the rightholder did not reappear, such administrative burdens could be mitigated, but that is not a proper role for government to assume. In Canada, fees go to the relevant copyright collective society if the copyright owner does not surface to collect them within five years. Allowing collectives to confiscate royalties after the expiration of the five-year period is controversial, and has been the subject of specific complaints to the Copyright Board of Canada.[50] The unclaimed royalties shall be used in a proper way for public purposes. Transparency and fairness need to be ensured for public acceptance of any arrangements on allocating the unclaimed royal-

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[46] [First] Amendment Draft of the Chinese Copyright Law art. 25, Released by the National Copyright Administration of the People's Republic of China (Mar. 2012).

[47] Second Amendment Draft of the Chinese Copyright Law art. 26, Released by the National Copyright Administration of the People's Republic of China (July 2012). Please note that the provisions of the Amendment Draft may go through iteration or revision in the later legislative procedure.

[48] *Id.* art. 26.

[49] Benjamin T. Hickman, *Can You Find a Home for This "Orphan" Copyright Work? A Statutory Solution for Copyright-Protected Works Whose Owners Cannot be Located*, 57 SYRACUSE L. REV. 123, 149 (2006).

[50] De Beer & Bouchard, *supra* note 42, at 236-37.

ties. Secondly, national government licenses would be complex for large-scale digitization projects. As the Canadian model shows, work-by-work or title-by-title searches are cumbersome, time consuming (two months on average), and yield a few licenses per year only. Since this system's creation in 1990, there were only 266 approved uses of orphan works.[51] Under the Japanese law, eighty-two licenses have been granted since 1970.[52] Although under such a system, a user will have sufficient legal certainty as the use is granted by a governmental body, a work-by-work clearance process is not conducive to large-scale digitization projects. It is not surprising that, in the U.S., many commenters, including orphan works users, opposed granting the Copyright Office administrative authority in this manner.[53]

C. The U.S. Legislative Proposals on Orphan Works and Its Key Issues

In 2006, a draft bill was proposed by the U.S. Copyright Office with a short title "The Orphan Works Act of 2006."[54] According to the bill, a user would have been allowed to use an orphan work without authorization as long as the threshold requirement of a reasonably diligent search to find a copyright owner was met. The Act would have limited the remedies in a civil action brought for infringement of the copyright in an orphan work if the infringer performed and documented a prior reasonably diligent search in good faith to locate the copyright owner. The Orphan Works Act of 2006 was withdrawn during the 109th Congress, but new bills were introduced into both the House and the Senate in April 2008.[55] The Orphan Works Acts of 2008 includes similar provisions as its 2006 precursor, with some notable additions. The House of Representatives version of the 2008 Orphan Works Act included a requirement that a user of an orphan work file a "notice of use" with the Register of Copyrights.[56] It also proposed creation of a notice of use archive.[57] This "notice of use"

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[51] *Decisions: Unlocatable Copyright Owners*, COPYRIGHT BOARD OF CANADA, http://www.cb-cda.gc.ca/unlocatable-introuvables/licences-e.html (last visited Dec. 22, 2012).

[52] *Past Decisions Results of Orphan Works*, AGENCY FOR CULTURAL AFFAIRS (in Japanese), http://www.bunka.go.jp/1tyosaku/c-1/results_past.html (last visited Dec. 22, 2012).

[53] *See* U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS: A REPORT OF THE REGISTER OF COPYRIGHTS 109 (2006), *available at* http://www.copyright.gov/orphan/orphan-report.pdf.

[54] Orphan Works Act of 2006, H.R. 5439, 109th Cong. (2006).

[55] *See* Orphan Works Act of 2008, H.R. 5889, 110th Cong. (2008), *available at* http://www.govtrack.us/congress/bill.xpd?bill=h110-5889; Shawn Bentley Orphan Works Act of 2008, S. 2913.

[56] *See* Orphan Works Act of 2008, sec 2(b)(1)(A)(ii).

[57] *See id.* § 2(b)(3).

mechanism was absent from the Senate version. Both the House and the Senate versions of the 2008 Acts required that a user of an orphan work include with the use a symbol or other notice of the use of the infringing work in a manner prescribed by the Register of Copyrights.[58] Lastly, both versions of the 2008 Act proposed the creation of a database of pictorial, graphic, and sculptural works in order to facilitate a user's search for works of these categories.[59]

The major library associations were strong supporters of orphan works legislation.[60] However, many authors, especially photographers and other visual artists, remained strongly opposed to these acts. They believed that each orphan works bill permitted, and even encouraged, wide-scale infringements while depriving creators of protections available under current copyright laws.[61] The Senate bill passed on September 26, 2008, by unanimous consent, but did not pass in the House before the term of the 110th Congress ended. Consequently, no orphan works legislation has been enacted in the U.S. The U.S. Copyright Office is currently reviewing the problem of orphan works especially in the context of mass digitization,[62] and finding a fair solution to the orphan works problem continues to be "a major goal of the U.S. Congress and a top priority for the Copyright Office."[63]

Both the House and Senate versions of the 2008 Orphan Works Act relied on market forces, especially the Senate version. The Senate version didn't create any governmental involvement in the exploitation of orphan works. Under its proposal, no administrative agency, collective manage-

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58 *See id.* sec. 2(b)(1)(A)(iv); *see also* Shawn Bentley Orphan Works Act of 2008, *supra* note 55, sec. 2(b)(1)(A)(iii).

59 *See* Orphan Works Act of 2008, *supra* note 55, sec. 3; *see also* Shawn Bentley Orphan Works Act of 2008, *supra* note 55, sec. 3.

60 *See, e.g.*, Letter from the Library Copyright Alliance to U.S. Representatives Howard L. Berman & Howard Coble (Mar. 28, 2008), *available at* http://www.sla.org/pdfs/publicpolicy/031208LCAOrphanWorksHearing.pdf.

61 *See, e.g.*, *Oppose the Orphan Works Act of 2008*, DRAWN (MAY 13, 2008), http://drawn.ca/archive/oppose-the-orphan-works-act-of-2008; *see also Letter of Objection re US Orphan Works Act 2008*, COPYRIGHT ACTION (May 13, 2008), http://www.copyrightaction.com/forum/letter-of-objection-re-us-orphan-works-act-2008; *Senate Passes Orphan Works Bill (S2913), House Expected to Follow*, ABOUT THE IMAGE, http://www.abouttheimage.com/3900/senate_passes_orphan_works_bill_s2913_house_expected_to_follow/author2 (list of more than seventy copyright societies or trade organizations representing over 100,000 photographers, illustrators, fine artists, songwriters, musicians, and countless licensing firms, who opposed the bills) (last visited Dec. 15, 2012).

62 *See* U.S. Copyright Office, Notice of Inquiry: Orphan Works and Mass Digitization, 77 Fed. Reg. 64,555 (Oct. 22, 2012), *available at* http://www.copyright.gov/fedreg/2012/77fr64555.pdf.

63 *Id.*

ment society, or other registry would have to be established and no royalties would have to be paid and administered.[64] The House of Representatives version by contrast included a requirement of filing a "notice of use" with the Register of Copyrights. This would have involved the Register of Copyrights in the exploitation of orphan works. However, it also created a statutory exemption of license for a user to use the orphan work.

The key element of the U.S. proposals was the diligent search requirement. The effect of the search was different from the Canadian model. In the U.S., proof of a reasonably diligent search would have been required in order to benefit from the limitation on remedies, should a lawsuit arise,[65] while in Canada, this documentation would be a requirement for obtaining an orphan works license. In any case, the diligent search requirement could not be a complete solution to the orphan works problem. This requirement only solves the issue of determining the orphan work status. A proper license scheme and remuneration mechanism shall also be carefully deliberated in order to fully solve the problem. And, for the diligent requirement to function ideally and smoothly, a one-stop-shop search database of copyright information should be established. Such a database could ultimately solve the high-search-cost problem now faced by many intended users.

Another major problem of the U.S. bill drafts was that they allowed good-faith users to use an orphan work without a license if they could not find the copyright holder of the orphan work after a reasonably diligent search. An escrow account into which each user must pay prior to engaging in the use of orphan works was rejected by the Copyright Office, as was the creation of a user registry.[66] Such a scheme favors users and would cause detrimental effects to the interest of copyright holders, and certainly will face tremendous resistance from certain authors and publishers. A wise solution should accommodate and seek to balance the different interests of users and copyright holders.

D. The EU Directive on Orphan Works and Its Limited Scope

Unlike the U.S.'s market-driven approach to the digital library project, the European practice instead relies heavily on public ordering. Emphasizing the concept of "cultural heritage" and with the aim of

64 *See* de la Durantaye, *supra* note 1, at 287.

65 *See* Orphan Works Act of 2008, § 2(b)(1)(A)(i); *see also* Shawn Bentley Orphan Works Act of 2008, *supra* note 55, § 2(b)(1)(A)(i).

66 U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS, *supra* note 53, at 11, 112-14.

preservation of culture,[67] the European Commission created a public-initiated library, *Europeana*, an ambitious project, which covers not only books but other textual works, such as newspapers, letters, diaries and archival papers, as well as images, sounds, and videos. The question, of what role government should play in regulating the project and, more generally, regulating cultural heritage, has led to different models for the digitization of works. In order to facilitate searches for copyright holders, the EU seeks to establish Europe-wide databases containing information on rights holders and the copyright and commercial status of print materials. The most notable database is the ARROW (Accessible Registries of Rights Information and Orphan Works). Creation of national databases, rights clearance centers, and nationally funded digital libraries are all public, governmental-run initiatives. Thus, the envisioned solutions in the U.S. and the EU reflect their legal traditions and society norms more generally: belief in market forces on one side, preference for public ordering on the other side.[68]

While the EU relied heavily on public ordering to develop digital libraries and build the copyright information databases, for the legislation on orphan work licenses, the EU did not adopt the Canadian Model, which empowered a public body to issue licenses. In 2006, the European Commission made a Recommendation on the digitization and online accessibility of cultural content and digital preservation,[69] but only a handful of EU Member States have implemented orphan works legislation.[70] In France, any person may apply before the first instance courts for appropriate measures if there is no known successor in title and no heir or spouse entitled to inherit the rights of exploitation by the deceased author.[71] In the U.K., as noted above, a provision that is very limited in scope allows the Copyright Tribunal to grant certain licenses in performances where the identity or whereabouts of the rights holder cannot be ascertained by rea-

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[67] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Europeana: Next Steps, at 2, COM (2009) 440 final (Aug. 28, 2009), *available at* http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0440:FIN:en:PDF

[68] De la Durantaye, *supra* note 1, at 233.

[69] Commission Recommendation 2006/585/EC of 24 August 2006 on the digitisation and online accessibility of cultural content and digital preservation 28-30 (OJ L 236, 31.8.2006).

[70] *See* European Commission, Proposal for a Directive of the European Parliament and of the Council on certain permitted uses of orphan works, COM(2011) 289 final, 2011/0136 (COD), Brussels, 24.5.2011, Explanatory Memorandum, para. 4.

[71] Code de la Propriété Intellectuelle art. L. 122-9.

sonable inquiry.[72] In Hungary, licenses to use orphan works can be obtained from the Hungarian Patent Office, which also checks that a diligent search for the owner has been carried out.[73] In the Nordic countries (i.e., Denmark, Finland, Sweden, Norway, and Iceland), the problem of orphan works is avoided by extending the mandate of collecting societies to represent rightholders that have not joined the collecting society.[74]

In order to push forward national legislation on orphan works and facilitate their uses, the European Commission forwarded a proposal in 2011 for a Directive of the European Parliament and of the Council, which envisions a uniform requirement of diligent search, mutual recognition of the search result and orphan status.[75] The text of the proposed directive went through several revisions. Finally, on October 25, 2012, Directive 2012/28/EU of the European Parliament and of the Council on certain permitted uses of orphan works was adopted.[76] EU Member States are required to bring into force their laws, regulations, and administrative provisions necessary to comply with this Directive by October 29, 2014.[77]

The EU Orphan Works Directive imposes a prior diligent search requirement for users and requires all Member States to mutually recognize the orphan work status as far as a work is considered an orphan work in a Member State.[78] Both the U.S. legislative proposals and the EU Directive have designed a diligent-search requirement. A diligent-search requirement has become a key element in any legal system concerning orphan works, and this requirement can be advanced to become an international rule.

In the very beginning of drafting the Directive proposal, the Commission did not adopt a generic approach to deal with the problem of orphan works, but proposed a set of measures designed for specific situations in relation to mass digitization projects. The Directive was conceived with a

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72 Copyright, Designs and Patents Act 1988, ch. 48, sec. 190, para. 1.

73 Act No. LXXVI of 1999 on Copyright art. 57/A (Hung.).

74 For a description of EU member states' legislation on orphan works, see European Commission, Commission Staff Working Paper, *supra* note 6, n.42.

75 European Commission, Proposal for a Directive of the European Parliament and of the Council on certain permitted uses of orphan works, *supra* note 70.

76 Directive 2012/28/EU of the European Parliament and of the Council of October 25, 2012, on certain permitted uses of orphan works, Official Journal of the European Union, Oct. 27, 2012, L299/5–L299/12; [hereinafter the EU Orphan Works Directive], *available at* http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:299:0005:0012:EN:PDF.

77 *Id.* art. 9.

78 *Id.* art. 4.

limited scope.[79] The final Directive concerns only certain uses made of orphan works by publicly-accessible libraries, educational establishments, and museums, as well as by archives, film or audio heritage institutions, and public-service broadcasting organizations, established in the Member States, in order to achieve aims related to their public-interest missions. Accordingly, the beneficiaries of this Directive are very limited, raising fairness issues with respect to other persons and organizations. Under the international law perspective, this could also cause a national treatment issue, as national treatment is an international obligation explicitly prescribed under the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPs Agreement). Under article 3 of TRIPs, each WTO Member shall accord to the nationals of other Members treatment no less favorable than that it accords to its own nationals with regard to the protection of intellectual property.[80] It is explained in the footnote of articles 3 and 4, for the purposes of these two articles, that "protection" shall include matters affecting the availability, acquisition, scope, maintenance, and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in the TRIPs Agreement. A regulation on the use of orphan works must also comply with the international obligation of national treatment.

For the categories of uses, the Commission originally intended to distinguish between non-compensatory permitted uses (article 6) and authorized uses (article 7) of orphan works.[81] The first draft of the Directive proposal included a provision on authorized uses of orphan works, which permitted Member States to authorize specific organizations to use an orphan work for purposes other than their public-interest missions under several strict conditions.[82] Article 7 on authorized uses was removed from the later drafts and the final official Directive. The removal of article 7 in the final Directive further restricted the scope of the Commission's proposal, which was already severely limited in scope.

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79 *See* Stef van Gompel, *European Commission Proposes a Directive on Orphan Works*, IRIS/MERLIN (2011), http://merlin.obs.coe.int/article.php?iris_r=2011%207%205&language=en.

80 The Agreement on Trade-Related Aspects of Intellectual Property Rights art. 3.

81 *See* Reto M. Hilty et al., Comments of the Max Planck Institute for Intellectual Property and Competition Law on the Commission Proposal for a Directive on Certain Permitted Uses of Orphan Works 7 (Aug. 10, 2011) (Max Planck Institute for Intellectual Property and Competition Law Research Paper No. 11-14), *available at* http://ssrn.com/abstract=1948323.

82 *See* European Commission, Proposal for a Directive of the European Parliament and of the Council on Certain Permitted Uses of Orphan Works, *supra* note 70, art. 7.

The limited focused scope of the EU Orphan Works Directive promotes the preservation and dissemination of European cultural heritage. However, it is obviously not a full solution to the orphan works problem. A full solution should address the authorized uses of orphan works by other persons or entities for purposes other than public interest missions. For the authorized uses of orphan works, it is imperative to answer the following questions: who has the right to authorize or license use of orphan works? Who may collect fees from such use? And, how to distribute and/or implement such funds?[83] All these questions are untouched by the EU Orphan Works Directive.

A license scheme for authorized uses that do not fall within the scope of public interest missions seems to be the most difficult issue. The U.S. proposals simply exempted the license requirement, whereas the EU Directive only concerns a statutory exception for certain permitted uses, leaving other authorized uses and their licensing issues unresolved. For a full solution to the orphan works problem, the license issue cannot be avoided. A proper license arrangement should be designed with the aim of protecting right holders on one side, and facilitating the exploitation of orphan works on the other side.

IV. SUGGESTIONS FOR INTERNATIONAL LEGISLATIVE RESPONSE TO THE ORPHAN WORKS PROBLEM

A. A Need for International Response to the Orphan Works Problem

This article argues for the need to adopt a legislative solution since there is a market failure in the exploitation and protection of orphan works. Since copyright protection is mutually recognized under international treaties and the increasing scale of cross border use of orphan works has strengthened the need for such international protection, international harmonization of the law concerning orphan works is desperately needed.

The increasing scale of cross-border use of orphan works is the direct cause for a need for an international response. The orphan works problem is directly linked with the development of digital libraries or online libraries. The Internet is global in nature, and the use of a work online can cause extraterritorial issues of copyright protection. Thus, a domestic solution cannot be truly effective in the Internet era. As the controversies surrounding the Google Book Search settlement have shown, the orphan works problem is truly a global problem that requires an international solution.[84]

The orphan works problem is deeply rooted in the Berne Convention's no-formality requirement, and under the Berne Convention, copy-

[83] Hilty et al., *supra* note 81, at 2-3.
[84] De la Durantaye, *supra* note 1, at 291.

right protection is essentially global, thus, only an international solution can solve the problem caused by the Berne Convention. Without an international solution to the orphan works problem, divergent regulations on orphan works risk fragmentation of the legal rules governing the online access to orphan works.[85] Regulatory fragmentation would lead to legal uncertainty for determining the status of orphan works and further using them. Various alternatives exist to deal with the issue of orphan works, but these domestic mechanisms may not be compatible with one another.[86] The same work can be considered an orphan work in one jurisdiction, but not in others, while copyright protection is universal.

For the reasons explained above, a transnational solution to the orphan works problem should be a high priority. A transnational solution can either be revolutionary or conservative. One revolutionary option is to reintroduce a registration requirement, thus eliminating the orphan works problem at the very beginning. Such a copyright registry system would have to be centralized to allow a more efficient way to search. Since copyright protection is mutually recognized by members of the Berne Conventions, and international transactions in cultural products have increased in volume, an international copyright registration system could be established. Bernard Lang proposed to institute a single worldwide international books database, and believed that it is now technologically feasible and would essentially solve problems, for all countries, with minimal changes to existing legislation.[87]

This suggestion depends on an effective registration system. As noted above, however, copyright registration would impose substantial costs on authors and copyright offices. Thus, it is not likely to be reintroduced in the near future. Therefore, this author prefers a conservative approach that adjusts the rules for the exploitation of orphan works within the current copyright law. Conservatively, the international community can first adopt a common approach to determine orphan work status and establish common minimum standards for exploiting orphan works. This would also contribute significantly to the cross-border use of orphan works.

The design of a legal system for orphan works involves balancing different interests. On the one hand, the legislation should protect legitimate users against possible liability for copyright infringement after complying with the required conditions to use orphan works. On the other hand, the

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[85] *See* European Commission, Commission Staff Working Paper, *supra* note 6, § 5.1.1.

[86] *See* Amanda N. Wilson, *Jet-Setting Orphan Works: The Transnational Making Available of Works of Unknown Authorship, Anonymous Works, or Lost Authors*, 23 EMORY INT'L L. REV. 783, 792 (2009).

[87] Bernard Lang, *Orphan Works and the Google Book Search Settlement – an International Perspective*, 55 N.Y.L. SCH. L. REV. 111, 142 (2010).

adequate protection of copyright holders should be ensured. Both the diligent search requirement and remuneration mechanism should be designed to ensure sufficient protection of copyright holders. Another special point that needs to be kept in mind is that a satisfactory solution should be workable for large-scale digitization projects and the international use of orphan works.

B. A Lower Level Requirement of Reasonable Diligent Search and Its Mutual Recognition

Since the determination of orphan work status depends on a diligent search, the reasonable diligent search rule becomes a key element of any legal system of orphan works. It is not surprising that all legislative approaches surveyed by this article introduced similar diligent-search requirements. A person or entity interested in using an orphan work would only be allowed to do so after having conducted and documented a reasonably diligent search. Lack of such a requirement would significantly injure the interests of copyright holders, and would not be accepted by the general public and judges as demonstrated by the Google book settlement case. The criterion to determine the reasonable diligent search is vital to the successful operation of such a system. The key to designing a diligent search rule is its reasonableness.

The cost of a diligent search imposed on a user needs to be kept in mind when designing a diligent search rule. Ultimately and ideally, with the development of a rights clearance network such as the launched EU project ARROW (Accessible Registries of Rights Information and Orphan Works), a one-stop-shop to conduct a diligent search will emerge, substantially reducing the cost of a diligent search. However, currently, the cost of a diligent search is not going to be cheap.[88] The cost of labor, postage, and long distance telephone calls entailed in determining copyright status and identifying, locating, and negotiating with copyright owners is not trivial. In a study conducted by Carnegie Mellon University Libraries in 2003 seeking permission to digitize and provide Web access to 278 fine and rare books, the transaction cost was $78 per title for which permission was granted.[89] An estimate of high-search costs is also supported by the fact that the current systems in Canada and Japan have not been extensively used.

The high cost of diligent search is one important element that contributes to that low utilization rate. One logical result of high search costs is that many users would simply forgo using orphan works and never start

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[88] Lawrence Lessig, *Little Orphan Artworks*, N.Y. TIMES, May 20, 2008, at A23, *available at* http://www.nytimes.com/2008/05/20/opinion/20lessig.html.

[89] Letter from Denise Troll Covey, *supra* note 4, at 3.

the search in the first place. If a reasonable, but lower level of search were required, more searches would be foreseeable. More authors would actually be discovered and perhaps allowed to benefit. In this sense, lower required search costs are also a better arrangement for authors.[90] Since high search costs cause the users to refrain from searching altogether and thus from use, which benefits no one, this article advocates for a low level of required search. In order to mitigate the possible adverse effect of a low level search requirement, other institutions such as reverse registration of intended use and prior payment to a legally designated trustee should be designed to ensure the protection of copyright holders.

Generally, the cost of search should be lower than what is currently imposed in some countries. In order to achieve fairness, different levels of search requirements can be implemented. A large scale commercial use by a large corporation could require a comparatively higher level of search. This requirement should not be excessively stringent. Otherwise, it would not be practical for large-scale digitization projects. For non-profit or lower-profit activities conducted by a specific entity for public-interest missions such as a library, a comparatively lower level search requirement could be imposed. The Duke Center for the Study of the Public Domain has proposed that the required level of search should vary in a few broad classes based on type of use and extent of use.[91] However, it would be difficult for legislation to provide for exactly such different levels of search requirements. The copyright administrators are expected to promulgate detailed rules concerning differentiated, but reasonable search requirements. Best practices and customary rules for reasonable diligent searches are also likely to evolve over time through collaborative efforts and judicial interpretation.[92]

What constitutes a reasonable search effort is very difficult to define by legislation. A rule requiring a reasonable search effort would inevitably result in a lack of clarity and allow great discretion to judges in case of disputes. "Some risk would remain because the user would have to do enough of a search to show a court that they had conducted a reasonable search in good faith. It is always possible that a court would not agree, which is what sometimes happens when defendants claim fair use."[93] In order to solve the reasonable efforts dilemma, this author proposes "a reverse registration and public notice system" to complement a reasonable

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[90] *See* Duke Center for the Study of the Public Domain, *supra* note 2, at 4.

[91] *Id.* at 7.

[92] Brian T. Yeh, *"Orphan Works" in Copyright Law*, *in* COPYRIGHT AND THE ORPHAN WORKS ISSUE 47 (Andrew I. Owens ed., 2010).

[93] Jerry Brito & Bridget Dooling, *An Orphan Works Affirmative Defense to Copyright Infringement Actions*, 12 MICH. TELECOMM. & TECH. L. REV. 75, 109 (2005).

search requirement. Third party certification of diligent search is not workable since it would significantly increase the user's costs. A "reverse registration and public notice system" could be a better idea as discussed in detail below, since a user could put the evidence and result of a diligent search under public supervision. If there is no objection to the reasonableness of such a search after a period of time, for example three months, such a search would be deemed prime facie reasonable.

Another point related to the theme of an international solution is a harmonized approach concerning the diligent search standards. Establishing common principles and criteria for conducting diligent search can pave the way for mutual recognition of orphan work status. Orphan work status should be mutually recognized, or even better, globally recognized. Mutual recognition of orphan status is a key feature of the EU Orphan Works Directive.[94] Reasonable diligence searches internationally involve significant complicating factors, such as language barriers and diverse legal systems.[95] All these factors would probably impose an unreasonable burden on the exploiter. Costly duplicate searches should be avoided. A system of mutual recognition would avoid the need to carry out multiple diligent searches for the copyright holder. In order to ensure the free movement and worldwide dissemination of knowledge, mutual recognition of orphan work status should be incorporated into the envisioned international regime on orphan works.

C. A Reverse Register Serves as Public Notice of Reasonable Search

The Berne Convention forbids any formality including a registration requirement for the enjoyment and exercise of copyright, but it does not forbid a reverse registration system for using copyrighted orphan works. If the rights holder cannot be located after a reasonable diligent search, a prospective user could register the use on an authoritative, free, and easy-to-use searchable database. This reverse registration system could serve two purposes, a public notice of the reasonable search result, and a way to acquire implied license as discussed in the next section.

In order to ensure legal certainty, copyright holders should receive reasonable notice. A reverse registry could function as a public notice of a reasonable search. After the users conduct a relatively low-cost search, they could register and record their use in a publicly-accessible database. If the rights holder does not come forth and assert his or her rights after a reasonable period of time, for example three months, the work would be

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[94] *See* EU Orphan Works Directive, *supra* note 76, art. 4.

[95] Jan Timothy Williams, *The Pre-Amended Google Books Settlement, International Orphan Works, and German Copyright Law: An Analysis*, 19 U. MIAMI BUS. L. REV. 51, 56 (2011).

automatically classified as an orphan work. This could offset the adverse effect of a lower search requirement.

In addition, reverse registration can serve as a declaration of intent to use. After such a declaration, if the rights holder does not appear and assert his or her rights after a longer period of time, for example six months, the copyright in the orphan work could be deemed to be impliedly licensed by the missing author, and the prospective user could use the work.

An online, searchable, open database where it is easy for a user to submit reverse registration should also be easy for rights holders to search for uses of their works. In the database, orphan works would be prominently labeled as such and could quickly be "reclaimed" by the legitimate rights holder. Rights holders should check this database from time to time if they care about their rights and economic interest in their works.

Although a reverse registration system would increase the cost and complexity of the orphan works system, this cost and complexity is minimal and acceptable. By requiring public certification, it would curb possible abuses of the lower-level reasonable diligent search. The U.S. Copyright Office maintained that a user registration system would be premature because it believed a user registry would prove burdensome for those using numerous orphan works, and because a textual database would not assist users without some sort of unique identifier for each work, which would be difficult to administer.[96] The burdens and costs of using numerous orphan works can be mitigated by the income and profit of using such works. A textual database may not be easy for searching and identifying untitled photographs and other visual works, but technological developments will help to solve the search problem for these non-textual works. For the time being, a link to the use of copyrighted work could be required so as to help rights holders monitor the use of their works. The existence of such a registration database could at least provide rights holders an equal opportunity to search the potential use of their works.

D. Implied License Based on Public Notice

In the case of an orphan work, who shall be eligible to issue a license? Since direct licenses by copyright holders are not possible in the special case of orphan works, there are several notable options. One is a statutory exception or exemption allowing the non-commercial use of orphan works. Because libraries believe that they should not have to conduct a

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[96] U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS, *supra* note 53, at 11, 114.

diligent search and also incur the additional cost of copyright licensing,[97] there have been calls for a statutory exception for libraries that would provide online access to orphan works. The statutory exception is the preferred option of the library and archive community, while publishers, collecting societies and other copyright holders prefer some variation of a licensing scheme.[98] Even if adopted, a statutory exception could only have a limited application for certain specific public-interest uses as demonstrated by the EU Orphan Works Directive.

The second option is to designate a workable government body to issue licenses to use orphan works. This option is provided for by the current Canadian copyright law. Under such scheme, a search is also certified by the public authority. This option would trigger expensive administrative costs and would be inefficient in practice as demonstrated by the experiences in Canada and Japan. The third option is licensing by a collecting society for copyright management. For example, there is a strong lobby in France taking the position that a private organization or organizations should be entrusted with some form of guardianship over orphan works with the power to grant licenses and collect fees.[99] According to that French lobby, these guardian organizations should naturally be Copyright Management Organizations.[100] Since copyright holders of orphan works can not be identified or located, a voluntary collective license scheme is not helpful in solving this unique problem.

A method that deserves particular consideration is the extended collective license system. A system of extended collective licensing is characterized by the combination of a voluntary transfer of rights from rights holders to a collecting society with a legal extension of the repertoire of the society to encompass those rights holders who are not members of the society.[101] Extended collective licensing is as effective as compulsory licenses, but at the same time allows rights holders to control the use of their works.[102] As noted, the extended collective license system is applied in various sectors in the Nordic countries, Denmark, Finland, Norway, Sweden, and Iceland. These countries have a longstanding tradition of

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[97] *See* European Commission, Commission Staff Working Paper, *supra* note 6, § 5.2.3.

[98] *See id.*, Annex 1.

[99] Bernard Lang, *supra* note 87, at 121.

[100] *Id.* at 122.

[101] Stef van Gompel & P. Bernt Hugenholtz, *The Orphan Works Problem: The Copyright Conundrum of Digitizing Large-Scale Audiovisual Archives, and How to Solve It*, 8 POP. COMMUN.– INT'L J. MEDIA AND CULT. 61, 61-71 (2010).

[102] Thomas Riis & Jens Schovsbo, *Extended Collective Licenses and the Nordic Experience – It's a Hybrid but Is It a Volvo or a Lemon?*, 33 COLUM. J.L. & ARTS 471, 472 (2010).

collective management, which has resulted in a well-developed structure and culture for the activities of Collective Management Organizations. Thus, the functioning and legitimacy of the extended collective license model in a context other than the Nordic countries may well be dependent on the existence of a well-developed structure and culture of collective management.[103] Any proposals to adopt the extended collective license system internationally should therefore be based on careful studies of broader social and cultural circumstances.[104] The successful operation of such a system internationally fully depends on the existence of representative collecting management organizations in relevant fields in various countries, which is not the current case.

The orphan status can be mutually recognized, but such recognition for licenses is difficult. A national governmental license to exploit an orphan work cannot have extraterritorial effect since it is a governmental act under national sovereignty. Such domestic licenses would reinforce the fragmentation of the legal system regarding orphan works. A license issued by a collecting society is also a domestic one, since there is no international copyright collecting society. A user would need to obtain multiple licenses in different countries in order to display digital copies of an orphan work internationally via the Internet. This complexity would have detrimental repercussions on the free movement of information worldwide.

In order to overcome this deficiency, with the objectives of increasing access to orphan works, achieving administrative simplicity, and reducing transaction costs for the use of orphan works, this author advocates an implied license mechanism. A public registry containing a list of orphan works identified after diligent searches could naturally serve as public notice for acquiring implied license.

Implied license can be found when a copyright holder engages in conduct from which a user may properly infer that the holder consents to his use. Consent to use a copyrighted work giving rise to implied license need not be manifested verbally, and may be inferred based on silence when a copyright holder "knows of the use and encourages it."[105]

The contractual concept of "encourage" is a subjective element that is difficult to determine. Dr. Fischman Afori suggested introducing the implied license doctrine into copyright law as a metaphor, viewing it as a non-contractual concept and as a doctrine not concerned with the parties'

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[103] Johan Axhamn & Lucie Guibault, Cross-Border Extended Collective Licensing: A Solution to Online Dissemination of Europe's Cultural Heritage? 44 (2011) (final report prepared for EuropeanaConnect, Amsterdam, The Netherlands).

[104] Riis & Schovsbo, *supra* note 102, at 497.

[105] Field v. Google, Inc., 412 F. Supp. 2d 1106, 1116 (D. Nev. 2006).

intent, thus imposing objective interpretation aimed at furthering policy considerations, fitting the evolutionary process of copyright law.[106] "Encourage the use" is a heightened standard and an element difficult to determine. "Consent to use" should not be upgraded to the level of encouragement. Under this article's proposal, a special scheme of implied license shall be established by orphan works legislation. After a period of public notice of the intended use, the rights holder is presumed to know the intended use, and by the silence, it can be inferred that the rights holder consents to the use.

After a copyright is declared as impliedly licensed, the user will be immune from a suit for copyright infringement if subsequently contacted by a copyright holder. However, from the date the rights holder reappears, the user shall stop its use and try to get an express license from the rights holder. An exception can be imposed for derivative works. It is unfair for a reappearing right holder to have the power to stop the use of a derivative work. A user of a derivative work should be permitted to continue its use subject to a reasonable royalty.

E. Remuneration Mechanism

Implied license does not mean free use. The remuneration mechanism is a feature deemed essential to safeguard rights holders' property interests. The diligent search and redress for reappearing rights holders are two key factors that must be incorporated into any system of utilizing orphan works. Only a very narrow exception to remuneration should be considered to ensure the use of orphan works is for purely public interest purposes.

The remuneration mechanism is necessary to complement the lower-cost search requirement envisioned by this article. Failure to find an owner after a minimally-reasonable search should not allow a user to use the work without paying upfront. Otherwise, any logical user would prefer to pay nothing now when the only risk if caught is later payment of that same amount. The rule should not create an incentive to fail to search for a copyright owner.

The remuneration mechanism is designed to provide redress for reappearing rights holders. Any remuneration that may be collected for rights holders of orphan works under a license should be kept in an escrow account, established and run by the same body as the operator of the reverse registration database.

The legislation can provide for a time period, such as five years, during which the royalties paid into the account must remain until the orphan

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106 Fischman Afori, *Implied License: An Emerging New Standard in Copyright Law*, 25 SANTA CLARA COMPUTER & HIGH TECH. L.J. 275, 292-97 (2009).

work's owner reappears. If the owner becomes known during this period, he will be entitled to receive the remuneration. Otherwise, there are several choices. The first option is for this fee to be held in escrow until the end of use or expiration of copyright, and then returned if not claimed by the copyright owner.[107] The second option is represented by the Google book search settlement proposal. Under the revised settlement, the funds would be held for a total of ten years.[108] At the end of that term, any unclaimed funds would be allocated proportionally to the U.S., Canada, the U.K., and Australia, based, respectively, on the number of books registered with the U.S. Copyright Office (for the U.S.) and the number of books published in Canada, the U.K., and Australia. Such funds are scheduled to be distributed to literacy-based charities in each such country that directly or indirectly benefit the rights holders and the reading public.[109] This author suggests the unclaimed remunerations to be used for purposes such as maintaining a publicly-accessible database of copyright information, or constructing a public digital library.

A potential problem with such a remuneration mechanism is that it would be costly to determine the amount to be paid. The value of intellectual property is not easy to calculate. For the purpose of this mechanism's functionality, a user could firstly unilaterally submit a proposed licensing fee corresponding to an ordinary rate of royalty, and the managing body shall monitor proposed fees in order to avoid artificially low fees. If there is no objection from the managing body after a period of time, this fee will be set. A prior set fee will also prevent "submarine orphan works." One possible problem under the orphan works system is that, the rights holder may wait until after the user invested significant resources on the orphan work and a valuable market has developed, and then claim a higher licensing fee if the user wants to continue using it. In order to secure the interest of the user, the suddenly reappeared copyright holder could not retrospectively charge a license fee higher than the prior set fee. Another potential problem is that the chance of copyright holders resurfacing to claim the funds deposited in an escrow account is low, which suggests that escrow funds would rarely be distributed. The U.S. Copyright Office rejected the inclusion of an escrow account in its legislative proposals mainly because of this reason.[110] However, it is a necessary mechanism to prevent abuse of the orphan works system and to safeguard the interest of copyright holders. Even if the funds would rarely be distributed, they can

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107 Darrin Keith Henning, *Copyright's Deus Ex Machina: Reverse Registration as Economic Fostering of Orphan Works*, 55 J. COPYRIGHT SOC'Y 201, 208 (2008).

108 Amended Settlement Agreement, *supra* note 28, § 6.3(a)(i)(3).

109 *Id.* § 6.3(a)(i)(3).

110 U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS, *supra* note 53, at 114.

be used for other legitimate public interest purposes, such as running a registration database or building a public digital library.

V. CONCLUSION

A scheme for orphan works is an exception or special arrangement to copyright. Any copyright exception or special arrangement should conform to the three-step test of copyright exceptions as prescribed in the Berne Convention, the TRIPs Agreement and the WIPO Copyright Treaty. The three criteria imposed by the test are that: (1) the exception or limitation is restricted to a special case; (2) it does not conflict with a normal exploitation of the work; and (3) it does not unreasonably prejudice the legitimate interests of the author.[111]

The minimum diligent search requirement plus reverse registration, implied license and a remuneration mechanism as a solution to the orphan works problem is restricted to a special case of orphan works. This limitation is clearly defined and narrowly limited in its scope and application.[112] And, with the safeguard of diligent search, public notice and prior deposited remuneration, it will not conflict with normal exploitation of the work; actually, for truly orphan works, there is no normal exploitation of the work. Regarding the third step of the test, it is widely held that some form of proportionality enquiry should be posed.[113] As proposed by several European scholars, this test should also be interpreted in a manner that respects the legitimate interests of third parties, including public interests.[114] If a right holder cannot be identified or located after a reasonable diligent search, the overall public interest in the use of the work should be given greater consideration than the merely hypothetical interest of the right holder.[115] With the remuneration mechanism, it would bring any

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111 *See* TRIPs Agreement art 13; Berne Convention art. 9; WIPO Copyright Treaty 1996, art. 10. The test's third condition refers to the "legitimate interests of the author" under the Berne Convention and the WIPO Copyright Treaty. However, under the TRIPs Agreement, it refers to "the legitimate interests of the right holder."

112 For the first step, according to which limitations must be confined to "certain special cases," an authoritative interpretation by a WTO Panel is that, a limitation must be clearly defined and should be narrow in scope and application. WTO Panel Report, United States – Section 110(5) of the U.S. Copyright Act, WT/DS160/R (June 15, 2000), ¶¶ 6.108-6.109.

113 Jonathan Griffiths, *The "Three-Step Test" in European Copyright Law – Problems and Solutions*, 4 INTELL. PROP. Q. 428,449 (2009).

114 Christophe Geiger et al., *Declaration on a Balanced Interpretation of the "Three-Step Test" in Copyright Law*, 39 INT'L REV. INTELL. PROP. & COMPETITION L. [IIC] 707, 712 (2008).

115 Hilty et al., *supra* note 80, at 10.

perceived or hypothetical prejudice back to an acceptable level, and would not unreasonably prejudice the legitimate interests of the author.

Such a scheme would not violate international copyright treaties, and it can work under the current international copyright system. In order to overcome the legal obstacles for trans-boundary exploitation of orphan works via the Internet, a common set of diligent search criteria and an explicit exception for reverse registration for using orphan works should become an international rule. Since the reasonable-diligent search rule has already evolved to become a very key element of any legal system of orphan works, a reasonably diligent search requirement and mutual recognition of the search result could be written into the international copyright treaty as a compulsory obligation for its members. A reverse registration with its additional function as public notice of a reasonable search and the acquiring of an implied license could be written into the international treaty as optional obligations. Optional obligations exist in international treaties mainly because negotiators have inconsistent views on the proposed rule. A typical example is the best mode of disclosure requirement for patent applications in article 29 of the TRIPs Agreement.[116] A reverse registration and its further function as a public notice of a reasonable search and the acquiring of an implied license can be prescribed as optional obligations in the international treaty, leaving discretion for its members to choose it or not. A legal system of orphan works can only be made internationally interoperable through international harmonization. The international treaties on copyright should be revised or a special agreement on orphan works should be drafted in order to address the challenges posed by digital technologies in the Internet era.

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116 *See* Bingbin Lu, *Best Mode Disclosure for Patent Application: An International and Comparative Perspective*, 16 J INTELL. PROP. RIGHTS, 409, 409-17 (2011).

DANCING IN SHACKLES: COPYRIGHT IN CHINA'S HIGHLY REGULATED PUBLISHING MARKET

by HONGSONG SONG*

The entire private publishing business is grounded on informal rules.[1]

–A private publisher (2008)

I. INTRODUCTION

In the process of economic and political transition, China has tried to introduce market mechanisms into the information production and dissemination system while still maintaining state control over this system. In addition to exercising strict censorship, the Party-state also monopolizes ownership of the crucial sectors in this system, such as publishing, broadcasting, and newspapers. Recently, the influence of press control over copyright enforcement has drawn more international attention. Some commentators have touched on the influence of censorship and importation restrictions on copyright enforcement in China.[2] The U.S. government also issued two complaints to the WTO against China's censorship and market access restrictions because of their impacts on copyright enforcement. However, the influence of state media monopolies on copyright enforcement has not been fully investigated.

In 2008, the author interviewed around twenty private publishers, staff of state-owned publishing houses, copyright officers, and copyright scholars in China.[3] Based on the first-hand information provided by these

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[1] Interview 081103 (Beijing, 3 Nov. 2008).

[2] *See* Eric Priest, *The Future of Music and Film Piracy in China*, 21 BERKELEY TECH. L.J. 795 (2006); Laikwan Pang, *The Global-National Position of Hong Kong Cinema in China*, *in* MEDIA IN CHINA: CONSUMPTION, CONTENT AND CRISIS 55-59 (Stephanie Hemelryk Donald et al. eds, 2002); Peter K. Yu, The Second Coming of Intellectual Property Rights in China, (2002) (Occasional Paper Series in Intellectual Property, No. 11, Benjamin N. Cardozo School of Law, Yeshiva University).

[3] These interviews were approved by the Ethical Committee of the TC Beirne School of Law of the University of Queensland in accordance with its official guidelines. In order to protect the information sources, all the interviewees are anonymous in this article.

interviewees, the author has been able to find out a great deal about the actual operation of China's publishing industry and how it navigates between the market and state control. In fact, tension between the market and state control constitutes the major force that shapes the basic structure of China's media industry. Facing the state monopoly over the publishing sector, the representatives of market forces, such as private publishers who try to participate in the publishing process more broadly and more thoroughly have to circumvent formal regulations. Although private publishers are able to undertake book publication through the "book number" trade[4] and cooperation with state-owned publishing houses and are covered by various deceptive arrangements, without official acknowledgment the entire private publishing business is largely illegal.

The unique business model adopted by China's publishing industry seriously impedes copyright enforcement in insidious and non-obvious ways. Lacking legal status in book publishing, private publishers cannot protect the copyright in their books. Thus, in China's publishing sector, copyright cannot play an important role in protecting creation and inhibiting copyright piracy. This situation plus the uncertain legal status further impede private publishers from investing in copyright exploitation and even push many of them into imitation and piracy. Based on these discoveries, this paper aims to shed light on the influence of state monopoly on copyright in China's publishing industry.

II. PUBLISHING REGULATIONS TO MAINTAIN STATE MONOPOLY

Press control over the publishing process has been dramatically relaxed after thirty years of reform. Private investment is now allowed to enter most sectors of the publishing industry, and the market has started to play a much more important role in information production and dissemination. Control over literary and artistic creation has declined, with more and more authors relying on copyright royalties instead of state patronage. The book retail sector is generally open to private investment, although the retailing of textbooks is still monopolized by the state-owned New China Bookstore. The book wholesale sector has been officially opened to private enterprises, although registration requires examination and approval by the relevant government authority.

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[4] The "book number" trade relates to the issuance of numbers for books published in China. For a discussion of his practice, see Joel Martinsen, *Snags in China's New ISBN Distribution System,* DANWEI (Feb. 16, 2009), http://www.danwei.org/media_regulation/sorry_guangdong_no_books_for_y.php.

In spite of all these changes, however, the Party-state still retains significant control over publishing, which it treats as the most critical link in the press production chain. China's publishing regulations state that the government directly controls the total number, structure, distribution and coordination of all publishing institutions in the country.[5] All press houses are owned by the State. Only state-owned press houses can obtain a publishing license, that is, if one adopts a more literal translation, a "book number," and these licenses are required in order to commission printers to print books. A number of barriers have been set up to prevent anyone other than the state-owned publishing houses being involved in the publishing business.

A. Publishing Houses Monopolize Publishing

Throughout its half-century history, the Communist Party has maintained a publishing monopoly which has persisted despite the market-driven reform of the last thirty years. In 1987, concerned about rampant illegal publishing activities, the General Administration of Press and Publication (GAPP) issued an official notice stressing that except for those publishing institutions approved by the State, no institution or individual may publish for open distribution any book, periodical, or audio-visual publication.[6] In 1996, facing a second wave of illegal publishing, this principle was emphasized again.[7] In 1997, this principle was adopted in the Regulations on the Administration of Publishing, which states that all books published in China must be published by "publishing institutions."[8] The same requirement is found in the 2001 Regulations on the Administration of Publishing.[9] Anyone who engages in the publishing, printing, copying, importing, or distribution of a publication without government authorization may be subject to fines, confiscation of property, and criminal sanctions.[10]

Some impacts of state control are less effective of course. The State also specifies the field or specialized subject areas of every publishing institution, so that market competition between different publishing houses will not break down the publishing monopoly system from the inside. In

[5] Regulations on the Administration of Publishing art. 10 (promulgated by the St. Council, Dec. 12, 2001).

[6] Notice Regarding Striking Hard Against Illegal Publishing Activities art. 1 (promulgated by the St. Council, July 6, 1987), art. 1 [hereinafter Notice Regarding Striking Hard].

[7] Notice Regarding Resolutely Clamping Down on Illegal Publishing Activities art. 1 (promulgated by the St. Council, Jan. 25, 1996)

[8] Regulations on the Administration of Publishing art. 8 (promulgated by the St. Council, Jan. 2, 1997).

[9] Notice Regarding Striking Hard, *supra* note 6, art. 9.

[10] *Id.* art. 55.

this respect the system adopted in the 1950s has largely continued. Publishing houses specialize in certain specific fields corresponding to their sponsors' subject areas (education, health, trade, railways, etc.). Thus, despite the substantial changes brought about by market-driven reform in the publishing industry since 1978, GAPP still officially aims to maintain publishing specialization and has issued repeated notices to this effect. However, these notices appear to be ineffective and the Party-state seems to acquiesce in some publishing houses operating outside of their area of specialization, while still keeping tight control in certain areas such as the publication of primary school and middle school textbooks, and books subsidized by the State.[11]

B. Only Public Institutions May Establish Publishing Units

In addition to creating a state monopoly over publishing institutions, the administrative regulations and rules on publishing further raise the threshold for establishing a press house. They set up another level of supervision by providing that every publishing institution must be established by an approved state-affiliated sponsor (sponsoring institution) which must be supervised by an approved government department (managing institution).[12] The publishing institution must answer to its sponsoring/managing institution.[13] The sponsor need not be a government department, but must be a public institution which is directly, not nominally, administered by a government department.[14] For example, an institute or association established by a government department may apply to set up a publishing house, while a private or non-public organization may not. Only the sponsoring institution, not any individual, has the power to file an application to establish a publishing unit. Through these provisions the state can achieve direct control over the whole publishing sector in China.

In addition to the above conditions, the establishment of a new publishing house also has to be in accordance with the State plan for the number, structure, and distribution of publishing institutions. Founded in the pre-reform era, the basic framework of the publishing industry follows the organizational structure of the Party-state. At the central level, every division of the Party-state, such as departments of the CCP central committee,

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[11] Zhao Shulei, A Research on Countermeasures for Chinese Publish Administrative System Reform (2007) (unpublished M.A. thesis, East China Normal University).

[12] Notice Regarding Striking Hard, *supra* note 6, art. 11.

[13] The Interim Provisions on the Functions of the Sponsoring Unit and the Managing Unit for Publishing Units art. 6 (promulgated by the Gen. Admin. of Press & Publ'n, June 29, 1993).

[14] *Id.* art. 5.

the government ministries, the People's Liberation Army, mass organizations, and democratic Parties, might own one or two publishing houses. At the local level, each province, autonomous region, or municipality under the direct control of the central government also has a publishing sector with a similar structure. For example, Jiangsu province has the Jiangsu People's Publishing House, the Jiangsu Educational Publishing House, the Jiangsu Literature and Art Publishing House, the Jiangsu Science and Technology Publishing House, and the Jiangsu Children's Publishing House.[15] In addition to this central or local government system, some important public institutions such as universities and research institutes may also have their own publishing houses. The establishment of state-owned publishing houses is based on the interests of the Party-state rather than market demand. For example, in order to promote China's Olympic bid, GAPP approved the establishment of Olympic Publishing House in 1991 and then dismissed it after Beijing failed to host the 2000 Olympic Games.

There have occasionally been experiments in reducing the monopoly of the State in publishing. In the late 1980s, three private publishing houses were approved as an experiment in reform. However, after the Tiananmen Square Incident in 1989, the ban on private publishing was tightened again and these three private publishing houses were closed shortly after.[16] In some exceptional cases foreign publishers have been allowed to establish joint ventures with state-owned publishing houses. For example, the British publisher Pergamon Press invested in China Academic Publishing House in 1988, and established International Academic Press, the first publishing joint venture in China. The People's Post, Telecommunication Publishing House, and Egmont, the largest publisher of children's books in Europe, established the Children's Fun Publishing Company in 1994. However, in these experiments, state-owned institutions always hold the majority of stock.[17] Thus, to date, all book publishing houses are integrated into the structure of the Party-state.

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15 *See* VIRGINIA BARRY, RED – THE NEW BLACK: CHINA-UK PUBLISHING 81-83 (2007).

16 *See* Bao Hong, The Development and Bottleneck of the Private Publisher in Beijing 37 (2007) (unpublished M.A. thesis, Tsinghua University).

17 *See* Fang Qing, *Analysis on the Importation and Exportation of Publications and Foreign Investment in Publishing Industry in Mainland China*, 8 NANHUA PUB. NEWSL. (2006); *Cao Peng, Studies on the Development of Newspaper Groups in China* (1999).

C. *Only State-Owned Publishing Houses May Obtain Publication Numbers*

Control over publishers is not limited to the authorization and registration of the publishing entity. Newspapers, periodicals and books are also registered separately through a book and periodical numbering system. In 2002, China fully adopted the International Standard Book Number (ISBN) and International Standard Serial Number (ISSN) system, bringing the book numbering system in China in line with the international system. However, the function of China's book number system is quite different from that of the rest of the world. In most countries, ISBN and ISSN only provide the means of classifying and locating information about publications, and can be voluntarily and freely applied for by publishers without examination.[18] In China, the book number is supervised by the GAPP to ensure that every published copy comes from a state-owned publisher and can be traced back to its publisher. According to the administrative regulations and rules on publishing, all books published in China must have a book number, but only official registered publishing houses are eligible to get such book numbers.[19] The national numbering system in China therefore presents an additional obstacle to illegal publishers, as they cannot openly sell or distribute their products without these essential and centrally assigned numbers.[20]

In addition to controlling the distribution of book numbers, the state also exercised gross control over the quantity of book numbers for more than a decade, that is, 1998 to 2009. According to the Notice Regarding Strengthening of the Gross Control of the Amount of Book Numbers of 1998, the distribution of book numbers is correlated with the numbers of editors in a press house. Generally, every qualified editor is assigned five book numbers per year, although those publishing houses which earn the trust of the GAPP by loyally complying with the publishing policies will in turn be given more book numbers.[21] In responding to the trade in book numbers (see below), the macro-control of book numbers was introduced in the mid-1990s to match the supply of book numbers to the productivity of state-owned publishing houses. The intention was to limit the supply of book numbers so that state-owned publishing houses would have no extra numbers to sell.

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[18] *ISBN FAQ*, INTERNATIONAL ISBN AGENCY (2009), http://www.isbn-international.org/faqs/view/5.

[19] Notice Regarding Striking Hard, *supra* note 6, art. 29.

[20] *See* Perry Keller, *Privilege and Punishment: Press Governance in China*, 21 CARDOZO ARTS & ENT. L.J. 87-138 (2003).

[21] Notice Regarding Strengthening of the Gross Control of the Amount of Book Numbers sec. 1, art. 2 (promulgated by the Gen. Admin. of Press & Publ'n, Dec. 2, 1998).

D. Only State-Owned Publishing Houses May Issue a Printing Warrant

State control also extends to the printing of publications. A legally-printed book has to meet three conditions. First, only legally established publishing units have the right to commission a printer to print a book. Article 15 of the Regulations on the Administration of Printing Enterprises states that printing enterprises must not print publications that are not published by a publishing unit.

Second, to commission the printing of a book, the publisher has to apply for a printing warrant from the Administration of Press and Publication of the province in which it is located. These printing warrants are printed and sealed by the provincial Administration of Press and Publication. Only a publishing unit can obtain a printing warrant. Without a printing warrant issued by the publishing unit, printing enterprises cannot accept commissions to print books or periodicals.[22]

Finally, whenever a printing enterprise accepts a commission to print a book or periodical, the enterprise must examine and keep the original copy of the printing warrant and register it at the provincial Administration of Press and Publication before printing.[23] Thus, in addition to the book number system, printing warrants constitute another mechanism to prevent private participation in publishing.

E. The Ongoing Changes in Publishing Control Policy

Despite the restrictions imposed by the above measures, private publishers still seek ways to enter the publishing sector. In the face of the reality that nearly half of production by value in the publishing sector is created by private publishing, the ongoing state monopoly has been criticized by many commentators, including some high-level officials, as being out of date.[24] Many private publishers have appealed to GAPP to abolish the book number system, and to replace it with an open registration system under which every legal enterprise would be "permitted to do busi-

[22] Rules on the Administration of Printing Acceptance art. 8 (promulgated by the Gen. Admin. of Press & Publ'n, Dec. 17, 2003).

[23] Regulations on the Administration of Printing Enterprises art. 17 (promulgated by the St. Council, Aug. 2, 2001).

[24] Transcript of Colloquium of Investigation of Private Cultural Studio (Mar. 20, 2008). This colloquium was organized by the GAPP in order to gather first-hand information about private publishing and conducted by Government officials from the Office of Book Publication, the Office of Book Distribution, and the Office of Policy and Law of GAPP, and scholars from the China Institute of Publishing Science. As interviewees, administrative staff from the Working Committee of Non State-owned Sector in China Association of Book and Periodical Distribution, and private publishers from fifteen large-scale culture companies and studios attended this colloquium [hereinafter Colloquium Transcript].

ness as a publisher and bring out as many books as it felt able to, based entirely on market demand."[25]

Reform of publishing policy is not keeping pace with the expectations of private publishers. Gross control over the supply of book numbers was removed in January 2009. Private publishing was deemed a highly desirable economic activity, and cooperation between state-owned publishing houses and private publishers was encouraged in the Directive Guideline on Advancing the Reform of Press and Publication System issued by the GAPP in April 2009.[26] Although these measures are praiseworthy, they are far from entirely satisfactory. There is still no sign that book numbers and publishing rights will be granted even to large-scale (easy to police) private publishers in the near future, let alone available to all.[27]

III. PUBLISHING ON THE EDGE OF LEGALITY AND ITS IMPACT ON COPYRIGHT ENFORCEMENT

A. Problems Caused by Strict Publishing Regulation

Under the regulations described above, China's publishing industry has been split into two parts. One is the publishing sector which is strictly controlled by the government; the other is the distribution and retail sector which is relatively freer and more market-driven. This separation and differential regulation breaks the connection between demand and supply. Heavily restricted by press control, the publishing sector cannot meet the needs of the book distribution sector or consumer demand. All of the regulating measures mentioned in the second part have various degrees of negative influence on the productivity of the publishing sector.

Due to the abovementioned controls over the scale of the publishing sector, establishing a new publishing house is extremely difficult. In fact, less than ten new publishing houses were approved by GAPP between

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[25] SHUYU KONG, CONSUMING LITERATURE: BEST SELLERS AND THE COMMERCIALIZATION OF LITERARY PRODUCTION IN CONTEMPORARY CHINA 87-88 (2005).

[26] Directive Guideline on Advancing the Reform of the Press and Publication System (promulgated by the Gen. Admin. of Press & Publ'n, Mar. 25, 2009) [hereinafter 2009 Directive Guidelines].

[27] On January 1, 2010, GAPP issued the Directive Guideline on Advancing the Development of the Press and Publishing Industry. In this document, non-state investment is only allowed to enter the areas permitted by policies of the Party-state, such as printing, distribution, content providing, project cooperation. Nearly one year after the Directive Guideline on Advancing the Reform of the Press and Publication System, this document shows no progress in opening up the publishing sector to private publishers. Directive Guideline on Advancing the Development of the Press and Publishing Industry (promulgated by the Gen. Admin. of Press & Publ'n, Jan. 1, 2010) [hereinafter 2010 Directive Guideline].

1997 and 2007. Taking Guangxi Province as an example, not even one new publishing house has been approved in the last fifteen years.[28] In fact, there were only 573 publishing houses in China in 2005. Compared with the several thousand publishing houses which exist in Taiwan,[29] the population of which is only 23 million, the number of publishing houses in mainland China with its population of 1.4 billion is far too low. Moreover, it must be remembered that publishing houses are strictly prohibited from setting up branches outside of their provincial territories as assigned by GAPP. Consequently, there is no prospect of the small group of state-owned publishing houses meeting the market demand.

Gross control over the supply of book numbers further limits the development of publishing productivity. As was noted above, gross control of the quantity of book numbers was a response to the book number trade in the early 1990s. However, instead of stamping out this trade, this measure only served to increase the scarcity of book numbers. As a result, the price of book numbers in the black-market increased an estimated 600% between 1990 and 1995.[30] The average price of a book number increased from 5,000 Yuan in the early 1990s to around 20,000 to 50,000 Yuan in 2007.[31] Although gross control over the supply of book numbers was removed in January 2009, the supply of book numbers has not yet been opened to private publishers.[32] As long as the book number monopoly persists, publishing productivity cannot be completely released.

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28 *See* Zhao Shulei, *supra* note 11.

29 According to official statistics, in 2004 there were 7,437 publishing institutions in Taiwan, which included government agencies, social organizations, academic and educational institutions, and commercial publishing houses. Among these institutions, there were around 3,000 commercial publishing houses. *See* PRESS OFFICE OF THE EXECUTIVE COUNCIL OF R.O.C., SURVEY OF THE BOOK PUBLISHING INDUSTRY: 2004 (2005).

30 *See* DANIEL C. LYNCH, AFTER THE PROPAGANDA STATE: MEDIA, POLITICS, AND 'THOUGHT WORK' IN REFORMED CHINA 87 (1999).

31 A book number for a single book is around 12,000 to 25,000 Yuan, a book number for a series of books is around 23,000 to 35,000 Yuan, and a single book in a series needs to pay 5,500 to 7,000 Yuan. *See* Bao Hong, *supra* note 16.

32 Trial Administrative Measures of Application of Book Numbers in Real Name (promulgated by the Gen. Admin. of Press & Publ'n, Jan. 7, 2009). According to this document, the assignment of book numbers is no longer linked to the number of editors of a publishing house. In order to get a book number, publishing houses now need to apply online and register the real name of the manuscript they plan to publish. GAPP intended to eliminate book number trade by use of this measure. According to the official announcement, under this application system publishing houses will not have extra book numbers for sale. However, some private publishers are worried that this measure might not eliminate book number trade but increase the scarcity of book numbers.

Not only are there insufficient numbers of books being published, but those that are published often fail to meet consumer demand. State-owned publishing houses are designed to meet the needs of propaganda and transmit the state's will, not to reflect consumer interest. Between 1999 and 2007, the overstock of books remained high. The value of annual overstock is equivalent to 40% to 50% of the total value of the books published every year. The value of the overstocks increased from 0.242 billion Yuan in 1999 to 0.566 billion Yuan in 2007, increasing at an average annual rate of 11%.[33] The persistently high overstock rate shows that state-owned publishing houses are inefficient at meeting market demand. The inefficiency of state-owned publishing houses makes the disparity between demand and supply even greater.

The survival of state-owned publishing houses depends on their monopoly over key resources, such as book numbers, and the right to publish titles in certain specialized fields. This further reduces their incentives to explore the potential publishing market. Selling book numbers is the easiest and most reliable way for the state-owned publishing houses to keep their heads above water. Almost every publishing house is involved in the book number trade. A state-owned publishing house in Beijing can obtain 10 million Yuan just from the trade in book numbers every year. Of the 291 titles published by the Reform Publishing House in 1998 and 1999, for example, 127 titles were in truth published by private publishers who purchased book numbers from the Reform Publishing House. As a result, GAPP deregistered this publishing house as a punishment.[34] It is well accepted by the publishing industry that at least 50% of the income of state-owned publishing houses comes from the book number trade.[35] Even the chief director of the legal office of GAPP also acknowledged that at least 30% of publishing houses depend solely on the book number trade to survive.[36]

Moreover, the publication of books that are monopolized by certain publishing houses, such as textbooks, propaganda books, trade codes, and training books in certain industries, brings significant profits for publishers

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[33] WORKING COMMITTEE OF NON STATE-OWNED SECTOR IN CHINA ASSOCIATION OF BOOK AND PERIODICAL DISTRIBUTION, CHINA BOOK INDUSTRY: PUZZLEDOM AND INTEGRATION 3 (2006); *The National Wide Basic Information of the Press and Publication Industry, 2005, 2006, and 2007*, GENERAL ADMINISTRATION OF PRESS AND PUBLICATION OF THE PEOPLE'S REPUBLIC OF CHINA, http://www.gapp.gov.cn/cms/html/21/464/List-1.html.

[34] Zhu Shenglong, *Buying and Selling Book Numbers: The Struggle for Profit in Publishing Industry*, 6 PUB. ECON. 35 (2001).

[35] *See* Bao Hong, *supra* note 16.

[36] *See* Wang Tao, Chief Director of the Office of Policy and Law of GAPP, speech at the Conference on the Reform of Transforming Publishing House into Enterprise (Mar. 9, 2007).

who have these kinds of monopoly privileges. In 2006, the five publishing houses with the highest average profit all monopolized certain publishing areas. For example, at the top of the list, the Publishing House of the Party Construction published eight titles of books that each sold more than 400,000 copies. The most profitable of these was *100 Questions for the Study of the Decision of the Third Plenary Session of the Sixteenth Central Committee*, a propaganda book about a recently concluded meeting of the Party's Central Committee, which made 78,723,000 Yuan for the publishing house. Similarly, another seven books are serial textbooks for national cadre training.[37] The second most profitable publishing house is the Customs Press House, whose best selling books are *Names and Codes of Importing and Exporting Goods*, *Textbook of the National Customs Broker Exam (2006)*, *Answers to the Questions from the National Customs Broker Exams: 2001–2005*. In third place is the Studying Press House whose bestsellers are *Reading Materials of the View of Scientific Development*, and *Theoretical Hot Topics*,[38] the major customers of which are Party organs and government offices on different levels. Number four is the China Publishing House of Maps which monopolizes the publication of all kinds of maps in China. Number five is the Hunan Press House of Fine Arts which controls the publication of fine arts textbooks for compulsory education.[39] The income of state-owned publishing houses is highly dependent on the publication of textbooks. According to statistics, from 2000 to 2007, the value of textbooks always fluctuated between 35% and 42% of the total value of book publication.[40]

Because of distorted supply and demand together with a lack of competition, the publishing sector has a much higher profit margin than the distribution sector, although the statistics from various sources are different. According to a report of the China Institute of Publishing Science, in the publishing sector the average profit margin was 66%, while in the distribution sector the average profit margin was around 26%.[41] According to the GAPP, the average profit margin of publishing houses was 24.75% in 1999, while the average profit margin of the entire publishing industry

[37] The sale of these books is guaranteed by the orders from government offices and Party organs which are required to buy these books.

[38] These books are also propaganda books to advocate the thoughts of Hu Jintao, the General Secretary of the Party, and clarify other major ideological issues.

[39] GAPP, China Book Publishing Industry Report 58-59 (2008).

[40] 2000: 42.65%, 2001: 37.99%, 2002: 37.15%, 2003: 35.36%, 2004: 37.58%, 2005: 42.19%, 2006: 39.78%, 2007: 37.56%. *See id.*; *see also* Barry, *supra* note 15, at 36.

[41] China Institute of Publishing Science, *Report on the Developing Private Sector of Publishing Industry*, 11 Pub. Research 5-21 (2003).

which includes book publication, distribution and retail, was 2.04%.[42] In 2001, the average profit margin of publishing houses was 23.63%, while the average profit margin of the whole industry was only 7.69%.[43] Ironically (although perhaps not atypically) state regulation produces the opportunity to make significant profits, which inevitably attracts private resources to publishing.

B. The Patterns of Cooperation between Public and Private Publishers

Two main groups have been trying to enter the publishing business. One group is made up of private book dealers who seek to expand their business vertically from downstream distribution and retailing channels. For example, the four most famous private bookshops in Beijing all established their own working studios to participate in book publishing in the 1990s.[44] In addition to having ready-made distribution channels, private book dealers are also in tune with market demand.

The other group consists of editors from state-owned publishing houses and the contractors who undertake the editorial work of publishing houses. Compared to book dealers, this group is more familiar with the publishing process and in a more favorable position to access authors. This group was able to move into publishing gradually, beginning by contracting to completing certain upstream stages of publishing, such as project planning, contributions soliciting, editing, and cover design.[45]

After thirty years of reform, although publishing is still theoretically under exclusive state control, almost every upstream and downstream stage of the book production process has been opened up to private investment. Nowadays, private investment can legally be involved in book design, creation, soliciting contributions, binding and layout of books, printing, distribution, and sale.[46] The only real obstacle to private investment entering the publishing sector is the state monopoly on book numbers. In this respect, private publishers have no alternative but to cooperate with state-owned publishing houses.

The simplest way to bypass state control is to purchase book numbers from state-owned publishing houses. State-owned publishing houses only need to provide the book number and issue a printing warrant (or directly

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[42] *See* Zhu Shenglong, *supra* note 34.

[43] Zhu Shenglong, *The Rising of the Forces Outside Institution Catalyze the Change of the Book Market*, 8 A VAST VIEW ON PUBLISHING 26 (2004).

[44] *See* KONG, *supra* note 25, at 82-87.

[45] *See id.* at 73-77.

[46] *See* Yan Xiaohong, *Private Book Industry and Book Publishing*, *in* 2004 REPORT OF THE DEVELOPMENT OF THE PRIVATE BOOK INDUSTRY IN CHINA 27-36 (Yu Min ed., 2005). The author of this article is the deputy chief director of GAPP and NCA.

hand the printing warrant to private publishers, let them fill it in and issue it); the rest of the publishing work, such as editing, printing, marketing, and distribution, is carried out solely by the private publishers who pay a lump sum to buy the book number. In this operation, state-owned publishing houses give up their duty and privilege in the press control system, and no longer serve as gatekeepers and publishers, but instead become dealers in book numbers.[47] Some publishing houses do not even know the title of the book that bears the book number provided by them, let alone review the content.[48] Because the entire publishing process is completed outside the state-owned publishing house, this operation is referred to as "external circulation" and prohibited by the publication authority.[49]

Because of the threat it poses to state control over the publishing process, purchasing book numbers was deemed illegal in 1989.[50] In order to avoid breaching this prohibition on the face of the transaction, many clandestine ways of purchasing book numbers have been developed by publishing houses and private publishers in the name of cooperative publishing, in which the purchasing fee is masked as a publishing subsidy, editing and review fee, or project management expenses. However, although publishing houses and private publishers are careful to avoid express mention of the purchase of a book number, these practices could still readily be treated as a kind of "external circulation" by the authority.[51]

As restrictions on the trade in book numbers strengthened, more sophisticated methods emerged to circumvent the regulation. Private publishers no longer pay the book number fee explicitly. Instead, some of them transfer money to the state publishers' account in the name of printing expenses. The actual printing fee is deducted and the rest is payment for the book number. Some private publishers share distribution channels with state publishers in cooperative publishing projects. In this operation, private publishers take charge of the entire publishing process and distribution through private channels, while state publishers take charge of distribution in state-owned bookstores. Private publishers do not pay a book number price per se; rather they sell copies to the state publishers at a heavily discounted rate, normally around 35% to 40% of the recom-

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47 *See* LYNCH, *supra* note 30, at 86-88.

48 *See* Li Kaiyun, *The Hopelessness and Hope of Marginal Publishing*, 9 BEIJING DOCUMENT 29-34 (2007).

49 Several Rules on Strict Prohibition of the Trade of Book Numbers, Periodical Numbers and Publication Numbers (promulgated by the Gen. Admin. of Press & Publ'n, Jan. 29, 1997).

50 Notice on Nationwide Regulating Cooperative Publishing, Printing and Distributing Commissions of Publishing Houses, (promulgated by the Gen. Admin. of Press & Publ'n, July 1989 [hereinafter Notice on Nationwide Regulating].

51 *See* LYNCH, *supra* note 30, at 87.

mended retail price, which is then 20% lower than the normal wholesale price. This price differential covers the cost of the book numbers. On other occasions, private publishers may agree that the state-owned publishing houses will print a certain quantity of books independently, and sell them through the state-owned bookstore. Under both agreements, state publishers will invent all of the necessary documents required at different publishing stages, such as the publishing contract, the editing and review reports, and the printing warrant, so that the entire publishing process looks like it is under the control of the state entity.[52] However, although these practices are more covert, they can still be classified by the publication authority as breaching the restriction on purchase of book numbers.[53]

Several Rules on Strict Prohibition of the Trade of Book Numbers, Periodical Numbers, and Publication Numbers provide conditions that are to be used when determining if an activity constitutes a prohibited transaction involving a book number. First, a charge must be imposed for transfer of the number, but whether a charge has been imposed is to be determined by the substance of the transaction and not how the transaction is described by the parties. The second condition is giving up, in substance, the privilege granted by the publication authority. The third condition is that there must be an abandonment of the duty to supervise the publishing process, through editing, proofreading, printing, and distributing, etc. If the cooperation between private and public publishers fulfills these conditions, it could constitute a prohibited purchase of book number.[54] As has already been noted, all of the abovementioned practices could be deemed to fall within the prohibition on the trade in book numbers, despite the best efforts of the parties to disguise the true nature of the deal between them. In each case, in the process of cooperation, the book number will in substance be transferred from the public publisher to the private publisher in exchange for a pecuniary interest, and the supervision of the publishing house will be bypassed at some stage of the publishing process.

Meanwhile, some private publishers also try to carry out this business more legally. Some private publishers develop closer cooperation with state-owned publishing houses, and let these publishing houses keep a degree of control over most stages of the publishing process. The private publisher will follow the internal procedures of its project department set up by the publishing house.[55] From the very beginning of the publishing

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[52] Interview 081102 (Beijing, Nov. 2, 2008), Interview 081103 (Beijing, Nov. 3, 2008), Interview 081105 (Beijing, Nov. 5, 2008), Interview 081107 (Beijing, Nov. 7, 2008), Interview 081124 (Shanghai, Nov. 24, 2008).

[53] *See* Notice on Nationwide Regulating, *supra* note 50.

[54] *See id.*

[55] Interview 081111 (Beijing, Nov. 11, 2008).

process, the topics selected by private publishers will be examined by the publishing house and included in its annual publication plan submitted to the GAPP. After its topic selection has been accepted, the private publisher may apply for a book number through the internal system of the publishing house. The private publisher then starts to prepare the content. Author's remuneration can either be paid by private publishers directly or through the account of the publishing house. In the editing stage, the private publishers normally do the bulk of work; the state-owned publishing house will do a final review that will concentrate on potential political problems. According to the publishing procedure of the state-owned publishing houses, the book needs to be proofread three times and reviewed three times.[56] However, normally the publishing houses only control the final review and let the private publisher do the rest. After the final review, the publication office of the state-owned publishing house issues the printing warrant to the private publisher. In the printing stage, after the parties have fixed the price and the size of the print run, the publishing house will commission the printer, sometimes on the recommendation of the private publisher.[57] According to the publishing regulations, publishing houses should supervise the printing quality, but normally publishing houses will let the private publisher do this. The private publishers will be required to pay certain fees (for example to cover a review fee and printing expenses) to the publishing houses in advance, and publishing houses will settle the printing charge afterwards. In the distribution stage, the publishing houses take responsibility as the primary distributor, while the private publisher guarantees the sale of a certain number of books via private distribution channels. The publishing house normally will pay the private publishers 35% of the recommended retail price of the books distributed by them. The publishing houses also keep the plate after books are published. The private publisher will therefore need to rent the plate from the publishing house if it wants to reprint the book.[58] Although the private publisher carries all the publishing expenses and carries out all publishing works except for the final review, this kind of cooperation fulfills all the procedural requirements stressed by GAPP, and thus at least superficially does not contradict the conditions set up by GAPP in Several Rules on Strict Prohibition of the Trade of Book Number, Periodical Number and Publication Number.

In summary, therefore, state-owned publishing houses and private publishers may choose different ways in which to cooperate, and these different models challenge the system of state control to different degrees.

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56 *See* Notice on Nationwide Regulating, *supra* note 50.

57 Interview 081111 (Beijing, Nov. 11, 2008).

58 Liu Yan, *The Investigation of the Operation and Development of Book Number Trade*, 5 PUB. ECON. 44 (2001).

The decision as to which method to use is not, however, determined solely or even primarily by perceptions of the political risks attached to particular options. On the contrary, it will normally be market factors that will serve to shape the relationship between public and private publishers.[59] Publishing houses without well-developed distribution channels tend to simply sell their book numbers to private publishers. These publishing houses are essentially parasitic on private publishers and only serve as weak gatekeepers for GAPP. Powerful private publishers with strong distribution capacities tend to cooperate with weak publishing houses so that they can control both state-owned and private distribution channels and maximize their profit. Weak publishing houses also expect to improve their market influence by dint of private publishers' bestsellers and break away from their dependence on selling book numbers.[60]

When publishing house and private publisher are of roughly equal power, they tend to share the distribution channels. This produces the relationship described above, where publishing houses buy a certain quantity of books from private publishers at a discount price and distribute them via state-owned bookstores, while private publishers take charge of distribution through private owned channels. This form of cooperation mostly occurs between medium-sized or small publishing houses and private publishers. The advantage of this form of cooperation for state-owned publishing houses is that they can use the capital of private publishers to maintain their operation. All publishing expenses are paid by private publishers and the publishing houses need to pay only the discounted book price. Normally private publishers will give publishing houses a six-month payment term. If publishing houses keep purchasing books from the same private publisher, they will always appropriate a certain amount of capital from these private publishers.[61]

When state-owned publishing houses are in a superior position to their private partners, they tend to seek more control over the publishing process. With strong brand and market influence, these publishing houses usually require exclusive distribution in the state-owned channel. Through closer cooperation, the publishing houses do not need to risk getting caught by GAPP for selling book numbers. To cooperate with these publishing houses, private publishers have to hand over at least half of their profit. One large publishing house may cooperate with several different private publishers at the same time, and contract different parts of its business to different partners.[62] For example, a university press contracts the publishing of economic and management books to a private cultural com-

59 Interview 081107 (Beijing, Nov. 7, 2008).
60 *Id.*
61 *Id.*
62 *Id.*

pany which specializes in this area, while it contracts the publishing of legal books to another private publisher. The operational form of this kind of publishing house is similar to that of a shopping mall, within the space of which every shop operates on its own capital and sells its own product. Except for book numbers and publishing privileges, publishing houses do not need to provide any other resources to their cooperator. Private publishers pay all publishing expenses.[63]

In arrangements between state-owned publishing houses and private publishers, the party with the publishing privilege often overwhelms the party with market resources. State-owned publishing houses barely invest anything except their publishing privilege, whereas private publishers have to bear all the publishing expenses. However, recent developments in cooperation between private and public publishers show some progress. As a result of the growth of private publishers and increases in market competition, more and more state-owned publishing houses are forced to cooperate with private publishers on more equal conditions. Some publishing houses and private publishers have started to invest jointly in publishing projects. For example, in the cooperation between Light Books, a private publisher, and the Social Sciences Publishing House, the private publisher is in charge of topic selection, content preparation, and distribution through private channels, and the publishing house takes charge of editing, proofreading, reviewing, printing, and the distribution via state-owned channels. The publishing expenses which include investment in copyright, author's remuneration, translation, and printing, etc., are split between the two parties.[64]

Some state-owned publishing houses have also established joint ventures with private publishers. In 2005, the state-owned Changjiang Publishing Group bought 51% of the Dolphin Cartoon Company. In 2006, Changjiang Publishing Group and two famous individual publishers, Jin Lihong and Li Bo, invested two million Yuan, and established New Century Culture Company in which the two private publishers hold 34% of the issued shares. In 2007, October Literary and Artistic Publishing House and Thinkingdom House jointly established the October Cultural Media Company. In 2008, the state-owned Liaoning Publishing Group purchased 51% of Zhipin Book Company (a private publishing company owned by Li Ke, a book dealer), and established another joint venture with the best-known private publisher, Lu Jinbo. After March 2009, encouraged by the GAPP Directive Guideline on Advancing the Reform of the Press and Publication System, capital cooperation between state-owned publishing houses and private publishers became more active. Al-

63 Interview 081111 (Beijing, Nov. 11, 2008).

64 *See* Bao Hong, supra note 16, at 26-27.

most every leading private publisher has since received offers of establishing joint ventures from state-owned publishing houses. As early as April 2009, Jiangsu People's Publishing House and Beijing Konghong Book Company invested 100 million Yuan to establish a joint venture. In the same month, Changjiang Publishing Group and Wang Maimai, a well-known private publisher, established a joint-stock company.[65]

Undoubtedly, establishing joint ventures with state-owned publishing houses has a positive influence on the operation of private publishers. First, private publishers do not need to bear all the risk of publication. Second, the intangible assets of private publishers are recognized and specifically valued. In some joint ventures, private publishers do not even need to invest any tangible assets, but only market resources such as distribution channels and author networks, and intangible assets such as copyright and trademarks. For example, state-owned Liaoning Publishing Group and Lu Jinbo established a company with 40 million in registered capital, which includes 20 million Yuan invested by Liaoning Publishing Group, and intangible assets of Lu Jinbo valued at 20 million Yuan. When Liaoning Publishing Group bought Zhipin Company, the intangible assets of Zhipin were fully valued and accounted for a 49% share in the new joint venture.[66] Third, as a subsidiary company of a state-owned publishing house, the joint venture's access to book numbers is more reliable and stable.

Nevertheless, the foremost problem of private publishing has not been resolved. Private and public publishers can only set up joint ventures in the form of distribution or culture companies rather than publishing companies. A joint venture cannot have official authorization to publish books. Although providing book numbers to a subsidiary company is less controversial than providing them to a private publisher, it is still hard to say this operation is completely legal. According to the current policy, the state-owned publishing house must hold at least 51% of shares of the joint venture. This limitation has caused private publishers to fear a loss of control over their business, and hence deterred them from participating in joint ventures with state-owned publishing houses.[67]

C. Gray Status of Private Publishing

In summary, therefore, private publishing operations at present in China are based on informal arrangements that exist without explicit legal authority. Although few private publishers have been punished solely be-

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[65] *See* Ren Dianshun & He Wenjing, *Invest Private Publishing*, 3 PUBLISHERS (2009).

[66] *Id.*

[67] Interview 081107 (Beijing, Nov. 7, 2008).

cause they purchased a book number, the current situation is that private publishing is still technically illegal.[68] There are three major legal obstacles to private publishing at present. In an interview conducted for this article, one private publisher compared these obstacles to three swords hanging over the heads of private publishers.[69]

The first sword is the Administration of Press and Publication.[70] Without substantial change, private investment can never legally enter the publishing sector. Despite all the measures invented to circumvent the publishing monopoly, none of the private publishers have obtained publishing authorization from the GAPP as yet. Although private publishers avoid overt breaches of press control rules, they still cannot get authorization to undertake publishing legally but can act only as ghost publishers. All publication must be done in the name of a state-owned press house. The name of the private publisher who actually does all the work cannot even appear on the book or any other legal documents as a real publisher. Naturally, the publisher will not have any formal legal status in such an arrangement.

The second sword is the Administration of Industry and Commerce.[71] According to the *Regulations for the Administration of the Registration of the Business Scope of Enterprises*, the business scope of an enterprise must be registered with the Enterprise Registration Authority pursuant to an application made by the investor or the enterprise. The business activities in which an enterprise engages ought not as a matter of law to exceed the registered business scope.[72] The possible registered business scope of private publishers includes book distribution, book retailing, book design, publishing project management, publishing consultation, advertisements, internet service, or even computer technology.[73] But none of the existing private publishers can register publishing in their business scope. This means all private publishers are doing their business beyond their registered business scope and breaching the administrative regulations of in-

[68] *See* Yan Xiaohong, *supra* note 46; KONG, *supra* note 25, at 80.

[69] Interview 081107 (Beijing, Nov. 7, 2008).

[70] *Id.*

[71] *Id.*

[72] Regulations for the Administration of the Registration of the Business Scope of Enterprises, (promulgated by the St. Admin. of Indus. & Commerce, June 14, 2004).

[73] Most of these businesses are relevant to the real business of private publishers. For example, a private publisher, the business of which is managing a literature Web site and publishing books, may register Internet service or computer technology as its business scope. Some of these businesses, such as publishing consultation, are invented by private publishers to cover their real business.

dustry and commerce,[74] even if they obtain book numbers from state-owned publishing houses and bypass the supervision of GAPP.

The third sword is taxation administration.[75] Private publishers who engage in publishing can normally get an invoice from printers and paper mills as a record of their transaction. However, because publishing is not within the registered business scope of private publishers, for the most part these costs cannot be offset against tax. Moreover, in order to pay tax, private publishers have to disguise their publishing business in a form which is acceptable to the taxation authority.[76] A widely adopted measure is obtaining an invoice from state-owned publishing houses. Because book distribution is in the registered business scope of most private publishers, invoices from publishing houses can be accepted by the Taxation authorities. In order to get invoices from publishing houses, private publishers initially have to transfer paper and printing payment to the state publishers' account and let publishing houses pay the printer and paper mill. After getting paper and printing invoices, publishing houses then can issue invoices for book wholesales to private publishers. Although publishing houses can benefit from this kind of money laundering, without real business corresponding to the cash flow they also have to bear high risks. Therefore, publishing houses normally are only willing to provide a limited number of invoices to private publishers. Without enough publishing invoices, private publishers are not able to issue invoices to their downstream business, and accordingly cannot pay the corresponding tax.[77] As a result, behavior that at least technically amounts to tax evasion is inevitable in the private publishing sector.

In addition to the direct problems caused by the abovementioned three "swords," it is also difficult for private publishers to find independent auditors prepared to sign off on their books. Because of the inherent illegality of private publishing, it is impossible for private publishers to produce accounts that reflect their real business. Their accounts have to include fictional transactions, and even if an auditor can be persuaded to sign off on the accounts, the process will involve a further fraudulent course of dealing that carries additional legal risk.[78]

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74 Interview 081107 (Beijing, Nov. 7, 2008).

75 *Id.*

76 Interview 081124 (Shanghai, Nov. 24, 2008).

77 Interview 081107 (Beijing, Nov. 7, 2008).

78 For example, when private publishers and publishing houses share distribution channels, it is in practice a publishing house purchasing books from a private publisher. However, according to the accounting guideline this transaction would not appear on the account books as it is, because a private publisher, normally a distributor, is only allowed to buy books from a publishing house, not sell books to a publishing house. Private publishers have to disguise the real transaction with purchasing books from publishing

From the above analysis, it is clear that the existence of private publishing is based not on reliable legal arrangements, but on collusion between private publishers and state-owned publishing houses and the ambiguous acquiescence of press control authorities. As one private publisher expressed the situation in one of the interviews, the entire private publishing business is grounded on informal rules.[79] No contract can define the whole relationship between private publisher and publishing house. In the course of cooperation, private publishers and publishing houses need to sign various formal contracts, such as a commissioning contract in which state-owned publishing houses commission book design, project planning, and editing to private publishers, a publishing contract in which private publishers commission publishing houses to publish their books, a copyright contract in which private publishers or authors authorize publishing houses to reproduce their works, and a printing contract in which a publishing house commissions a printer to print the books. But these formal contracts disguise the real arrangement, rather than reflect the actual deal between the parties. The "under the table" elements of the transaction, such as the book number trade, money laundering, and circumvention of the publishing monopoly cannot be written into contracts. Moreover, even in the unlikely event that these elements have been written into a contract, the relevant provisions will be void for illegality.[80] If the covert deals and collusion between private publishers and publishing houses are exposed, none of them can escape punishment, and this result certainly contravenes the interest of both parties. It is actually their common interest and the balance of terror that maintain the relations between private publishers and publishing houses.[81]

The specific transactions have no reliable legal foundation, but beyond this the whole private publishing business is built on the ambiguous acquiescence of press control authorities. On the one hand, because a strong profit incentive frequently leads to private publishers testing the

houses, and record the disguised transaction in their account books. Problems are seemingly resolved; however, this measure may cause another more serious problem because it may constitute account book forgery. Caught in this dilemma, it is almost impossible for a private publisher to make a proper accounting record. *See* Interview 081107 (Beijing, Nov. 7, 2008), Interview 081124 (Shanghai, Nov. 24, 2008).

79 Interview 081103 (Beijing, Nov. 3, 2008).

80 Article 52 of the Contract Law of China provides that a contract is invalid if the parties colluded in bad faith, thereby harming the interests of the state, the collective or any third party, or the parties intended to conceal an illegal purpose under the guise of a legitimate transaction. Contract Law of the People's Republic of China (promulgated by the Nat'l People's Cong., Order No. 15, Mar. 15, 1999.

81 Interview 081107 (Beijing, Nov. 7, 2008).

line on publishing policy, the publishing authority tends to regard private publishing as a challenge to press control. The ban on the sale of book numbers has been repeatedly reaffirmed by the GAPP, and enormous efforts have been undertaken by the GAPP to stamp out the book number trade. Since 1987, GAPP has issued more than 200 administrative orders to ban the practice; fifty-eight publishing houses have been punished because of their involvement in the book number sale, six of them were wound up, and the operations of fifty-two of them were temporarily suspended.[82]

On the other hand, because private publishing now plays a very important role in the publishing industry, the press control authority is reluctant to clamp down on this business. More than 50% of publications in terms of value in China come from private publishers, and more than 30% of state-owned publishers rely on the income from selling publication numbers. Via the book number trade and cooperative publishing, the private publishers transfer significant resources that maintain the survival of most state-owned publishing houses. One estimate in 2008 suggested that the book number trade in that year could reach 1 billion Yuan.[83] Without private publishers, China's publishing industry cannot maintain its current productivity and creativity. Estimates suggest that in China as high a proportion as 25% of all titles, the majority of all works of literary fiction, and 80% of bestsellers, are actually published by independent book agents and private publishers and not by the "official" publisher whose book number and logo appear on the jacket.[84] In 1999, the value of publications distributed by state-owned publishers was 10 billion Yuan, while national book sales reached 43.6 billion Yuan. Although an imperfect measure, it has been suggested that the margin between the two figures reflects the fact that the contribution of private publishers may exceed half of the production value of the publishing industry.[85]

Facing this reality, the attitude of publishing authorities towards private publishers swings between periodic crackdowns to keeping one eye closed as long as these publishers do not cause "political" trouble.[86] With the ambiguous acquiescence of publishing authorities and collusion with state-owned publishing houses, and although still operating in a gray area,

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[82] *See* Zhu Shenglong, *supra* note 34.

[83] *See* Colloquium Transcript, *supra* note 25. *See also* Wang Xinting, *Private Publishers Might Save 1 Billion Expenses on Book Number*, ECON. HERALD, Apr. 13, 2009.

[84] *See* BARRY, *supra* note 15, at 87.

[85] Xu Xiao, *The Evolution of Private Publishing in Contemporary China*, 66 21ST CENTURY (2001); Qiu Feng, *Private Publishing Waiting For Real Marketization*, 6 CHINA REP. 33-34 (2006).

[86] *See* KONG, *supra* note 25, at 81.

private publishing keeps expanding as it attracts more and more private investment and develops a momentum of its own, and consequently drives the publishing authorities to reform the press control system.[87]

The publishing authorities thus cannot completely ban private publishing; nor dare they acknowledge its legitimacy. In April 2004, GAPP decided to transform most state-owned publishing houses into enterprises and allow private publishers to become shareholders. However, this reform was quickly reversed by the central leadership. In May 2005, in a classified speech and fearful of the risk of a color revolution akin to that experienced in Ukraine, President Hu Jintao ordered a complete cleanup aimed at the publishing industry.[88] In 2005, the newly appointed chief director of GAPP started to enforce the publishing regulations more rigidly than before. Dozens of publishing houses were suspended for selling book numbers, private enterprises were prohibited from involvement in publishing business, and the names and brands of private publishers were not allowed to appear on books.[89] Although private publishers are eager to establish a reputation in the publishing market, they dare not declare themselves as publishers. When Sohu, a famous gateway website, classified Dushuren as a publisher, the manager of Dushuren immediately contacted Sohu to change this classification to avoid any violation of publishing regulations.[90] In a round of speeches in 2005 aimed at culling pornography and other "illegal publications jeopardizing social stability," government officials vowed to crack down on "culture houses," calling them "malignant tumors that must be excised."[91] Those charged with illicit publication may be heavily fined or even imprisoned and have their property confiscated. However, this harsh policy could not last long. It is impossible to deracinate private publishing without sacrificing the flourishing of the publishing industry. When the advocates of the harsh policy left GAPP, the temporarily-opened eye of the publishing authority closed again.

In March 2009, GAPP issued the Guideline on Advancing the Reform of the Press and Publication System, which indicated a new round of reform of publishing policy. In this guideline, for the first time private publishing is regarded as a highly desirable economic activity and an im-

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87 *See id.* at 81.

88 Hu Jintao, Fight a War Without Smoke of Gunpowder: Take Strict Precautions Against the Color Revolution Launched by Europe and America; *see* Gu Chuan, *The Development of Free Media Under the Regime of Lie*, *in* DEATH OF REFORM (Yu Shicun ed., 2008).

89 Gu Chuan, *supra* note 88; Interview 081107 (Beijing, Nov. 7, 2008).

90 Wang Yihan, *The Puzzledom and Future of "Dushuren"*, 5 FRIEND OF EDITOR 43-45 (2005).

91 RICHARD CURT KRAUS, THE ARTY AND THE PARTY: THE NEW POLITICS OF CULTURE 81 (2004).

portant component of the publishing industry. Joint ventures and project cooperation with private publishers are encouraged as long as political correctness and the dominant position of state-owned publishing houses are guaranteed in the cooperation.[92] While this is a significant step forward, its significance should not however be overestimated. There is no sign that the GAPP will give private publishers publishing rights. Without publishing rights, private publishing will remain in a gray area.[93]

D. Impact on Copyright Practice and Enforcement

The gray status of private publishing not only has an influence on the implementation of publishing regulations but also on the enforcement of copyright law. In order to circumvent the state's publishing monopoly, private publishers and publishing houses have to disguise their deals with the appearance of arrangements within permitted formal rules. However, while the legal regulations are thus circumvented, private publishers lose, as a result, the protection of copyright.

In the formal arrangement between private publishers and publishing houses, copyright has to be transferred to the state-owned publishing house whose name is on the cover of book, even where the entire publishing process is actually under the control of a private publisher. On the surface, the copyright license is invariably unreasonable, because the private publisher not only unconditionally authorizes the publishing house to use their copyright without charging a copyright royalty, but also needs to pay authors' remuneration. Although the transfer of copyright is actually not unconditional and publishing houses have to provide a book number and issue a printing warrant, these parts of the deal are not reflected in the contract.[94] This arrangement may cause a series of very tricky legal problems for the copyright owner.

One problem is that it will be impossible for the private publisher to prevent piracy in his own name because he does not have any lawful status to do so, being neither owner nor exclusive licensee. Meanwhile, the state-owned publisher, especially one that does not take part in distribution, may have no incentive to prevent piracy because it has already achieved its profit through the publication number transaction; any further action will only increase its cost. Except those who have very close cooperation with state-owned publishing houses,[95] most private publishers in-

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92 *See* 2009 Directive Guideline, *supra* note 26.

93 *See* 2010 Directive Guideline, *supra* note 27.

94 Interview 081102 (Beijing, Nov. 2, 2008), Interview 081103 (Beijing, Nov. 3, 2008), Interview 081105 (Beijing, Nov. 5, 2008), Interview 081107 (Beijing, Nov. 7, 2008).

95 Interview 081111 (Beijing, Nov. 11, 2008).

terviewed by the author feel unable to get any help in preventing piracy.[96] For example, one interviewee reported that a series of books published by a private publisher were pirated by another state-owned publishing house. The private publisher requested the publishing house whose name was on the jacket of his books to take legal action against piracy. But the nominal publisher refused even to issue a warning letter to the infringer, to say nothing of taking any further legal action.[97]

Another even worse problem is that as a result of the transfer of copyright the state-owned publishers have the lawful right to print more copies if they want, and the real publishers have no legal measure to prevent them even if this breaches their informal agreement. This is more likely to happen where a book has proved popular in the market. Although publishing houses usually will comply with their informal understanding with private publishers, unauthorized reprinting happens from time to time. For example, in 2001, Beijing Readers (*Du Shu Ren*) Culture Company ("Readers" hereafter), a private publisher, got the exclusive license to publish Spencer Johnson's *Who Moved My Cheese* in China, and published this book with the cooperation of CITIC Press, a state-owned publishing house. Readers took charge of the entire publishing process and the distribution via private channels, and CITIC Press was only required to provide the book number and distribute the book through state-owned channels. Because of the successful promotion and marketing of Readers, the book became China's all-time best-selling translated book, with official sales of two million in the five-year cooperation.[98] Along with the success, however, conflict arose because of diverging views on how to share the significant profits. In order to appropriate all the profits, CITIC Press threw over Readers and directly contacted the copyright holder at the expiration of their cooperation. After getting the copyright license, CITIC Press reprinted the book alone despite the objection of Readers. Notwithstanding all its previous work and investment in marketing, Readers had no choice but to give up the book without any compensation.[99]

Readers should perhaps feel grateful compared with those private publishers whose painstaking efforts are appropriated while the cooperation is ongoing. For example, He Xiongfei, a famous private publisher, published *The Biography of Mother Teresa* with the cooperation of Shandong Pictorial Publishing House. The original arrangement was that

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[96] Interview 081102 (Beijing, Nov. 2, 2008), Interview 081103 (Beijing, Nov. 3, 2008), Interview 081105 (Beijing, Nov. 5, 2008), Interview 081107 (Beijing, Nov. 7, 2008), Interview 081124 (Shanghai, Nov. 24, 2008).

[97] Interview 081107 (Beijing, Nov. 7, 2008).

[98] *See* Mike Meyer, *The World's Biggest Book Market*, N.Y. TIMES, Mar. 13, 2005.

[99] Interview 081105 (Beijing, Nov. 5, 2008).

Shandong Pictorial Publishing House would purchase a certain quantity of books from the private publisher at a heavily discounted rate. However, instead of purchasing from the private publisher, the publishing house reprinted this book in collusion with the printer.[100]

The whole deal between private publisher and publishing house relies solely on the goodwill of the state-owned publisher. Formal rules in the form of copyright and contract law cannot provide protection for the private publisher under these circumstances. The dispute between the private publisher, Beijing Dushu Xinzhi Educational Book Company ("Dushu Xinzhi" hereafter) and Science and Technology Literature Publishing House illustrates the predicament that private publishers face.[101] In January 1999, Dushu Xinzhi signed a contract with Science and Technology Literature Publishing House to publish a series of books. Dushu Xinzhi took charge of book design and printing, while the publishing house took charge of final review, final proofreading and book numbers. In this contract, Dushu Xinzhi granted exclusive publishing rights to the publishing house for five years, and promised to pay a 12,000 Yuan administrative fee to the publishing house. Although Dushu Xinzhi could not use its business name on the book, it printed its trademark, the logo of "Double Doctor (Shuang Boshi)," on the cover, back cover, and spine of the book, and declared its rights over the trademark. In 2002, without the consent of Dushu Xinzhi, the publishing house printed one book in the series with the plaintiff's trademark on the cover, back cover, and spine. In court, the defendant confessed that the reprinting did not get the plaintiff's consent, but argued that, with the exclusive publishing right in its hands, it had the lawful right to reprint. Unable to sue for copyright infringement, Dushu Xinzhi could only pursue its lawsuit based on a claim for trademark infringement.[102] Although the private publisher finally won the trademark litigation, had the defendant avoided use of the plaintiff's logo there would have been no liability. In reality this is clearly a copyright dispute.

Moreover, because the right of publishing is generally transferred to the state-owned publishing house, if the contract has not been phrased carefully, the private publisher who actually manages the publishing process itself risks copyright infringement. *Building Material Industry Publishing House v. Printery of Beijing Technology University* shows that suits

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100 Interview 081103 (Beijing, Nov. 3, 2008).

101 Beijing Dushu Xinzhi Educ. Book Co. v. Sci. & Tech. Literature Publ'g House, Beijing 1st People's Interm. Ct., App. Civ. No 2467, May 20, 2004 (trade mark infringement dispute case).

102 *Id.*

of this kind are possible.[103] Building Material Industry Publishing House signed a book publishing contract with Beijing Yapai Culture Center, a private publisher, to publish seven books. In the contract, Beijing Yapai Culture Center authorized the publishing house to exercise the exclusive publishing right for five years without any payment, while the publishing house authorized the private publisher to print the books. The contract also provided that the private publisher needed to pay the administrative fee in the form of providing books to the publishing house at a discount price or consent to the publishing house printing certain numbers of books itself. Later the private publisher commissioned the Printery of Beijing Technology University to print the seven books in the name of the publishing house, but the quantity of printed copies exceeded the quantity in the printing warrant issued by the publishing house. As is the normal arrangement between a private publisher and publishing house, in this case the printing fee had to be transferred to the account of the publishing house by the private publisher on the understanding that the publishing house would pay the printer. Because the publishing house did not pay the printing fee after the books were printed, the printer issued litigation against the publishing house to demand the printing fee. As a counter, the publishing house sued on the basis that the printer had printed extra copies without authorization and hence had infringed the exclusive publishing right. In the trial of this case, the judge appeared to be confused by the strange arrangement of the publishing contract between the private publisher and the publishing house. On the one hand, the copyright owner not only gave up his copyright royalties, but even agreed to pay an administrative fee to the publishing house. On the other hand, the publishing house was not obliged to publish the books, but on the contrary was required to purchase books from the copyright owner. Because of the self-contradictory nature of the contract, the court could not determine the scope of the copyright license, and thus decided that the plaintiff's claim did not have sufficient support from the publishing contract. The state-owned publishing house lost this case only because of the ambiguous contract, which means the publishing house may well win in similar cases in the future if the publishing house drafts the publishing contract more carefully and avoids mentioning all the illegalities in it.[104]

Nor are the state-owned publishers the only ones who may take advantage of the private publisher's uncertain legal status. In the absence of effective control from copyright owners, it is very hard to maintain orderly management of copyright in the publishing industry more generally.

[103] Building Material Indus. Publ'g House v. Printery of Beijing Tech. U., Beijing Haidian Dist. Ct., Civ. 1st Trial No 27180, 2006 (copyright infringement dispute case).

[104] *Id.*

Other parties who can access the printing plates, such as the staff of the publishing house, or the printer, may reproduce books without fear of any consequences. In many cases, when the state-owned publisher commissions a printing factory to print additional copies without the authorization of its co-publisher, the printer often produces even more copies than the state-owned publisher commissioned, and sells them directly to bookstores.[105]

Another problem is that as a result of these complications, it is very hard, if not impossible, for authors to know the real number of printed copies of their books, and to collect remuneration accordingly. Indeed, it may be the case that no one knows the actual numbers of a book that have been printed, especially when private publishers and publishing houses print books separately. Printing extra copies is so common in the publishing industry that it has almost become a conventional practice of private publishers.[106] This situation undoubtedly has a negative impact on the income of authors, and hence on creativity.

Finally, the anonymous status of private publishers in the publishing process makes it more difficult to enforce copyrights against them where necessary. It is common that private publishers produce a copyright-infringing book, but the state-owned publisher whose name is on the book must take the responsibility. The copyright dispute between Shanghai Rongshuxia Computer Co. Ltd. and China Social Publishing House illustrates this problem nicely.[107] In April 2000, the defendant, China Social Publishing House, published the *Cyber Life Series* in cooperation with a private publisher. Nine articles in the series were originally released on Rongshuxia, a website operated by the plaintiff, who also obtained the exclusive publishing right to these articles from their authors. Facing copyright infringement claims, the defendant argued that the private publisher who compiled the series should take full responsibility. However, the plaintiff only chose the publishing house as the defendant, and the publishing house finally was held to be solely liable for copyright infringement. In some cases, publishing houses have become the shield of copyright pirates. When copyright piracy is exposed, private publishers need only shut down their small business and leave all liability to the publishing houses.[108]

Various measures have been taken by private publishers to reduce their copyright risk. Most private publishers print their trademark or busi-

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105 Interview 081103 (Beijing, Nov. 3, 2008).

106 *Book Market Urges Rules to Guarantee Good Faith*, China Book Bus. Rep., Nov. 6, 2009.

107 Shanghai Rongshuxia Computer Co., Ltd. v. China Social Publ'g House, Beijing 1st Interm. Ct., IP First Trial No 156, Dec. 1, 2000 (copyright infringement dispute case).

108 *See* Li Kaiyun, *supra* note 48.

ness name on books as an alternative to copyright to prevent reproduction of their books (although, as was noted above,[109] the Party-state has tried to outlaw this practice from time to time).[110] Some of them choose to cooperate with less powerful state-owned publishers, so that they can force them to accept shorter licenses.[111] Some of them closely supervise the printing process so that the risk that their cooperators will print extra copies is reduced. Some of them try to establish closer relationships with state-owned publishers, such as joint venture and co-investment in publishing projects, to increase their incentive to protect copyright.[112] Although these measures may ease copyright risk to a certain extent, none can really eliminate it.

In any effective system of copyright protection, large parties with both the resources and the interest to enforce copyright, such as publishers, are essential. Compared with authors and other individual copyright holders, publishers, especially large-scale publishers, can mobilize more resources to fight against copyright piracy. Compared with government agencies such as the police or other enforcement bodies, publishers have greater initiative and can bring more constant pressure on copyright pirates for the sake of their own interest. However, most of the state-owned publishing houses in China rarely concern themselves with the many alternative editions of the same titles appearing in the bookstalls, as long as they can sell a certain number of their books through the state-owned channels, get their subsidy from the state, and additional income from selling book license numbers, especially when to take action would involve both effort and risk.[113] On the other hand, those private publishers which have the commercial incentive to fight against copyright piracy are not entitled to do so due to the restrictions resulting from the publishing monopoly.

The absence of effective surveillance from publishers is the inherent flaw in China's publishing system, and bears considerable responsibility for the rampant book piracy. As mentioned above, 80% of bestsellers in China are in fact produced by private publishers. Thus, lack of effective copyright protection on private publishing means that most bestsellers, the favorite target of copyright piracy, become even more vulnerable, and also means little control from publishers over the majority of pirated books (mostly piracy of bestsellers). This situation undoubtedly encourages piracy in the bestseller market.

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109 *See* Part III.C *supra*; *see also* Zhu Shenglong, *supra* note 34.

110 Interview 081111 (Beijing, Nov. 11, 2008).

111 Interview 081107 (Beijing, Nov. 7, 2008).

112 Interview 081111 (Beijing, Nov. 11, 2008).

113 *See* Kong, *supra* note 25, at 92-93.

IV. INFLUENCE OF THE STATE PUBLISHING MONOPOLY ON COPYRIGHT INVESTMENT

Copyright is not only about enforcement, it is also about encouraging investment in works with originality. To some extent, the copyright system in fact has helped private publishers to explore publishing markets and cooperate with state-owned publishing houses. With the more regular and certain part of the publishing market such as textbook sales monopolized by the state-owned publishers, and fierce market competition, private publishers are more likely to be willing to invest in innovation and creation than state publishers. Copyright can play a number of important roles in protecting this investment.

On the one hand, copyright as an important form of property which is guaranteed by formal rules could enhance the bargaining position of authors and private publishers against the state-owned publishing houses, and thus become a powerful weapon to confront the monopoly power of the state-owned press houses.[114] As has already been seen, several state-owned publishers have recently invested large amounts of money and established joint ventures with private publishers who only provided their copyright, marketing channels, and other intangible assets, as investment. Without copyright, private publishers' investment would undoubtedly be valued substantially lower. These cases illustrate the key role of copyright in the negotiation between state-owned publishing houses and private publishers. On the other hand, copyright (especially copyright in bestsellers), can help private publishers gain an advantageous position in market competition. In fact, facing more competition, private publishers seem more concerned about the quality of book content than state-owned publishers.[115] In an extreme case, a group of independent book dealers even wrote an open letter to a creditable state-owned publisher, Joint Bookstore, to urge the chief manager not to ruin the publishing house's reputation by publishing inferior books.[116]

However, the current and developing publishing policy is averse to the functioning of a copyright system. Chasing after profit is in the nature of private investment. If policy favors making profit from investment in copyright, more private investment will flow into copyright exploitation. Otherwise, private investment will flee from publishing books with origi-

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114 Interview 081103 (Beijing, Nov. 3, 2008), Interview 081107 (Beijing, Nov. 7, 2008), Interview 081124 (Shanghai, Nov. 24, 2008).

115 As evidenced by notes 36 and 84, *supra*, at least 30% of publishing houses depend solely on the book number trade to survive; 80% of bestsellers are actually published by independent book agents and private publishers.

116 Liu Mengzhi, The Development of Non-governmental Operated Book Industry in Mainland of China from 1978 to 2007, at 59-60, 68-70 (2007) (unpublished M.A. thesis, North-West University [China]).

nality and flow into imitation and piracy. China's publishing policy and its side effects cannot provide sufficient support to investment in copyright exploitation. The current publishing policy cannot provide sufficient certainty to support long-term investment in new copyright materials; complicated arrangements to circumvent the publishing monopoly not only increase the cost of private publishing, but also compromise its legitimacy. The anonymous status of private publishers in the publishing process also has a negative influence on the possession and accumulation of intangible assets. The following sections will further explain how publishing policy impedes investment in copyright exploitation and publishing works with originality.

A. Strict Regulation Distorting the Structure of Book Industry

Publication control splits the publishing industry into two parts: one is the publishing sector strictly controlled by the government; the other is the distribution and retail sector which is relatively freer and more market-driven. With its productivity restricted by government publishing policy, the publishing sector cannot supply sufficient new books to meet demand in the distribution and retail sector. The abnormal structure of China's publishing industry reflects this disparity between supply and demand. The most obvious reflection is the high overstock rate. As mentioned above,[117] the value of annual overstock is equivalent to 40% to 50% of the total value of the books published every year. The value of this overstock increased from 0.242 billion Yuan in 1999 to 0.566 billion Yuan in 2007, at the average annual increase rate of 11%. The persistently high overstock rate shows that most products of the state-owned publishing houses are not tailored to meet the market demand.[118] Another indicator of the disparity between supply and demand is that the state-owned publishing houses rely heavily on textbook publishing. From 2000 to 2005, 37% to 43% of the value of the publishing sector came from textbooks, the publication of which is monopolized by state-run publishing houses.[119] In China, the majority of textbook consumption comes from the subscription of schools and universities according to the Party-state's requirement. This means nearly half of China's publishing output is not being used to fulfill the demand arising from discretionary spending.

The gap between supply and demand provides great opportunities for gray and black market publishing which includes copyright piracy. Although private publishers, restricted by uncertain legal status and constrained book number supply, have already found various ways to

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117 *See supra* Part III.D, para. 4.

118 *See* note 33, *supra*.

119 *See* GAPP, *supra* note 39, at 58-59; BARRY, *supra* note 15, at 36.

circumvent the publishing monopoly and enter the publishing sector, it is impossible for them to fill the gap entirely. So the black market and pirated production have stepped in. Thus, the piracy problem is intractable without substantial deregulation of the publishing sector.

B. Uncertainty and Instability Discouraging Long-Term Investment

Investment in innovation which is reliant on the copyright system requires confidence on the part of an investor and, in the long term, stability of the legal framework.[120] Private publishers can be ranked according to the originality of their publications. On the top are publishers who have their own copyright, or buy copyright from authors or foreign copyright holders. These publishers represent the leading force in the publishing market. The second group is formed by those who imitate the first group. These publishers follow the bestsellers in the market and develop similar books to build market share. Imitation in this form can be an important part of a healthy publishing market, although it must be said that toward the bottom end of this segment the outputs can appear little different from copyright piracy, the lowest end of private publishing. Compared with imitation and piracy, exploitation of original works needs a longer term to prepare. For example, it usually takes six to nine months to sign a copyright contract with a foreign author, and three to five months to commission an original book from an author. The investment cycle of imitation and piracy is much shorter.[121] Very often the imitation or piracy of a bestseller comes into the market simultaneously with or even prior to the original book. In addition to the higher investment in a copyrighted book, a longer time is needed to recoup that investment.[122]

An effective copyright system is meant to provide the abovementioned long-term stability and certainty. However, the following investigation into China's publishing sector will show that copyright alone is not sufficient to provide certainty for potential investors in creation when current publishing policies are unlikely to encourage long-term investment in private publishing. The high turnover of qualified personnel and the constant disappearance and reappearance of private publishers under new names and guises at new locations[123] suggest that without the explicit support of formal rules many private publishers cannot enjoy stable operations.[124] The general instability and vulnerability of private publishing is unlikely to encourage private publishers to establish long-term business

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120 *See* Qiu Feng, *supra* note 85.

121 Interview 081107 (Beijing, Nov. 7, 2008).

122 *Id.*

123 *See* KONG, *supra* note 25, at 87-88.

124 *See* Qiu Feng, *supra* note 85.

and aim for consistent quality and the high end of the market.[125] Instead, it is more likely to encourage a degree of short-term thinking in pursuit of a quick profit — and even encourage some at the lower end to engage in piracy.[126]

Because the publication period for foreign copyrighted books is longest of all the various kinds of books, the percentage of foreign copyrighted books in the total annual new publications provides some indication of the degree of long-term investment in publishing. Currently, foreign copyrighted books only account for around 7% to 10% of the total annual new publications in mainland China.[127] Compared with a proportion of foreign copyright books of around 25% to 30% in Taiwan in the same period,[128] this figure is low. This figure suggests (although it does not prove), that current publishing policy is not encouraging long-term investment.

The influence of the fluctuations in publishing policy on investment in new copyright materials also shows the same result. From the mid-1980s to the early 1990s, the publishing authorities kept depressing private publishing with strong-arm methods, although cooperative publishing was permitted in a very limited way.[129] During this period, private publishing was on the whole an underground business. Due to the covert nature of private publishing, the operation of private publishers was mostly short-term and speculative. Although a few high-quality books were occasionally developed by private publishers, the output of private publishing mostly comprised low-quality, pornographic, pirated, or other banned works.[130]

By the late 1990s, the situation had been transformed. Although still lacking explicit recognition in formal rules and policy, the existence of private publishing increased with the acquiescence of publishing authorities. The relaxation of publishing regulations and the improved policy environment attracted better human resources and capital into the private publishing sector. In the 1990s, partly owing to increased market competition

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125 *See* KONG, *supra* note 25, at 87-88.

126 See BARRY, above n15, 93.

127 2005: 8.47%, 2006: 8.41%, 2007: 7.53%, 2008: 10.59%. GEN. ADMIN OF PRESS & PUBL'N, THE NATIONAL WIDE BASIC INFORMATION OF THE PRESS AND PUBLICATION INDUSTRY. *See* note 32, *supra*.

128 2002: 25%, 2003: 26.6%, 2004: 30%. *See* SURVEY OF BOOK PUBLISHING INDUSTRY, *supra* note 29, at 6-30.

129 The Press and Publication Administration and the Propaganda Department issued *Some Opinions on Current Publishing Houses Reforms* in 1988, which stated clearly that "[Publishing houses] should open many different channels, make use of social resources, expand their capital, and become involved in cooperative publishing arrangements and subcontracting of printing and distribution in order to publish more good books quickly." PUBL'N ADMIN. & THE CENTRAL PROPAGANDA DEP'T, SOME OPINIONS ON CURRENT PUBLISHING HOUSES REFORMS (1988).

130 *See* KONG, *supra* note 25, at 75-77.

and the entry of more educated and professional players, private publishing started producing much better books in terms of both content and production quality than in the previous decade.[131] Motivated by more predictable profits, independent book producers and literary agents started to initiate long-term investment projects to promote new and interesting literature and turn works of high art into bestsellers. According to one commentator, "In fact, with few exceptions, most literary works that have come out under the imprint of art and literature publishing houses since the late 1990s have actually been produced by freelance book agents. These independent publishers have without a doubt changed the whole structure and attitude of the publishing industry."[132]

The direction of private investment also demonstrates a high degree of sensitivity to temporary setbacks or progress in publishing policies. In early 2005, as a result of ideological concerns on the part of Party leadership, GAPP started to enforce publishing regulations more rigidly than before, and threatened to withdraw its tolerance of private publishing.[133] Many publishing houses were punished for selling book numbers, and logos of private publishers were forbidden to appear on the jackets of books. According to OpenBook, the leading non-governmental publishing market research institute, this tightening in publishing policy heavily influenced private publishing. Private publishers adjusted their operations and reduced their investment in innovative book contents and promotion. As a result, sales of bestsellers fell by about 30% to 50% in 2005 compared with the previous year.[134] Once the difficult period passed, private investment resumed. For example, when another relaxation of publishing policy was issued by GAPP in early 2009, encouraged by the expectation of further deregulation of publishing, a new round of cooperation and joint ventures between private publishers and state-run publishing houses started immediately, with almost every leading private publisher considering capital cooperation with state-owned publishing houses.[135]

Because of ongoing uncertainty, capital accumulated in private publishing also tends to escape from this area to other more legitimate businesses. The experience of Yin Mingshan, a former private publisher, illustrates how the uncertain publishing policy and unreliable legal framework drove private investment out of the publishing industry. Yin Mingshan, a billionaire who owns the biggest private motorcycle company in China at present, was a private publisher and book dealer in the 1980s. He

131 *See id.* at 75-77.
132 *See id.* at 77.
133 *See* Gu Chuan, *supra* note 88.
134 *See* WORKING COMMITTEE OF NON STATE-OWNED SECTOR IN CHINA ASSOCIATION OF BOOK AND PERIODICAL DISTRIBUTION, *supra* note 33, at 5.
135 *See* Ren Dianshun & He Wenjing, *supra* note 65.

made his first fortune from the book business by publishing a series of cheap books. In 1985, as the former editor of the Chongqing Publishing House, he resigned from his job in a state-owned enterprise and established a private book store, Chongqing Vocational Education Book Store. The sales of the *Ten-Cent Series for Middle School Students*, the first book series he edited, totaled over ten million volumes. By 1989, Yin Mingshan had already become the biggest private book dealer in Chongqing, the largest city in Southwest China. Contrary to everyone's expectations, Yin Mingshan decided to quit the book business at the peak of his career as a book dealer. From his experience in private publishing, Yin Mingshan believed that the limitations in publishing policy meant that private publishing did not have a bright future, and a business that could not be exposed to sunshine could never be a promising career. His decision has proved wise, not only sparing him the crackdown against illegal publications after 1989, but also causing him to switch his business to motorcycle manufacture, which made him a billionaire ten years later. Meanwhile, the deregulation of the book publishing industry has always fallen behind other areas and together with the tobacco industry remains one of the last two mass-consumption industries under strict state control. Due to this unstable policy environment, just as Yin Mingshan predicted, private publishing enterprises still remain on a relatively small scale compared with private enterprises in other industries. While billionaires are constantly emerging from other parts of the private sector, there is still no sign of even one billionaire in private publishing.[136]

As with his exit from private publishing, Yin Mingshan's reentrance into the publishing industry is also symbolic. In 2000, ten years after he quit the book publishing business, Yin Mingshan invested ten million Yuan into Pudong Electronic Publishing House and became its second largest shareholder, holding a 30% stake. Encouraged by China's entry into the WTO and the opening of nation-wide distribution to private enterprise, Yin Mingshan chose the relatively less limited electronic publishing as the springboard for his return to the publishing industry and became the first private investor in the electronic publishing sector, which has been opened to private investment ahead of book publishing.[137] Along with the relaxation in publishing policy, Yin Mingshan's perspective on private publishing had also changed. Because of insufficient competition, Yin Mingshan believes that publishing, once the forbidden zone for private

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136 Investigation of Private Publishing Industry in China 72-86 (Liu Gexue & Liu Fang eds., 2005).

137 Implement Methods of Relaxing the Fields of Private Investment of Guangdong Province (promulgated by the Government of Guangdong Province, Sept. 29, 2003).

investment, now hides great profit potential.[138] Ying Mingshan's return shows the influence of publishing policy on long-term investment in private publishing.

C. *Informal Status Deters Formal Investment*

Without official acceptance, the status of private publishing will remain uncertain. Although the publishing authorities acquiesce in its existence, private publishing is still technically illegal. As mentioned in the third part of this article, this murky status forces private publishers to make complicated arrangements to circumvent legal restrictions, not only in the publishing regulations, but also in taxation law, in the administrative rules of industry and commerce, and in accounting guidelines. The "original sin" of private publishing deters formal investment and leads to a multitude of further illicit behaviors. There are few investors willing to enter an area under strict government regulation such as publishing. As well, private publishing, the operation of which mostly follows informal rules, is incompatible with formal investment from banks, venture funds, share market, or foreign enterprise, the operation of which follows formal rules, such as contract law, copyright law, taxation law, and administrative regulations of commerce and industry. Up to 2009, there were only three cases of formal investments from these sources into private publishing enterprises: Bertelsmann and Rongshuxia establishing a joint venture, Xiron Book Company accepting thirty four million Yuan investment from Huawen Media Investment Corporation,[139] and IDGVC Partners investing three million U.S. dollars in Joustar Corporation.[140]

Even if some investors from the venture and banking sectors are prepared to enter private publishing, it will be difficult for them to accept the informal operation of private publishers. For example, Beirong, a joint venture established by Bertelsmann and Rongshuxia, which was registered as a book distribution company, actually engaged in private publishing. Because of the disparity between the registered business scope and the real business, the international auditing firm commissioned by the investor found that it was impossible to keep an accounting record that both reflected the real nature of the business and was acceptable to the taxation authority. The auditors eventually had no choice but to allow the joint

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138 Yuan Guoliang, *Private Investment Entered Publishing Industry for the First Time*, CHONGQING EVENING PAPER, May 12, 2004.

139 Yang Wenxuan, *Welcome the Era of Capital Operation in the Book Industry, China Publish*, CHUBAN.CC (Apr. 17, 2009), http://www.chuban.cc/rdjj/09my/jbtp/200904/t20090419_47339.html.

140 *Id.*

company to disguise its real business by providing a deceitful accounting record.[141]

Without legal status, the return on investment in private publishing is also at risk. Private publishing not only faces potential punishment from the government, but is also afflicted with the potential for default by downstream dealers. It is customary in the book trade for booksellers to take books on consignment and pay the publisher after those books are sold, instead of paying in advance. "When a bookseller then refuses to pay its debt, the private publisher cannot expect support from the courts, because it is engaged in an 'illegal' business."[142]

From the mid-1980s when private publishers first appeared in China, most have suffered from a lack of capital, and hence have only been able to engage in imitation or piracy, which has lower operating expenses and quicker returns. Without sufficient investment from outside, most private publishers will continue to struggle for survival by any means, including foul, and it becomes more difficult for them to upgrade their business from the lower end of the publishing industry to promoting innovation through a business model structured around copyright protection. Meanwhile, not only investment but also better human resources and business administration are also dissuaded from entering private publishing.[143] Even where capable people do enter the private publishing sector they tend to move quickly to other industries with ampler rewards, such as Internet companies or the movie industry.[144]

D. State-Owned Publishing Houses Squeezing the Profit from Private Publishing

To exchange book numbers and to take advantage of other privileges that rest solely in the hands of state-owned publishing houses, private publishers are forced to pay high prices which increase the cost of private publishing. A book number for a single book is worth 12,000 to 25,000 Yuan on the black market. According to an estimate of the Working Committee of the Non-State Book Industry, the private publishing industry annually produces books worth around 20 billion Yuan, and consumes 30,000 to 50,000 book numbers, which may cost at least 1 billion Yuan. The average private publisher pays between two and five million Yuan for book numbers annually.[145]

In addition to the cost of book numbers, by virtue of their privileges as authorized by the publishing authorities, publishing houses are also able

141 Interview 081124 (Shanghai, Nov. 24, 2008).
142 *See* KONG, *supra* note 25, at 87-88.
143 Interview 081107 (Beijing, Nov. 7, 2008); *see also* note 24 *supra*.
144 Interview 081107 (Beijing, Nov. 7, 2008).
145 *See* note 25 *supra*.

to appropriate the endeavors of private publishers and squeeze their profit by a number of other mechanisms. First, in order to get the cooperation of publishing houses, private publishers mostly have to supply the state-owned distribution channels to publishing houses or establish a joint venture with them, in which case state-owned publishing houses may take a proportion of the private publishers' profit, the amount of which is also estimated at around 1 billion Yuan in the entire private publishing sector annually.[146] Second, in order to circumvent the publishing and taxation restrictions, private publishers need assistance from state-owned publishing houses, which is, of course, not free. For example, when private publishers transfer money through the accounts of publishing houses to printers, state-owned publishing houses impose a "handling charge."[147] Third, when publishing houses buy books from their partners, they usually defer payment for between six and eight months. As long as the cooperation continues, state-owned publishing houses may in fact use private publishers' money to supply their running expenses.[148]

The cooperation between private publishers and state-run publishing houses is, in reality, like an unfair agreement. Private publishers take all the risks in the market and need to buy the right to publish. By these means, they support the inefficient state-run publishing houses. All these burdens not only increase the costs and reduce the profits of private publishing, but they also further impair the ability of private publishers to invest in long-term projects. Without sufficient profit, private publishers, especially small-scale publishers, cannot afford the high authors' remuneration for new copyright books, and have little choice but to earn quick profits from imitation or piracy.[149]

E. The Anonymous Status of Private Publishers Negatively Influences Their Ability to Accumulate Intangible Assets

Without the acknowledgement of publishing authorities and the protection of formal rules, private publishers can only participate in publishing as ghost publishers. This anonymous status inevitably restricts the capability of private publishers to accumulate and enjoy their intangible assets. As was mentioned in the third part of this paper, as a precondition to receiving book numbers and other publishing privileges from state-owned publishing houses, private publishers have to assign or license copyright to them. Without official status as a publisher, the private publisher cannot enjoy copyright in his/her book, no matter how much money and

146 *See id.*
147 Interview 081103 (Beijing, Nov. 3, 2008).
148 Interview 081107 (Beijing, Nov. 7, 2008).
149 *Id.*

endeavour has been thrown into it. Even if private publishers may reduce the side effects by signing a shorter copyright license, they can do nothing to retrieve the neighboring rights which can only be owned by the official publishers. According to China's Copyright Law, publishers enjoy a ten-year exclusive right on the typographical arrangement of books,[150] which is designed to protect the special interests of publishers against slavish imitation. Although private publishers take charge of the entire publishing process, including the typographical arrangement, all the fruits of their labor are reaped by the state-owned publishing houses.

Another result is that the private publisher will only appear in the book as a project planner or editor. This status makes it very difficult for private publishers to appeal directly to their customers, or establish their brand, reputation, or goodwill in the publishing market. Even if private publishers develop a bestseller, the biggest beneficiary is the state-owned publishing houses which cooperated with them. In all probability, the consumer will remember the publishing house whose name appears on the cover if they remember anyone other than the author/s, but neglect the private publisher whose name appears in an inconspicuous way on the inside front cover or back cover as the project planner or editor.

Without the legal right to engage in publishing, it is also very hard for private publishers to get credit from clients and suppliers. For example, it is conventional in the publishing industry that private publishers give six to eight months' credit to book dealers and publishing houses who buy their books, but private publishers have to pay cash to printeries and paper mills.[151]

Under these circumstances, the incentive for private publishers to invest in copyright and other intangible assets which need longer term development, such as credit, business reputation, trademarks, or a unique style, is very likely to be insufficient, because most long-term investment in intangible assets benefits state-run publishing houses with little corresponding benefit to private publishers.

Most importantly, lack of effective copyright protection of private publishing also means little copyright enforcement in the bestseller market, the major profit generator in the publishing sector, because 80% of best sellers in China are in fact produced by private publishers. Without monopoly resources, most private publishers rely heavily on the bestseller market. Weak copyright enforcement and rampant piracy in the bestseller market means less profit flows into the pockets of those private publishers who engage in copyright exploitation. The less profitable the copyright

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150 Copyright Law of the People's Republic of China art. 35 (promulgated by the Standing Comm. People's Nat'l Cong., Oct. 27, 2001.

151 Interview 081107 (Beijing, Nov. 7, 2008).

exploitation is, the less private publishers will stay in this business, the more private publishers will move into book piracy or imitation.

V. CONCLUSION

In spite of dramatic privatization and marketization in upstream and downstream sectors, China's publishing sector is still operating by way of a strict state monopoly in one key link in the chain — the publisher. Under this state monopoly, the operation of publishing in China is different from publishing in a free market. State-owned publishing houses mostly depend on their publishing privilege and other monopoly resources, which reduces their incentive to explore new markets to meet consumer demand, to generate new materials, or to enforce copyright. Also, because of the state monopoly, private publishers and other market forces can only enter the publishing sector by illegal or semi-legal business operation, such as the book number trade or cooperative publishing, which is based, not on reliable legal arrangements, but on collusion between private publishers and state-owned publishing houses and the ambiguous acquiescence of press control authorities.

In this business environment, copyright owners without a publishing privilege cannot legally exploit their copyright. Private publishers have no choice but to cooperate with state-owned publishing houses as ghost publishers with no ability to claim legal rights as publishers, and thus with no legal status to enforce copyright in their publications. In the absence of effective control from the copyright owner, it is very hard to maintain any copyright "order" in the publishing industry, and provide effective copyright protection for private publishers. In addition to the negative influence on copyright enforcement, this state monopoly is also unfavorable for copyright exploitation and investment in private publishing, which require long-term certainty and official acknowledgment.

Because of the unfavorable impact of the state monopoly on both copyright enforcement and investment in copyright exploitation, copyright cannot play its essential role in protecting private publishers' business interests and encouraging innovation and creativity. On the contrary, the unfavorable publishing policy may drive more private investment into imitation and piracy by making copyright investment less profitable. Even more seriously, without a profitable and sustainable business model structured around copyright protection, it is hard to create local support for copyright, without which a copyright system can never be successfully transplanted to China.

In addition to the incompatibility and conflict between state monopoly and the copyright system, the business pattern of the publishing sector in China also reflects the adaptation and collaboration between copyright owners and the elements of press control. By cooperating with state-

owned publishing houses, private publishers are able to exploit their copyright and make profits from book publishing. By acquiescing to private publishing, the press control authorities also allow state-owned publishing houses to suck substantial profits out of private publishing, and hence reduce their dependency on state subsidies. Under this business pattern, the state-monopolized publishing sector, which is critical to China's press control system, can benefit from copyright revenue generated from the market. From this perspective, market mechanisms and a copyright system in fact enhance press control to some extent, by transfusing "blood" to the inefficient state-monopolized publishing sector.

TOWARD A MORE BALANCED MODEL: THE REVISION OF ANTI-CIRCUMVENTION RULES

by (JERRY) JIE HUA*

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I. INTRODUCTION

The development of digital network technologies simplifies and speeds reproduction and distribution of copyright works. Anyone who has access to computers, mobile phones, and the Internet can simply obtain, exploit, and disseminate information without copyright owners' authorizations. Rampant piracy, however, has made copyright owners distrust the effectiveness and enforcement of the original copyright legal regime that was born and developed in a paper and analog technology age. Copyright owners began to widely adopt digital rights management (DRM) and technological protection measures (TPMs) to impede access to and use of their works without their authorizations. These self-help measures did effectively stem piracy at the beginning, but as hacking technologies and devices were developed to circumvent or undermine original DRM, such self-help measures were no longer able to perfectly protect copyrighted works. The same copyright owners who once sat back and relaxed, trusting in self-help DRM technologies, again had to lobby their governments to enact new legislation that could protect the existing technological measures against circumvention. Anti-circumvention law was thus promulgated to satisfy copyright owners' interests for strong copyright protection in the digital network era. The protection granted to DRM and TPMs, then, is related to but quite different from copyright protection. Copyright law is the first layer that protects copyright owners' exclusive rights from the legal aspect; DRM and TPMs are the second layer of protection from the technological aspect; and, finally, the anti-circumvention law is the third layer that protects the DRM technologies.

Private self-help measures often interact with public remedies in areas of law to better achieve objectives, provided that the private remedies do not exceed the necessary scope and force of public initiatives. The adoption of DRM technologies by copyright owners just conforms to the legal

trend and brings copyright law into the fold.[1] Although the adoption of DRM by copyright owners as a self-help alternative is reasonable, the proliferation of strong legislation on the protection of DRM will negatively influence many issues, such as exceptions and limitations to copyright, access to information, consumers' interests in using copyright products, and protection of privacy. Current anti-circumvention law faces challenges and criticism resulting from its overprotection of DRM and TPMs, which subverts the balance between copyright owners and public users under copyright law. The legislative process leading to the anti-circumvention rules pushed by the United States at both the domestic and international levels has been called out by Professor Peter Yu as "back-door lawmaking," and, "a process of outsourcing the legislative process to an international forum of unselected representatives in an effort to create laws that the domestic legislature would not have otherwise enacted."[2]

As early as 1995, the "White Paper on Intellectual Property and the National Information Infrastructure" issued by the Clinton Administration acknowledged copyright owners' substantial investment in the adoption of DRM technologies that could better protect their copyrighted works from serious piracy. As well, it supported the issuing of new laws that could prohibit the manufacturing and distribution of technologies whose primary purpose was to circumvent DRM and TPMs. At the same time, the United States went to the international forum, the diplomatic conference held by the WIPO in 1996, to propose that the anti-circumvention rule be included in a draft international treaty on copyright protections.[3] After receiving strong domestic opposition against the White-Paper-proposed anti-circumvention rule, the United States turned to support a more neutral law, later adopted by the WIPO Copyright Treaty (WCT), that required member countries to provide adequate protection and effective remedies for DRM and TPMs.[4] This was the first "back-door" called out by Professor Peter Yu, under which international standards were created "based on laws that its domestic legislature was reluctant to enact."[5] The results of the international conference and treaty were then taken back to the United States as legal obligations that required its compliance. The enactment of the Digital Millennium Copy-

[1] Douglas G. Lichtman, Defusing DRM (2006) (John M. Olin Law & Economics Working Paper No. 282 (2d Series)), *available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=883676.

[2] Peter K. Yu, *Anticircumvention and Anti-anticircumvention*, 84 DENV. U. L. REV. 13, 54-55 (2006).

[3] Pamela Samuelson, Towards More Sensible Anti-circumvention Regulations, *available at* http://people.ischool.berkeley.edu/~pam/papers/fincrypt2.pdf (last visited Oct. 2, 2011).

[4] *Id.* at 2.

[5] Yu, *supra* note 2, at 55.

right Act (DMCA) in 1998, therefore, was the response of the United States to its domestic implementation of the WCT.

In the enactment process of the DMCA, opponents from technological intermediaries such as ISPs focused on alleviating the strict liability for their subscribers' infringing activity. They spent the majority of their energy in negotiating with copyright industries to incorporate a safe harbor rule. This was to ensure that they would not have to worry about being indirectly liable for their users' copyright infringement as long as they immediately took down the alleged infringing material upon having knowledge of the infringement. After reaching a compromise with the copyright industries on a safe harbor for ISP liability, technological intermediaries made little effort to redress the overprotection of TPMs granted by the anti-circumvention rule, even though this meant that some big companies with encryption research groups, such as AT&T, would be negatively affected by the anti-circumvention rule.[6] The anti-circumvention rule in the DMCA thus remains in a form that principally reflects copyright industries' interests.

In addition to the domestic lawmaking on the anti-circumvention rule, the United States exported its legislative model through bilateral or multilateral free trade agreements to prompt the adoption of similar DMCA-like anti-circumvention laws by other countries. This is the "second backdoor" noted by Professor Peter Yu.[7] Through these free trade agreements, many jurisdictions incorporated their own anti-circumvention laws in the legislative model of the United States. These countries include Australia, Bahrain, Chile, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Morocco, Nicaragua, Oman, and Singapore. Even without bilateral or multilateral free trade agreements with the United States, some countries such as China assimilated the DMCA model to create anti-circumvention laws through legal transplant in order to fulfill the obligatory requirements from the WIPO Internet Treaties. Pushed by these contractual obligations from bilateral agreements or international conventions, the domestic anti-circumvention legislation of the United States has become international. The imbalance hidden in the DMCA anti-circumvention rule has now widely spread to developing countries where access to information is perhaps more important and urgent than for their developed counterparts.

This article aims to explore an appropriate way to revise the anti-circumvention rules in order to restore the balance of interests between copyright owners and public users in general, as well as guarantee access to information and knowledge in less developed countries, with a particu-

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[6] Samuelson, *supra* note 3, at 2.

[7] Yu, *supra* note 2, at 55.

lar focus on China. The second part of this article will introduce a basic understanding of protection of DRM and TPMs. Relevant provisions in the WIPO Internet Treaties and domestic legislation will be examined in order to demonstrate the concept, scope, and conditions of legal protection of DRM and TPMs in general. The third part will specifically analyze the anti-circumvention rule under the United States DMCA, as it represents the typical legislative model regarding TPM protection adopted by many jurisdictions. The analysis of the limitations and exceptions of the anti-circumvention rule and its existing problems that negatively influence the interests of public users points out the need to address the drawbacks embodied in current anti-circumvention law. The fourth part of the article then will suggest solutions for the shortcomings of current anti-circumvention legal design from a diverse range of aspects, including technological improvements for setting up minimum use of technologically protected material, legislative revision of anti-circumvention rules and the development of judicial discretion in TPM-circumvention cases. These suggestions will be provided for revising the DMCA model anti-circumvention law in general, and for recovering appropriate access to copyrighted information in developing countries such as China.

II. BASIC UNDERSTANDING OF PROTECTION OF DIGITAL RIGHTS MANAGEMENT AND TECHNOLOGICAL PROTECTION MEASURES

The WIPO Internet Treaties are the main international conventions that address the issue of the protection of TPMs and DRM information. Articles 11 and 12 of the WCT obligate member states to provide effective protection to technological measures and DRM information used by authors in their copyright works. Similarly, articles 18 and 19 of the WIPO Performances and Phonograms Treaty (WPPT) oblige member states to effectively protect technological measures and DRM information used by performers and phonogram producers in their performances and phonograms. The following introduction and analysis will use provisions in the WCT to illustrate the international obligations of supplying protection on TPMs and DRM information, note the difference between TPMs and DRM information, and highlight the key factors that need to be stressed in the international obligations.

A. Conventional Protection of Technological Measures and Rights Management Information

As to the obligatory protection on technological measures, article 11 of the WCT clearly expresses that "contracting parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in

connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law."

As to the obligatory protection on DRM information, article 12 of the WCT targets two kinds of actions done by any person with knowledge or having reasonable grounds to know that these actions will induce or facilitate infringement of any right covered by this Treaty or the Berne Convention: removal or altering DRM information without authority, and the dissemination of works or their copies knowing that DRM information has been removed or altered without authority. Although article 12 of the WCT provides a definition of DRM information as information that identifies works and ownership, DRM has much broader functions than merely providing identification information.

According to Professor Peter Yu, one must distinguish DRM from TPM, as "the latter focuses narrowly on mechanisms used to protect copyrighted contents, such as passwords, encryption, digital watermarking, and other protection techniques," while "the former includes a large set of technological tools that not only protect the content, but also monitor consumer behavior and facilitate payment for content usage."[8] By distinguishing between DRM and TPM, Professor Yu anticipated that DRM should not only protect copyrighted works against unauthorized use, but should also properly serve the interests of consumers and users.[9] If properly designed, the DRM system can encompass the rights enjoyed by both copyright owners and public users.

Professor Yu's differentiation between the protection on DRM information and TPM illustrates that the serious imbalance of rights between copyright owners and public users due to the installation of technological tools is principally due to the overemphasis on developing TPMs by electronic technology industries and the legislative protection of TPMs against unauthorized circumvention. Designing DRM systems in the future to reflect both copyright owners' and consumers' rights is a promising way to recover the balance of interest in the copyright regime through technological assistance, but the current priority in weakening strong TPM protection is to readjust the current anti-circumvention law through legislative revision. Therefore, the following discussion on the substantial elements of convention obligations will focus on the relevant provisions of TPMs protections in order to further clarify the subject matter and scope of anti-circumvention laws.

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[8] *Id.* at 61.

[9] *Id.*

B. Key Terms in the Protection of Technological Protection Measures

It is important to understand the key terms in the TPM protection provisions under the international conventions in order to acknowledge the implementation of anti-circumvention rules in domestic laws. According to the WCT article 11, protected TPMs are adopted by "authors." "Authors" in the conventional provision should not be interpreted as only creators who directly apply TPMs to their works. More expansive situations, such as complete or partial copyright assignment, should be taken into consideration so that "authors" includes successors, assignees, licensees, agents, or other intermediaries on behalf of the original authors. After fully understanding the subject of using TPMs, let us now examine the scope of protection of TPMs and international anti-circumvention rules through the analysis of the key terms and phrases.

First, article 11 of the WCT requires that technological measures adopted by authors should be "effective." This article of the WCT, however, does not provide any definition of effective technological measures because it was difficult for the WCT drafters to decide whether they should choose a specific or general definition to cover TPMs. Thus, the drafters changed their emphasis on the purpose and effect that TPMs would be used to achieve, finally providing no definition at all. In fact, the principal purpose when copyright owners use TPMs is to control the free access and use of their works without authorization. The definition of TPMs in the European Union Information Society Directive indicates as much. In the directive, a TPM is considered effective "where the use of a protected work or other subject-matter is controlled by the rightholders through application of an access control or protection process, such as encryption, scrambling or other transformation of the work or other subject-matter or a copy control mechanism, which achieves the protection objective."[10] Therefore, TPMs will not be deemed effective if they can neither control access to nor the copying of copyrighted works.

To evaluate the effectiveness of TPMs, it makes better sense to take an integrated consideration of the unauthorized parties' ability to conduct circumvention, the intent of copyright holders, the specific TPMs installed, and the actual effect of the TPMs.[11] For example, if an ordinary user can circumvent a TPM through his common skill without any assistance from any specific technological tool, such a TPM cannot be deemed effective. For example, in the case where a CD-protection technology manufacturing

[10] Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society art. 6(3) [hereinafter Information Society Directive of European Union].

[11] Zohar Efroni, *Anticircumvention Laws*, *in* ACCESS-RIGHT: THE FUTURE OF DIGITAL COPYRIGHT LAW 287-398 (2011).

company, SunnComm, attempted to sue a student for his online paper explaining a simple method of circumventing SunnComm's technology by clicking the shift key when loading a CD into a computer,[12] the CD-protection technology against unauthorized copying could not be regarded as effective.

Second, the effective TPMs are used by authors "in connection with the exercise of their rights under the WCT or the Berne Convention." This phrase indicates the important connection between TPM protection and copyright protection. The adoption of TPMs should guarantee the protection of copyright owners' exclusive rights embodied in the WCT and the Berne Convention. For example, the act of circumventing TPMs that restrict unauthorized reproduction of copyrighted works is prohibited by the WCT, but circumvention of TPMs that protect public domain material is not banned, because the latter TPMs are not used to protect any copyright interest given by the international copyright conventions. Thus, the requirement of intensive connection between anti-circumvention and copyright protection closely relates to the justification for access-control TPMs. As the WCT does not intend to create any new intellectual property right and the expression of article 11 relates to the exclusive rights in other provisions under the WCT, the WCT does not provide an access right for copyright owners to prohibit circumvention of access-control TPMs per se. As to whether article 11 includes access-control TPMs, the article does not draw a clear line but rather leaves the problem for member states to determine on their own.

Third, article 11 prohibits acts of "circumvention" of TPMs and the "restrict[ion of] acts, in respect of their works, which are not authorized by the authors concerned or permitted by law." "Circumvention" acts in the WCT generally mean acts of removing, breaking, bypassing or otherwise interfering with the function of a TPM.[13] However not all circumvention acts are prohibited by the WCT, as the prohibited acts cannot be authorized by authors or permitted by law. Hence, users can engage in circumventions that are authorized by copyright owners, used to exploit public domain material, or for the purpose of achieving limitations and exceptions to copyright protection for the interest of public users.

Problems arise when determining whether circumvention and restricted acts should not only include the circumventing act itself, but should also cover preparatory acts such as manufacturing and providing technology and devices that could facilitate circumvention, because one cannot simply determine copyright infringements without knowing the end

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[12] John Borland, *Student Faces Suits over Key to CD Locks*, CNET (Oct. 9, 2003), http://news.cnet.com/2100-1025-5089168.html.

[13] Efroni, *supra* note 11.

use of the circumvention-facilitated technology and devices. On the one hand, circumvention technology and devices can be used for legitimate purposes. Broad bans on the supply of circumvention technology and devices could impede legitimate use of these tools and stifle the development of useful new technologies. On the other hand, if the provision is narrowly interpreted as merely prohibiting the circumvention act itself, or allowing supply of technology and devices as long as they have non-infringing uses, the protection of TPMs cannot be deemed sufficient and effective, because controlling the supply of circumvention tools is an important and costless way to stem the circumvention of TPMs. Therefore, the WCT did not expressly name circumvention devices at all, leaving room for member states to decide the scope of prohibited acts in domestic laws.

Fourth, article 11 requires member states to provide "adequate legal protection and effective legal remedies" against the circumvention of TPMs. As discussed above, although some commentators argue that without the prohibition on the manufacturing and dissemination of circumvention tools, the protection of TPMs cannot be deemed as adequate and effective, the WCT did not require contracting parties to totally outlaw the trafficking of circumvention tools. More alleviative measures could be introduced to compensate copyright owners without having to absolutely ban the distribution of tools that can be used to circumvent TPMs.

In addition to these concerns, there are still two other issues that need to be addressed in this discussion. First, the WCT does not mandate member states to incorporate anti-circumvention rules into their copyright laws. No explicit requirement is included to compel member states to implement anti-circumvention rules through amending domestic copyright statutes. Instead, more general laws could be used to grant protection to TPMs, such as sui generis law or competition law. Second, the WCT does not oblige member states to install mandatory TPMs on consumer equipment. Member states have the freedom to determine whether they would like to impose mandatory installation of TPMs as part of their anti-circumvention law.

Because of the flexibility embodied in WCT article 11, the concern over whether the balance of interests between copyright owners and public users can be maintained under the environment of TPM protection relies on the implementation of anti-circumvention rules introduced by different jurisdictions in their domestic legal systems. Despite the accomplishments of the international conventions, it remains to be seen how legislative protection for TPMs through national implementation can effectively prevent unauthorized access and use of copyright works on the one hand and guarantee the free flow of digital information on the other. Since the United States' legislative model of the DMCA broadly influences a large number of jurisdictions, including less developed countries

such as China, examination of the anti-circumvention rules of the DMCA can illustrate whether current anti-circumvention law achieves the proper balance of interests between rights holders and consumers, and, if not, what problems exist in the current legal design.

III. BALANCED OR UNBALANCED: THE ANTI-CIRCUMVENTION RULES OF THE DIGITAL MILLENNIUM COPYRIGHT ACT

Anti-circumvention rules were incorporated into the United States Copyright Act through the enactment of the DMCA in 1998. Specifically, the new Chapter 12 deals with the issue of copyright protection and information management systems in the digital network environment. Section 1201 was designed to address the issue of circumvention of technological measures with the purpose of fulfilling the international obligations compelled by article 11 of the WCT.

A. The Contents of the DMCA Anti-circumvention Rule

Section 1201 divides technological measures into two categories: measures that prevent unauthorized access to a copyrighted work and measures that prevent unauthorized copying of a copyrighted work.[14] Generally speaking, there are three major principles prohibiting circumvention of technological measures that control access and protect the exclusive rights of copyright owners. Section 1201(a)(1) prevents the act of circumventing technological measures that control access to a protected work. Section 1201(a)(2) prohibits the production and distribution of any technology, service, or device that is primarily used to circumvent the technological measures controlling access to a protected work. Section 1201(b) forbids the production and distribution of any technology, service, or device that is primarily used to circumvent the technological measures protecting exclusive rights of copyright owners in a copyrighted work.

Specifically, section 1201(a)(1) protects technological measures that effectively control access to a copyrighted work. Under section 1201(a), acts of circumvention measure include descrambling a scrambled work, decrypting an encrypted work, or otherwise avoiding, bypassing, removing, deactivating, or impairing a technological measure without the authority of the copyright owner.[15] An effective access-control technological measure should in its ordinary operation require "the application of infor-

[14] U.S. COPYRIGHT OFFICE, THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998: U.S. COPYRIGHT OFFICE SUMMARY (1998) [hereinafter DMCA SUMMARY], *available at* http://www.copyright.gov/legislation/dmca.pdf.

[15] 17 U.S.C. § 1201(a)(3)(A) (2006).

mation, or a process or a treatment, with the authority of the copyright owner, to gain access to the work."[16]

Sections 1201(a)(2) and 1201(b) are so-called anti-device provisions, as they stipulate that "no person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof" that controls the access to or copying of a protected work.[17] The devices that are prohibited are primarily designed for circumventing effective access or copy control technological measures, have limited commercially significant purpose other than circumvention, or are marketed with the producer or distributor's knowledge of their circumvention use.[18] According to the statutory explanation for section 1201(b), technological measures that effectively protect rights of a copyright owner are measures that, in their ordinary operation, prevent, restrict, or otherwise limit the exercise of the rights of a copyright owner.[19] Therefore, section 1201(b) applies to infringers who may lawfully get access to the copyrighted works, but thereafter aid in the circumvention of copy-control measures embodied in the protected works. Some commentators hence refer to section 1201(b) as the "post-access copyright control" anti-circumvention rule.[20]

The enactment of anti-device provisions was pushed forward by a lobby of powerful copyright owners. From the viewpoint of copyright owners, circumvention technologies, even though they can be used for non-infringing purposes or for other public interests, still pose great danger to copyright protection in the digital environment. In addition, it is difficult and costly to investigate every circumvention act conducted by individuals. Instead, banning the trafficking of circumvention devices is a more practical and less costly way for copyright owners to enforce their rights. Introducing anti-device provisions into national law is necessary to control the rampant piracy caused by convenient hacking of technological measures.

Confronted with the copyright owners' self-interest, individuals, educational and research institutions, as well as certain nonprofit organizations, realized the danger that the anti-circumvention law poses to the fair or non-infringing use of copyrighted material, free access to information in the public domain, fair competition, and online privacy rights. However these concerns were not given much attention by legislators, because on the one hand, these organizations did not have lobbying power as strong as the ISPs, and on the other hand, technology developers were no longer

16 *Id.* § 1201(a)(3)(B).
17 *Id.* § 1201(a)(2), (b).
18 *Id.*
19 *Id.* § 1201(b)(2)(B).
20 YIJUN TIAN, RETHINKING INTELLECTUAL PROPERTY: THE POLITICAL ECONOMY OF COPYRIGHT PROTECTION IN THE DIGITAL ERA 221 (2009).

motivated to persuade the government to make further changes after successfully introducing a safe harbor for their indirect liability for online copyright infringement.

B. Balanced Designs: the Exceptions under the Anti-circumvention Rule

Despite the weak lobbying from technology developers and individual consumers, the government was still concerned about maintaining the balance of interests between different stakeholders. There are several systematic designs in the DMCA anti-circumvention rules that reflect such concerns, but whether these designs adequately offset the negative effects of the anti-circumvention rules remains to be seen.

First, as to the prohibition on the act of circumvention, the provisions only prevent circumventing access-control technological measures, not the copy-controls. One of the reasons for this distinction is that unauthorized circumvention of copy-controls will in many cases violate copyright law. It is therefore not necessary to include such a superfluous prohibition into anti-circumvention law. A more significant reason for the provision is that the legislators intended to leave room for the public to make fair or otherwise non-infringing uses of the protected work, because the public sometimes can copy protected works without the right owners' authorization under the copyright limitations and exceptions.

Second, there is a more general provision in section 1201, stipulating that "nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title."[21] Some commentators believe that this provision is the saving clause that could guarantee fair use or other exceptions in the TPM environment.[22] Additionally, a "no mandate" provision is included to ensure that equipment manufacturers will not be obliged to produce designs or components that comply with any particular technological measure.[23]

Third, section 1201 contains a list of specific exceptions to the prohibition on circumvention and the trafficking of circumvention devices. The seven exceptions include: (1) exemption for nonprofit libraries, archives, and educational institutions; (2) law enforcement, intelligence, and other government activities; (3) reverse engineering; (4) encryption research; (5) preventing the access of minors to certain material on the internet; (6) collection or dissemination of personally identifying information; and (7) security testing.[24] All seven exceptions apply to the prohibition on circumvention of access-controls regulated under section 1201(a)(1). These

[21] 17 U.S.C. § 1201(c)(1) (2006).
[22] *See, e.g.*, DMCA SUMMARY, *supra* note 14, at 5.
[23] 17 U.S.C. § 1201(c)(3) (2006).
[24] *Id.* § 1201(d)–(j).

exceptions are narrowly tailored in regards to the anti-device provisions.[25] Some of them are applicable to one kind of anti-circumvention rule, but not to others. The exceptions for law enforcement and reverse engineering apply to the prohibition on trafficking of devices that facilitate circumvention of both access-controls and copy-controls. The exceptions for encryption research and security testing only apply to the prohibition on trafficking of devices that can circumvent access-controls. The coverage of these exceptions attaches to specific circumstances prescribed in the provision. Circumventors or traffickers cannot be immunized from infringing liability if copyright infringement is involved in the acts of circumvention or trafficking of circumvention devices.

Finally, the United States Congress established an on-going administrative rule-making proceeding to evaluate the impact of the prohibition against the act of circumventing access-control measures.[26] The anti-circumvention rule for protection of access-controls is subject to exceptions for users of a particular class of works, who are, or are likely to be, adversely affected in their ability to make non-infringing uses of the works by virtue of such anti-circumvention rules.[27] Such exceptions are determined through a triennial rulemaking by the Librarian of Congress (LOC).[28] Up until now, the LOC has already had five sessions of rulemaking that resulted in five different sets of exceptions. There were two exceptions in the 2000 Rulemaking,[29] four exceptions in the 2003 Rulemaking,[30] six exceptions in the 2006 Rulemaking,[31] six exceptions in

25 Efroni, *supra* note 11.

26 DMCA SUMMARY, *supra* note 14.

27 17 U.S.C. § 1201(a)(1)(B) (2006).

28 *Id.* § 1201(a)(1)(C)–(E).

29 *Rulemaking on Exemptions from Prohibition on Circumvention of Technological Measures That Control Access to Copyrighted Works*, COPYRIGHT, http://www.copyright.gov/1201/anticirc.html (last visited Oct. 2, 2011). The two exceptions are: (1) compilations consisting of lists of Web sites blocked by filtering software applications; and (2) literary works, including computer programs and databases, protected by access control mechanisms that fail to permit access because of malfunction, damage, or obsoleteness.

30 *Rulemaking on Exemptions from Prohibition on Circumvention of Technological Measures That Control Access to Copyrighted Works*, COPYRIGHT, http://www.copyright.gov/1201/2003/index.html (last visited Oct. 2, 2011). The four exceptions are: (1) compilations consisting of lists of Internet locations blocked by commercially marketed filtering software applications that are intended to prevent access to domains, Web sites or portions of Web sites, but not including lists of Internet locations blocked by software applications that operate exclusively to protect against damage to a computer or computer network or lists of Internet locations blocked by software applications that operate exclusively to prevent receipt of email; (2) computer programs protected by dongles that prevent access due to malfunction or damage and which are obsolete; (3) computer programs and video games distributed in

the 2009 Rulemaking,[32] and five exceptions in the 2012 Rulemaking.[33]

formats that have become obsolete and which require the original media or hardware as a condition of access; and (4) literary works distributed in ebook format when all existing ebook editions of the work (including digital text editions made available by authorized entities) contain access controls that prevent the enabling of the ebook's read-aloud function and that prevent the enabling of screen readers to render the text into a specialized format.

[31] *Rulemaking on Exemptions from Prohibition on Circumvention of Technological Measures That Control Access to Copyrighted Works*, COPYRIGHT, http://www.copyright.gov/1201/2006/index.html (last visited Oct. 2, 2011). In addition to the three exceptions that are the same as the categories (2)–(4) of the 2003 Rulemaking, the remaining three exceptions are: (1) audiovisual works included in the educational library of a college or university's film or media studies department, when circumvention is accomplished for the purpose of making compilations of portions of those works for educational use in the classroom by media studies or film professors; (2) computer programs in the form of filmware that enable wireless telephone handsets to connect to a wireless telephone communication network, when circumvention is accomplished for the sole purpose of lawfully connecting to a wireless telephone communication network; and (3) sound recordings, and audiovisual works associated with those sound recordings, distributed in compact disc format and protected by TPMs that control access to lawfully purchased works and create or exploit security flaws or vulnerabilities that compromise the security of personal computers, when circumvention is accomplished solely for the purpose of good faith testing, investigating, or correcting such security flaws or vulnerabilities.

[32] *Section 1201 Exemptions to Prohibition on Circumvention of Technological Measures That Protect Copyrighted Works*, COPYRIGHT, http://www.copyright.gov/1201/ (last visited Oct. 2, 2011).

[33] *Exemptions to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies*, COPYRIGHT, https://www.federalregister.gov/articles/2012/10/26/2012-26308/exemption-to-prohibition-on-circumvention-of-copyright-protection-systems-for-access-control#h-14 (last visited Jun. 25, 2013). The five exceptions are: (1) literary works distributed electronically, to permit the blind and other persons with print disabilities to use screen readers and other assistive technologies; (2) computer programs on wireless telephone handsets, to enable interoperability of software applications ("jailbreaking"); (3) computer programs on wireless telephone handsets that were acquired within ninety days of the effective date of the exemption, for the purpose of connecting to alternative networks ("unlocking"); (4) motion pictures on DVDs or distributed by online services, for purpose of criticism or comment in noncommercial videos, documentary film, nonfiction multimedia ebooks offering film analysis, and for certain educational uses by college and university faculty and students and kindergarten through twelfth grade educators; and (5) motion pictures and other audiovisual works on DVDs or distributed by online services, for the purpose of research to create players capable of rendering captions and descriptive audio for persons who are blind, visually impaired, deaf, or hard of hearing.

Each rulemaking issued exceptions, valid for a certain period, to permit the circumvention of technological measures that control access to specific classes of copyrighted works.

C. *Unbalanced Designs: the Existing Problems in the Anti-circumvention Rule*

Although the DMCA has established several exceptions that legitimize certain circumvention acts and trafficking of circumvention devices, such an approach to creating exceptions cannot totally eliminate the negative influence caused by the anti-circumvention rule on non-infringing uses and other personal privileges. There are two major problems embodied in section 1201 concerning users' privileges under the traditional copyright system. One is the prohibition of circumventing access-control technological measures; another is the anti-device rule that bans trafficking of circumvention technologies and tools. Furthermore, the anti-circumvention rule may result in other problems that exist outside the spectrum of intellectual property, such as fair competition, protection of consumers' rights, and protection of privacy.

1. *Restriction on Non-infringing Uses by Anti-circumvention on Access-Controls*

First of all, the DMCA prohibits circumvention of access-control technological measures. Although the legislation does not ban circumvention of copy-controls with the purpose of maintaining space for fair or other non-infringing uses, one cannot reproduce a work without at first acquiring access to the work. The so-called general "savings clause" and specific exceptions are extremely narrow and restricted. Following the general "savings clause" does not mean that circumvention of access-controls is generally permitted, as long as the end use is fair or for non-infringing purposes. Otherwise, the prohibition on circumvention of access-control technological measures would become meaningless. Although the seven specific exceptions allow for the circumvention of access-control technological measures upon satisfying statutory conditions, they exclude many potential fair or non-infringing uses outside the scope of the seven exceptions. The LOC rulemaking procedure is unable to address all possible users' privileges.

The analysis of Professor Jerome Reichman, Graeme Dinwoodie, and Pamela Samuelson illustrates that the LOC rulemaking "is not a sufficient safety valve" for several reasons.[34] According to these scholars, first, the

[34] Jerome H. Reichman, Graeme B. Dinwoodie & Pamela Samuelson, *A Reverse Notice and Takedown Regime to Enable Public Interest Uses of Technically Protected Copyrighted Works*, 22 BERKELEY TECH. L.J. 981, 1006 (2007).

valid period for each set of exceptions is short, as it only lasts three years. At each rulemaking, the categories of exceptions will be revised and renewed. Second, the rulemaking exceptions list classes of works rather than classes of uses where the latter are more relevant in determining fair or non-infringing uses. Third, the burden of proof is heavily shouldered by the advocates of the exceptions to show adverse effects from the anti-circumvention rule, not by the copyright owners or the government. This allocation of the burden of proof will exacerbate the disadvantageous situation of public users and future novice creators.

The ineffectiveness of DMCA exceptions is also shown in judicial decisions. In the landmark case *Universal City Studios v. Reimerdes*,[35] the plaintiff produced an encryption technology called Content Scramble System (CSS) which protected motion pictures on DVDs from being copied or played on non-compliant DVD players or computer drives.[36] The defendants were sued under Section 1201 of the DMCA for posting and linking to a software utility known as DeCSS which functioned to decrypt CSS.[37] The district court ruled in favor of the plaintiff, concluding that CSS was an effective access-control technological measure protected by the DMCA, because in order to gain access to the motion pictures, one needed to obtain the access-control key via a license or by the purchase of an authorized DVD player or drive. Thus, the court rejected the defendants' "weak encryption" argument, ruling that DeCSS was a circumvention device prohibited under Section 1201(a)(2) since it was primarily designed for the purpose of circumventing CSS. According to the court, the defendants were liable for their infringing conduct under Section 1201(a)(2), on the grounds of offering the circumvention device to the public.

In this case, Judge Lewis Kaplan denied the general fair use defense by declaring that: "if Congress had meant the fair use defense to apply to actions, it would have said so. The decision not to make fair use a defense to a claim under Section 1201(a) was quite deliberate."[38] The Second Circuit also denied that section 1201(c)(1) was a fair use "savings clause," ruling that such an interpretation was not only outside the scope of the provision, but was also clearly refuted by the statute's legislative history.[39] Upon being made aware of judicial denial of the general fair use defense, copyright owners may use permanent technological measures to control

[35] 111 F. Supp. 2d 294 (S.D.N.Y. 2000).

[36] June M. Besek, *Anti-Circumvention Laws and Copyright: A Report from the Kernochan Center for Law, Media and Arts*, 27 COLUM. J.L. & ARTS 385 (2004).

[37] *Id.*

[38] *Universal City Studios*, 111 F. Supp. 2d at 322.

[39] Reichman, Dinwoodie & Samuelson, *supra* note 34.

access to copyrighted works and argue for legal protection under anti-circumvention law.

2. Restriction on Non-Infringing Uses by Anti-Device Provisions

Second, the DMCA contains anti-device provisions under which the trafficking of devices that facilitate both access-control and copy-control technological measures is prohibited. Although the specific exceptions and LOC rulemaking procedure legitimize circumvention of access-control technological measures under certain circumstances, users must have the adequate knowledge and skill to conduct the circumvention act by themselves. Otherwise they cannot effectively enjoy their rights under the exceptions to anti-circumvention law, as manufacturing and providing access-control circumvention devices are unconditionally prohibited whether or not the final use is infringing.

After obtaining lawful access to the protected works, users still cannot freely reproduce works for fair use or other non-infringing uses if they lack the knowledge and skill to circumvent the copy-control technological measures, as the trafficking of copy-control circumvention devices is also unconditionally disallowed. Although users who accept technological circumvention assistance are free from infringing liability, providers of those circumvention devices will violate sections 1201(a)(2) and 1201(b). Since most circumvention devices are not available publicly, it remains very difficult for users to bypass technological measures for fair or other non-infringing uses.

Both the access-control anti-circumvention rule and anti-devices rule distort the traditional copyright principles of limited duration of protection and restricted protectable subject matters. Under the traditional copyright system, the protection of copyright is subject to a limited duration, often fifty to seventy years after the authors' death. There is, however, no time limitation for protection of technological measures under the anti-circumvention law. Copyright owners thus can install technological measures to protect their works permanently, since not all users are capable enough to circumvent TPMs without technical assistance from any third party even if the work has entered into the public domain. In addition to the duration issue, copyright protection is granted to original works of authorship, but not to "any idea, procedure, process, system, method of operation, concept, principle, or discovery . . . ."[40] However, by using access-control technological measures, copyright owners can protect both copyrighted and non-copyrightable material. The circumvention of access-controls that protect both copyrighted and public domain works, in order to use the latter, will violate the anti-circumvention law anyway. Hence, anti-

[40] 17 U.S.C. § 102(b) (2006).

circumvention law largely shrinks the scope of public domain works originally free for public use.

3. Restriction on Free Competition

Third, the anti-circumvention laws could badly influence free competition in the secondary market for interoperable devices by providing protection for technological measures that control access to copyrighted computer programs embodied in the products in the process of their normal operation.[41] Competitors who distribute interoperable devices that can circumvent the access-controls in the original products will be held liable under the anti-circumvention law, even though they may not infringe any copyright. Cases such as *Lexmark* and *Chamberlain* in the United States and *Beijing Jingdiao* in China sufficiently illustrate this problem.

In *Lexmark International v. Static Control Components*,[42] Lexmark, a manufacturer of computer printers and toner cartridges claimed that its authentication sequence installed in its printers and toner cartridges was an access-control measure that made Lexmark printers function only with authorized Lexmark cartridges. Lexmark argued that Static Control's production and distribution of the chips designed for circumventing the authentication sequence, which enabled unauthorized cartridges to function with Lexmark printers, violated Section 1201(a)(2). The district court relied heavily on *Reimerdes* to find that Static Control was liable under Section 1201(a)(2) for its trafficking of devices that circumvented an access-control technological measure.[43] The Sixth Circuit reversed the trial court decision, reasoning that the DMCA applied only to technological measures that control access to the copyrighted works, not the functional aspects of the printers.[44] In the future, companies like Lexmark will not be able to use the DMCA in conjunction with copyright law to restrict competition in manufactured goods.

As in *Lexmark*, the plaintiff in *Chamberlain Group v. Skylink Technologies*[45] also attempted to limit competition in its relevant market by filing litigation under the DMCA's anti-circumvention rule. Chamberlain claimed that Skylink's universal remote transmitter circumvented the access-control on the computer program it installed in its electronic garage-door opening devices. They argued that Skylink violated section 1201, using the support of precedents such as *Reimerdes* and the district court deci-

[41] Efroni, *supra* note 11.
[42] 387 F.3d 522 (6th Cir. 2004).
[43] *See* Lexmark Int'l v. Static Control Components, 253 F. Supp. 2d 943 (E.D. Ky. 2003).
[44] *Lexmark Int'l*, 387 F.3d at 540-41.
[45] 381 F. 3d 1178 (Fed. Cir. 2004).

sion in *Lexmark*. The lower court disagreed with Chamberlain's argument and granted summary judgment to Skylink, concluding that Chamberlain authorized the circumvention of its access-control due to the failure to notify consumers that the computer programs were limited to transmitters manufactured by Chamberlain only.[46] The decision of the lower court was upheld by the Federal Circuit with further interpretation of the DMCA. According to the federal court, the "statutory structure and legislative history both make clear that Section 1201 applies only to circumventions reasonably related to copyright protected rights. Defendants who traffic in devices that circumvent access controls in ways that facilitate infringement may be subject to liability under Section 1201(a)(2). Defendants whose circumvention devices do not facilitate infringement are not subject to Section 1201 liability."[47] Therefore, the court opined that the DMCA did not protect access-controls per se. Unless it is proven that the circumvention devices correlate with the danger of copyright infringement, anti-circumvention liability shall not be imposed. The Federal Circuit further stated that allowing "any manufacturer of any product to add a single copyrighted sentence or software fragment to its product, wrap the copyrighted material in a trivial encryption scheme, and thereby gain the right to restrict consumers' rights to use its products in conjunction with competing products" would "allow virtually any company to attempt to leverage its sales into aftermarket monopolies."[48]

Similar copyright cases have also occurred in China. In *Beijing Jingdiao Company, Ltd. v. Shanghai Naikai Electronic Technology Company, Ltd.*, the plaintiff Beijing Jingdiao, a company specializing in manufacturing CNC engraving machines, sued Shanghai Naikai, a rival in the same market, for its circumventing acts on Beijing Jingdiao's software TPMs.[49] Beijing Jingdiao claimed copyright in the encrypted JDPaint software, one of the components of Jingdiao's self-developed CNC engraving system, which was comprised of three parts, namely, the JDPaint software, the CNC system, and the machine body. The JDPaint software was only used in Jingdiao's CNC engraving machines. In early 2006, the plaintiff found that the NC Studio software in Shanghai Naikai's NC-1000 engraving system could read the data files in the encrypted JDPaint software. It then filed litigation against Shanghai Naikai for the manufacturing and distributing of CNC engraving machines that circumvented and destroyed the technological measure used to protect the plaintiff's copyrightable software.

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[46] Chamberlain Grp. v. Skylink Techs., 292 F. Supp. 2d 1023 (N.D. Ill. 2003).
[47] *Id.* at 1195.
[48] *Id.*
[49] Shanghai 1st Intermediate People's Ct., Sept. 20, 2006, *available at* http://www.fengxiaoqingip.com/ipanli/zzanli/20071211/2158.html.

In its claim, the plaintiff requested the court to halt Shanghai Naikai's infringing activity and urged Shanghai Naikai to compensate it for its economic loss. Shanghai Naikai, however, defended that it should not be liable for Beijing Jingdiao's economic loss, because the data file in the JDPaint software was outside of the copyright protection for computer software. Thus developing NC Studio software that could read the unprotected data file by circumventing JDPaint software did not constitute infringement. The court therefore concentrated on the key point of whether the data file should be protected by copyright. According to the investigation of the court and the Regulation of Computer Software Protection, the data file was the outcome of the software object code after running on the computer, not the instruction sequence originally in the software, and, as such, could not be protected by copyright as computer software itself. Eventually, the lower court disagreed that the defendant's circumvention activity constituted infringement and dismissed the plaintiff's complaint. The appellate court later confirmed the decision of the lower court with further explanation that the encryption on the JDPaint software used by Beijing Jingdiao aimed to constrain the use of the software to its self-developed engraving machine and to exclude the compatibility of the software with other engraving systems.[50] The high court therefore denied protection of technological measures that restricted fair competition.

In all of these cases, courts were reluctant to grant protection to TPMs that impeded free and fair competition in the marketplace for alternative technology and devices. Such uses of TPMs significantly raise the costs of equipment replacement and create inefficiency in the natural operation of the market. When technology developers file lawsuits to claim legal protection of TPMs that control access to non-copyrightable procedures or devices, the use of TPMs also increases the litigation expenses of enterprises and wastes judicial resources, despite the fact that, in previous cases, courts ruled in favor of the circumvention. The recent 2012 Rulemaking on the exemptions to the prohibition against circumvention of access-control TPMs, which was passed in October 2012, removed the exception that allowed mobile phone users to unlock their cellphones purchased after January 26, 2013.[51] A new cellphone purchaser in the United States, who wants to switch carriers and unlock his/her cellphone, will thus be held liable for infringement under the DMCA anti-circumvention

[50] Beijing Jingdiao Co., Ltd. v. Shanghai Naikai Elec. Tech. Co., Ltd., Shanghai High People's Ct., *available at* http://case.ipr.gov.cn/ipr/case/info/Article.jsp?a_no=45710&col_no=66&dir=200701 (last visited Apr. 4, 2010).

[51] Derek Satya Khanna, *Phone Unlocking Made Legal*, NATIONAL REVIEW ONLINE, http://www.nationalreview.com/article/349379/phone-unlocking-made-legal (last visited Jun. 25, 2013).

rules.[52] Such new lawmaking has diminished competition in wireless market and has forced innovators to go overseas where phone unlocking is still legal.[53] New legislative proposals were subsequently introduced to counterbalance the negative influence brought about by the 2012 Rulemaking.[54]

4. Restrictions on Consumers' Right of Notice and Privacy

Fourthly, the use of TPMs on digital works may undermine users' consumption experience through constraining the interoperability among different equipment, intentionally concealing the existence of TPMs and monitoring consumers' usage, which invades personal privacy.

After purchasing digital works, consumers often wish to make copies of the works for the purposes of time- or space-shifting or preparation of backups in case the original copy is destroyed. For example, after people buy music CDs, they may download the sound recordings on the CDs to their personal computers or portable MP3s for their convenience. When time-shifting was determined to be fair use by courts in the *Sony* case, the increase in consumers' expectations for more convenient use of purchased copyrighted works was understandable and reasonable. Because of the flexibility and convenience of digital network technologies, consumers not only expect to use the works in the same way as they did in the analog environment, but also expect to be able to remix and recreate the works based on their own ingenuity.

The installation of TPMs seriously limits consumers' ability to exploit digital copyrighted works in different ways. Unlike copyright law, which only grants copyright owners the rights to control public performances and displays of works, the legal protection on TPMs can control private performances and displays.[55] The time- and space-shifting uses and preparation of backups cannot be easily achieved by consumers, given the control of TPMs. The design of the iTunes Music Store (iTMS) and the iPod music player of Apple Corporation illustrates some of the consumer bafflement

[52] Ryan Radia, *3 Cell Phone Unlocking Bills Introduced – What Would They Accomplish?*, TECHNOLOGY LIBERATION FRONT (Mar. 16, 2013), http://techliberation.com/2013/03/16/3-cell-phone-unlocking-bills-introduced-what-would-they-accomplish.

[53] Khanna, *supra* note 51.

[54] Radia, *supra* note 52; *see also* Renee Dopplick, *Consumer Advocates and Industry Endorse Cellphone Unlocking Bill at House Judiciary Committee Hearing*, USACM (June 7, 2013), http://techpolicy.acm.org/blog/?p=2838.

[55] Pamela Samuelson, *DRM (and, or, vs.) the Law*, 46 COMMUNICATIONS OF THE ACM 41, 42 (2003).

caused by TPMs.[56] Because of the installation of TPMs, "songs from iTMS will only play on the iPod and not on other portable digital music devices."[57] In addition to the problem of time- and space-shifting, TPMs are also used for region coding which limits the authorized distribution of DVDs to a specific geographic region.[58] For example, DVDs with a European Region Code cannot be played on most United States-made DVD players, because these players are encoded to play only DVDs with the United States Region Code.[59] The region coding system is not only used to restrict access to copyrighted contents, but also to limit the operation of functional equipment such as printers and printer cartridges. Thus consumers find that their legitimately purchased DVDs or printer cartridges with region codes in one geographic area cannot function well with corresponding equipment in another region when they travel or change dwelling places.

A more serious impact to consumers' interests is the intentional concealment of the use of TPMs from copyright owners or equipment vendors. Since copyright owners are likely to know that consumers will not be fond of and willing to accept TPMs, they are inclined to conceal the existence of TPMs in their products in advance. Such intentional hidden enclosure of important information infringes consumers' right of notice and exacerbates the tensions between product vendors and consumers. The failure to disclose sufficient information and give notice of use of TPMs will decrease consumers' expectations of digital products because of the lack of interoperability.

The TPMs are also used by copyright owners to monitor the usage of their products and collect personal information from consumers. Monitoring TPMs can "aid in the detection of infringing copies of copyrighted works" and "facilitate price discrimination and profiling about customers that will allow right holders to offer new products and services to them or to sell user profiles to other firms."[60] Technologically-unsavvy consumers often are not conscious of such monitoring and data collection. Their privacy is therefore seriously invaded because of the unexpected surveillance.

D. Conclusion: Balanced Designs Weighing Unbalanced Designs

By implementing the international obligations of the WIPO Internet Treaties, the DMCA provides much stricter protection on TPMs than the

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56 Pamela Samuelson & Jason Schultz, *Should Copyright Owners Have to Give Notice of Their Use of Technical Protection Measures?*, 6 J. TELECOMM. & HIGH TECH. L. 41, 48 (2007).

57 *Id.*

58 *Id.* at 49.

59 *Id.*

60 *Id.* at 51.

simple requirement of "adequate protection and effective remedies." Going beyond the international conventions, the DMCA explicitly prohibits circumvention of access-control technological measures and trafficking of a technology or device that is primarily designed or knowingly marketed for circumventing TPMs or that has no other commercial purposes than circumventing TPMs.

Considering the negative impact that the anti-circumvention rules may impose on public interests, the DMCA includes general exception provisions that guarantee existing limitations and defenses to copyright infringement including fair use and allows circumvention of copy-control TPMs for non-infringing uses. Specifically, the DMCA lists seven detailed exceptions for activities such as library use, governmental law enforcement, reverse engineering, encryption research, security testing, protection of minors, as well as personally identifying information protection. Additionally, the DMCA contains a triennial rulemaking process carried out by the LOC to determine whether users' capability to make non-infringing use of a particular class of works will be adversely influenced by the anti-circumvention rule.

Despite the intricate design of exceptions and limitations, the DMCA cannot alleviate its negative influence on the public interest. As already discussed, there are more fair or non-infringing uses that cannot be covered by the DMCA exceptions because of the prohibition on circumvention of access-controls and the trafficking of circumvention devices. Moreover, the anti-circumvention law brings other chilling effects, including restrictions on fair competition and the invasion of consumers' rights of notice and right of privacy. Just as one cannot restrict others' personal freedom in order to protect his property, one cannot safeguard his copyright through sacrificing others' rights of free competition, free speech, and privacy, as well as curtailing the social benefits spurred by technology and cultural development. This shows that the defective design outweighs the exceptions incorporated in the DMCA anti-circumvention law. Such defectiveness subverts the balance between copyright interest and public welfare, resulting in many unexpected and detrimental consequences.

IV. INTRODUCTION OF A MORE BALANCED MODEL OF ANTI-CIRCUMVENTION RULES

Influenced by the DMCA, many countries adopted similar anti-circumvention laws that also embody the unbalanced problems of the United States original. Developing countries that have more demand for access to knowledge and information will suffer more due to the importing of the DMCA-like anti-circumvention model.

Among the developing countries adopting the new legislation, China implemented the anti-circumvention rule into its domestic copyright law.

In the Regulation on the Protection of the Right to Network Dissemination of Information (thereafter, the Network Dissemination Regulation), article 4 stipulates that "no organization or individual may purposely avoid or break the technological measures, purposely manufacture, import or provide to the general public any device or component that is mainly applied to avoiding or breaking the technological measures, or purposely provide such technological services to any other person for the purpose of avoiding or breaking the technological measures, unless it is otherwise provided for by any law or regulation that the relevant technological measures can be avoided."

"Technological measures" are generally defined by the regulation as "the effective techniques, devices and components that are applied to preventing or restricting the browse or appreciation of the works, performance and audio-visual products in the absence of the relevant owner's permission or in providing the work, performance and audio-visual products to the general public through the information network in the absence of the relevant owner's permission."[61] The definition and description of "technological measure" is quite vague in Chinese law, as it does not clearly express whether the technological measure is used for access-control or copy-control. The words "browse," "appreciation" and "provides . . . to the general public through the information network" used in the definition shows that the technological measures in Chinese law refer to both the measures that control access and the copying of the protected works. In addition, Chinese law does not specifically distinguish between the act of circumvention itself and the circumvention-enabling devices. According to the general expression of the anti-circumvention provision, Chinese law prohibits circumvention of both access-controls and copy-controls as well as the trafficking of devices that facilitate circumvention of both access-controls and copy-controls. Such interpretation illustrates that the vagueness of Chinese legal expressions makes the problems inherent in the anti-circumvention rule more severe.

To take care of the public interests, Chinese law includes four specific exceptions which apply to the circumvention act itself only and not to the trafficking of circumvention devices. These four exceptions are for teaching and scientific research, provision of works for the blind, enforcement of governmental official duties, and security testing.[62] In addition, there are three general exceptions which apply to making works available through an information network generally. These general exceptions may also be regarded as limitations to anti-circumvention law. They are cre-

[61] Regulation on the Protection of the Right to Network Dissemination of Information art. 26, para. 2.

[62] *Id.* art. 12.

ated to benefit nonprofit organizations, such as libraries and museums, educational institutions under the national nine-year compulsory education plan, and residents in rural areas for use in their basic cultural demands.[63]

As one of the many examples of anti-circumvention laws in developing countries, the Chinese regulation model is an example of the ambiguous lawmaking that results in much stricter protection of TPMs with narrow exceptions. It incorporates all of the unbalanced problems hidden in the DMCA and is deficient in the more general exemptions that have already been incorporated into the legislative models of developed countries. Therefore, the introduction of a more balanced legislative model of anti-circumvention rule is important to overturn the current unbalanced situation, and to create more opportunities for access to knowledge, as well as the advancement of technology and mass culture, in developing countries in particular.

Scholars and commentators have suggested proposals for rectifying the problems of the current anti-circumvention system, such as incorporating the anti-circumvention misuse doctrine proposed by Professor Dan Burk to regulate the abusive use of TPMs,[64] establishing a reverse notice and takedown regime proposed by Professors Reichman, Dinwoodie, and Samuelson to force copyright owners to remove TPMs upon receiving users' reasonable requests,[65] and Professor Peter Yu's proposal of giving up the importation of anti-circumvention laws if less developed countries have not issued such legislation.[66] As many of the developing countries do not have adequate resources and expertise to both introduce an anti-circumvention regime and a follow-up correction mechanism,[67] the correction proposals should not be too complex and costly for the national governments to implement. It is better to change current strict TPM protection through the readjustment of the legal mechanisms with the assistance of technological development.

My proposal for effective change is to basically amend current copyright law by inserting a general exception provision into the anti-circumvention rule, to guide judges' decision-making regarding circumvention of TPMs for non-infringing uses based on the general exception, and to import certain requirements under anti-circumvention law into more general area of law, such as competition law. The readjustment of the existing legal mechanism could be assisted by the improvement of technology that installs automatic decoding equipment, which allows for minimum fair use,

63 *Id.* arts. 7–9.

64 *See* Dan L. Burk, *Anticircumvention Misuse*, 50 UCLA L. Rev. 1095 (2003).

65 *See* Reichman, Dinwoodie & Samuelson, *supra* note 34.

66 *See* Yu, *Anticircumvention*, *supra* note 2.

67 *See id.*

and for transferring technology so that circumvention devices are available for consumers to circumvent TPMs for non-infringing fair uses.

A. Technological Design: Guaranteeing Minimum Use

A technological mechanism could be installed into TPMs to allow users' circumvention of access-controls and copy-controls for minimal uses such as browsing or reproducing five to fifteen percent of the protected works. With such a mechanism, users only need ordinary technological knowledge and skill to partially circumvent the TPMs in order to use the authorized minimum portions of the protected works. The partially circumvented TPMs would still function in protecting against the access or copying of the remaining parts of works. The establishment of a minimalist non-infringing use clause could protect free appropriation of a small amount of expression and decrease transaction costs caused by license agreements between copyright owners and public users. Guarantee of minimum use by legislation, which requires or encourages copyright owners, in designing their TPMs, to enable certain minimum use would legalize the minimum unauthorized use of copyrighted works, which would not seriously impact the market for the original works and would grant more certainty of fair use to potential users and future creators.

Although technology cannot completely resolve the problem of copyright limitations and exceptions under the protection of TPMs, it can at least capture some of the fair or non-infringing use privileges. One of the possible protections of fair use is to develop technological procedures that allow users' circumvention of TPMs in order to access or copy limited parts of the protected works. Such technical design works as a starting-floor rather than limiting-ceiling to guide legitimate circumvention for fair use. Legislative and judicial mechanisms will come into play to decide whether non-infringing uses exist when portions of the protected works that have been circumvented exceed the authorized minimum portions. Therefore, the technical design to guarantee minimum use does not exclude necessary human discretion. With the development and improvement of technology, it is possible to achieve the precise circumvention of TPMs for partial access and use of copyrighted work without seriously undermining right holders' interests.

To design such a technological arrangement, the issue regarding the creation and invention of appropriate software is left for the technology developers and experts to resolve. Other issues regarding the definition and scope of minimum use for different kinds of copyrighted works could be resolved through negotiations among various stakeholders, including legislatures, copyright owners, technology developers, nonprofit organizations, and consumers. As it may be not easy for copyright owners to reach a satisfactory agreement with nonprofit organizations and consumers, the

participation of legislators will be necessary to help mediate interests among different stakeholders. After achieving consensus on the scope of minimum use, technological experts can then build such agreed use into TPM software. Such technical design may avoid the high expenses caused by follow-up correction mechanisms, as long as a multilateral negotiation process or forum has already been incorporated in the national legislative procedure and minimum use can satisfy a number of consumers' demands.

B. Legislative Design: Inserting General Condition and Exception

The delineation of specific exceptions under current anti-circumvention laws is far from satisfying the requirement of preserving all potential non-infringing uses. The insertion of provisions into copyright statutes that restrict protection of TPMs and establish a general exception to liability is necessary and important to recover the balance of interests between copyright owners and public users. As proposed by Professor Wang Qian, the legitimacy of a prohibition on circumvention of access-controls should be based on the protection of the legitimate interests of copyright owners in the copyright law.[68] To my understanding, copyright laws of developing countries in general and of China in particular should set up a general condition on the protection of TPMs as Professor Wang has recommended: only TPMs that guarantee copyright owners' legitimate interests in the copyright law should be under the statutory protection. In addition, a general exception should be incorporated into copyright laws of developing countries, explicitly articulating that anti-circumvention laws will not constrain or impede limitations and exceptions to the exclusive rights of copyright owners, including fair use or fair dealing. Prohibition on trafficking of circumvention devices should only apply to devices which are primarily designed or produced for the purpose of circumventing a TPM, have only limited commercially significant purpose or use other than to circumvent, and are marketed to be used to circumvent. Provision of devices that are not primarily designed for circumvention and have commercially significant purposes other than mere circumvention should not be banned, even though these devices may be occasionally used to circumvent TPMs.

The major opinions constraining the protection of TPMs and reducing the negative influence of anti-circumvention laws emphasized that copyright law should only grant protection to TPMs that are used to prevent copyright infringement. In the above discussed cases, such as *Lexmark* and *Chamberlain* in the United States, judicial decisions have illustrated that anti-circumvention of TPMs controlling access to non-copyrighted

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[68] *See* Wang Qian, *The Justification of Protection on Technological Measures in the Copyright Law*, 4 CHINESE J.L. (2011).

products should not be supported by courts. Circumvention should result in legal liability only when a reasonable relationship exists between the circumvention act and the infringement of copyright.

When Australia passed the Copyright Amendment (Digital Agenda) Act (CADA) in 2000, protection of TPMs was included into the new law. In the lawmaking process, the definition of a TPM became the focus of multi-stakeholders' discussion. Copyright users insisted on linking TPMs to copyright infringement. In their argument, "to include access control measures in the definition of effective technological protection measure would be to extend the reach of copyright law, rather than to merely enforce it."[69] Although the CADA finally extended the scope of protection to access control measures, it set up a strict prerequisite under which access-controls must be used to prevent copyright infringement. The CADA defines a TPM as "a device, product or component that is designed to prevent or inhibit the infringement of copyright either by ensuring that access to the work or other subject-matter is available solely by use of an access code or process with the authority of the right holder or through a copy control mechanism."[70] Such definition clearly expresses the prerequisite for protection of TPMs.

In the landmark Australian case *Stevens v. Kabushiki Kaisha Sony Computer Entertainment*,[71] Sony sued Stevens for the latter's production and sale of devices that circumvented the Regional Access Codes (RACs) embedded in Sony PlayStation games.[72] Sony claimed that the RACs installed in its games are TPMs and that Steven's distribution of circumvention devices violated the Australian Copyright Act. At the first trial, Judge Sackville focused on determining whether Sony's RACs could be regarded as TPMs within the meaning of section 10(1) of the Copyright Act. In his decision, Judge Sackville of the Federal Court of Australia decided that RACs were not TPMs, ruling that they were not designed to prevent or inhibit the infringement of copyright. It is not enough for a technology or device to qualify as a TPM when the technology or device only has "a general deterrent or discouraging effect on those who might be contemplating infringing copyright."[73] On appeal, the Full Court reversed the

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[69] HOUSE OF REPRESENTATIVES STANDING COMM. ON LEGAL & CONSTITUTIONAL AFFAIRS, ADVISORY REPORT ON COPYRIGHT AMENDMENT (DIGITAL AGENDA) BILL 1999 ¶ 4.13, at 60 (1999), *available at* http://www.aph.gov.au/house/committee/laca/digitalagenda/chapt04.pdf.

[70] Australian Copyright Amendment (Digital Agenda) Act 2000 (Cth), s. 10(1).

[71] [2005] HCA 58.

[72] *Stevens v. Kabushiki Kaisha Sony Computer Entertainment (2005)*, WIKIPEDIA, http://en.wikipedia.org/wiki/Stevens_v_Kabushiki_Kaisha_Sony_Computer_Entertainment_(2005)http://en.wikipedia.org/wiki/Stevens_v_Kabushiki_Kaisha_Sony_Computer_Entertainment_(2005) (last visited Oct. 10, 2011).

[73] *Id.*

decision in the first trial, but the final decision, granted by the High Court, confirmed Judge Sackville's opinion, ruling that Sony's RAC system could not be defined as a TPM. Therefore Stevens was not liable for the trafficking of circumvention devices.

A large number of access-control TPMs, however, are not directly used to prevent or inhibit copyright infringement. Instead, they primarily function by limiting consumers' rights to read and use the protected works in order to collect remuneration. For example, vendors of Kindles often set up access-control TPMs in case consumers download digital books freely. Before payment, consumers can only browse limited pages of the book. They can only acquire the right to read the whole book within the authorization of the copyright owners by submitting payment. Such TPMs merely prevent unpaid users from reading the work rather than inhibit its reproduction and dissemination through the internet. The adoption of these kinds of TPMs may generally deter potential copyright infringement, but is not primarily intended to deter infringing activities. Another example of limited rights is when copyright owners install both access-control and copy-control measures in online movies. The former TPM blocks an unpaying audience member from watching the movie, while the latter forbids unauthorized downloading. The circumvention of an access-control technological measure will not result in any unauthorized downloading or distribution of the movie. Thus, there will be no copyright infringement even if circumvention takes place.

Unauthorized access to copyrighted works such as watching a pirated movie, listening to pirated music, or reading a pirated book does not constitute direct copyright infringement. However this does not mean that consumers have the right to unrestrainedly carry out such activities, or that copyright owners must bear these activities. In fact, copyright owners can undertake self-help measures that are not prohibited by law to decrease the possibility of unauthorized or unpaid use of copyright works. The interest in requiring consumers to pay for access to works is a justified and legitimate interest under copyright law. Therefore, protection of TPMs should better concentrate on the legitimate interests in copyright law rather than on the direct prevention of copyright infringement, otherwise copyright owners' interests and incentives will not be well protected. In the case of *MDY Industries v. Blizzard Entertainment*, decided by the United States Court of Appeals for the Ninth Circuit,[74] the court refuted the argument connecting protection on access-control technological measures to prevention of copyright infringement as follows: "a linkage requirement would deprive copyright owners of an important enforcement tool, pointing to protections necessary for copyright owners who make

[74] 629 F.3d 928 (9th Cir. 2010).

movies or music available online, protected by an access control, in exchange for direct or indirect payment."[75]

In addition to the condition on TPM protection, copyright law in developing countries should also include a general exception article that allows for the circumvention of TPMs for non-infringing uses. The European Union, in its Information Society Directive, has required that member states should adopt mechanisms that preserve the ability of users to take advantage of certain exceptions and limitations guaranteed by copyright law notwithstanding the application of TPMs.[76] The general exception can embody all potential situations that may be deemed as fair or non-infringing uses in the digital network environment. Furthermore, it can guide judicial decisions on whether the questionable acts of circumvention or the trafficking of circumvention devices violate the copyright law or not.

C. *Judicial Design: Reaching Decisions Case by Case Based on Prerequisite and General Exception*

When litigation regarding circumvention issues is filed in courts, judges should decide if the use of TPMs satisfies the prerequisite of use of TPMs as protection and whether the acts of circumvention or trafficking of circumvention devices are for uses that fall within the scope of limitations and exceptions to copyright owners' exclusive rights. In countries where precedent is the legal tradition, courts can refer to the previous landmark cases to examine whether the decision should permit the acts of circumvention. In countries where precedent is not the decisive factor for judicial determinations, such as China, the Supreme Court can release judicial interpretations to specify the norms that courts should comply with when making decisions.

As to cases where the plaintiff sues the defendant for circumvention of access-control technological measures, courts should first determine whether the access-control measure installed by the plaintiff is able to protect the copyright owner's legitimate interests under copyright law. If not, the court should not support the plaintiff's argument for prohibiting and punishing the defendant's act of circumvention. If so, the court should further analyze whether the defendant's purpose and final use in circumventing the access-control measure is for fair or other non-infringing uses. If fair or non-infringing uses are found, the defendant will not be held liable for his act of circumvention. If, on the contrary, there is infringing use, then the court should rule against the defendant.

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[75] Alicia Hoffer, *A Matter of Access: How Bypassing DRM Does Not Always Violate the DMCA*, 7 WASH J.L. TECH. & ARTS 1, 19 (2011).

[76] Information Society Directive of European Union art. 6(4).

As to cases where plaintiffs file litigation against the defendant's trafficking of circumvention devices, the court should also first determine whether the adoption of TPMs by the plaintiff satisfies the prerequisite of TPM protection or not. If not, the court should not support the plaintiff's argument against trafficking of circumvention devices. If meeting the prerequisite, the TPMs used by the plaintiff shall be protected by copyright law and the court should subsequently determine whether the circumvention devices in question are primarily designed or produced for the purpose of circumventing technological measures or have only limited commercially significant purpose other than to circumvent, or are marketed as devices to be used to circumvent technological measures. If the devices provided by the defendant fall within the scope of any of the above three situations, manufacturing and distribution of such devices should be banned by law. If not, sanction should not be applied to the trafficking of such devices, even when the devices can be occasionally used to accomplish circumvention.

Under certain circumstances where users do not possess adequate knowledge and skill to circumvent TPMs for fair or other non-infringing uses, supply of circumvention devices for users is necessary to guarantee the exceptions and limitations to right holders' exclusive rights. Scholars have recommended importing a correction mechanism that allows users to notify copyright owners of their potential fair or non-infringing uses. Upon receiving users' notification, which is examined by judicial or administrative organs, copyright owners should supply circumvention devices that can facilitate consumers' fair or other non-infringing uses. This mechanism may well resolve the problem of users' lack of circumvention knowledge and skill.

Nevertheless, there will be two major difficulties in implementing the correction mechanism in developing countries. First, costly expenses will be imposed upon judicial, administrative or other special organs if these organs are required to examine every fair use notification from consumers. Second, it is difficult for copyright owners and third-party organizations to know users' true intentions based merely on the notifications submitted by the users themselves. In some situations, users may take advantage of the notification scheme to deceive copyright owners for the facilitation of circumventing TPMs through concealing the real purpose of the use. Therefore, taking this approach to copyright owners' provision of circumvention devices for consumers' fair or other non-infringing uses is not yet feasible or appropriate for developing countries. More suitable methods to resolve the problem of users' lacking circumvention devices may be discovered in the future.

D. The Scheme Outside Intellectual Property Law: The Importation of the Anti-Circumvention Rule into Competition Law

Apart from the approaches noted above, another way to alleviate the negative effect of the TPMs on the use of copyrighted material is to import anti-circumvention rule into more general laws such as competition law instead of relying on copyright law.

In the process of implementing the international obligations regarding protection of TPMs, Japan adopted a dual system to incorporate anti-circumvention rules. Copyright law only prohibits the circumvention of copy-control measures and trafficking of devices that can circumvent copy-control measures.[77] TPMs are defined under the Japanese Copyright Law as "measures to prevent or deter such acts as constitute infringements on moral rights or copyright or neighboring rights,"[78] because the Japanese government did not plan to grant copyright owners a right to control access to copyrighted works. As copyright owners do not have rights to control access to their works under the traditional copyright regime, a monopoly originating from the protection of access-control TPMs is avoided. In addition, the anti-device rule in Japan narrows down the scope of what technologies count as circumvention devices, as the regulations only prohibit trafficking of devices whose principle function is circumventing TPMs.[79] The regulatory prohibition only applies to the trafficking of circumvention devices to the public and not to the trafficking of devices to private persons.[80]

The banning of the trafficking of devices that facilitate circumvention of access-control technological measures is regulated under the Unfair Competition Prevention Law based on the rationale of competition law rather than copyright law.[81] The Japanese competition law also contains an anti-device provision for copy-control measures, which overlaps with the copyright law. The competition law extends the protection of copyrighted works to public-domain material as long as the material has com-

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[77] Yuko Noguchi, *Anti-circumvention Regulation in Japan (1): Overview*, CENTER FOR INTERNET & SOCIETY (Aug. 28, 2005, 1:54 PM), http://cyberlaw.stanford.edu/blogs/noguchi/archives003260.shtml; Yuko Noguchi, *Anti-circumvention Regulation in Japan (2): Direct Circumvention Regulation*, CENTER FOR INTERNET & & SOCIETY (Aug. 28, 2005, 2:17 PM), http://cyberlaw.stanford.edu/blogs/noguchi/archives003261.shtml; Yuko Noguchi, *Anti-circumvention Regulation in Japan (3): Anti-device Regulation*, CENTER FOR INTERNET & & SOCIETY (Aug. 28, 2005, 2:25 PM), http://cyberlaw.stanford.edu/blogs/noguchi/archives003262).

[78] Copyright Law of Japan art. 2(XX), § 1 *available at* http://www.cric.or.jp/cric_e/clj/cl1.html (last visited Nov. 21, 2011).

[79] Noguchi, *supra* note 77.

[80] *Id.*

[81] *Id.*

mercial value for fair competition. Therefore, not only do copyright owners benefit from anti-device rules under the competition law, but so do entrepreneurs who adopt TPMs to protect their commercial intangible assets.

Inclusion of protection of access-control technological measures in competition law rather than copyright law, as enacted in Japan, does not impose restrictions on non-infringing uses of copyrighted works, as fair or other non-infringing uses are often for personal or private purposes that do not significantly influence the fair competition in the market and the potential benefits generated from the commercial use of the works.

As explained in the report released by the Japanese TPMs protection working group in 2010, whether access-control measures that do not prevent the reproduction of copyrighted works should be protected under copyright law depends on whether the exclusive rights of copyright owners should be expanded so that right holders can control acts that were not covered by exclusive rights previously.[82]

The issue of whether to include protection on access-control TPMs concerns the impact on the whole copyright system. It is therefore not appropriate to hastily make a conclusion on this issue.

E. Suggestions for the New Round of Reform Regarding Anti-circumvention Rules in China

Currently, China has been launching the third revision to the Copyright Law and widely seeking public opinions. The National Copyright Administration of China (NCAC) released the first Draft Amendment to the Copyright Law and the Brief Explanations on the Draft Amendment on 31 March 2012, and the second Draft Amendment and the Brief Explanations on 6 July 2012. The third Draft Amendment based on the previous two drafts and relevant public opinions was concluded in October 2012 and ready for submission to the Standing Committee of the People's Congress for final review and promulgation. As opposed to the previous two revisions that were propelled by external pressures, the third revision is the response to China's national intellectual property strategy to build up an innovative country.

The third revision largely changes the original structure of existing Copyright Law, which contains six chapters and sixty-one articles, and increases provisions to eighty-eight articles contained in eight chapters. These Draft Amendments reflect two areas of legal reform: first, clarifying definitions and expressions in full compliance with international copyright conventions in which China is a member country; second, amending or

[82] Wang, *supra* note 68.

adding provisions so as to make the Copyright Law completely adaptive to the digital network environment.

The Draft Amendments incorporate anti-circumvention rules for protection of TPMs and DRM information from the Network Dissemination Regulation and extend the anti-circumvention rule to off-internet environments. Different from the Information Network Regulation which only grants protection to TPMs that are used to protect the right to network dissemination of information, the Draft Amendments protect all TPMs as long as they are installed to protect copyright. The TPMs defined by the Draft Amendments are effective technology, devices or components adopted by right owners to prohibit reproduction, browsing, appreciation, running, or dissemination via information network of works, performances, phonograms, and radio and TV programs.[83] In simple words, TPMs in the Chinese copyright revision refer to technology and devices that control the access and copying of copyrighted works. The Draft Amendments prohibit three kinds of activities: circumvention or sabotage of TPMs; manufacturing, importing, or providing to the public the devices or components that are principally used to circumvent or sabotage TPMs; or providing technical service for others' circumvention or sabotage of TPMs.[84] Despite the enduring criticism of the narrow exception in Chinese anti-circumvention rules, the Draft Amendments only offer four specified categories of exceptions, namely, exceptions for classroom teaching or scientific research, visual disabilities, fulfillment of duties by state organs, and security testing.[85]

DRM information in the Draft Amendments refers to information that identifies a work and its author, performance and performer, sound recording and its producer, radio and TV program and radio and TV station, as well as the right owners of the work, performance, sound recording, and radio and TV program, or information concerning the terms and conditions of use, or any number or codes that represents such information.[86] The Draft Amendments prohibit two kinds of activities regarding DRM information: intentional deletion or alteration of DRM information and providing the work, performance, sound recording, or radio and TV program to the public with actual or constructive knowledge that the DRM information has been deleted or altered.[87]

Article 74 of the second Draft Amendment imposes administrative and criminal punishment on circumvention of TPMs, providing circumvention devices, deletion or alteration of DRM information, and providing

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[83] Copyright Law of People's Republic of China (2d Draft Amendments) art. 64.
[84] *Id.* art. 65.
[85] *Id.* art. 67.
[86] *Id.* art. 64.
[87] *Id.* art. 66.

works to the public with the knowledge that DRM information has been deleted or altered. However, current administrative punishment law and criminal law do not contain provisions on anti-circumvention. In order to make laws in China compatible and unified, relevant parts in administrative punishment law and criminal law should also be revised in compliance with the copyright law.

There is no doubt that these Draft Amendments make progress in the expansion of the adoption of TPMs to protect the right to network dissemination of information to all copyright and neighboring rights, and they clearly include copying as one of the acts controlled by TPMs. These Draft Amendments, however, still seriously restrict reasonable access and exploitation of copyrighted works protected by TPMs. The prohibition of circumventing both access and copy controls and of the trafficking of circumvention devices severely limits the public's privilege to enjoy fair use or fair dealing. The four kinds of exceptions offered by these Draft Amendments confine the non-infringing uses to a very narrow scope and cannot contain all possible reasonable exceptions. More revisions should be made to alleviate the restriction brought by the anti-circumvention rule on fair use or fair dealing, competition and consumers' right of notice and privacy.

First, the definition of TPMs should be simplified and clarified in Chinese copyright law. TPMs should simply refer to effective technologies, devices or components used by right owners to prevent access and reproduction of copyrighted works without prior authorization, because a series of acts such as browsing, appreciating, running or making available through an information network can be embodied in the general classification of the two categories of acts, namely, access and reproduction. In addition, such simplified language is consistent with the words defining TPMs in many other jurisdictions and will make the terminology easily understood. Emphasis should also be added to point out that TPMs under copyright law protection are only installed to guarantee copyright owners' legitimate interests under copyright law.

Second, a general exception should be incorporated into Chinese anti-circumvention law, explicitly articulating that anti-circumvention rule will not constrain or impede limitations and exceptions to the exclusive rights of copyright owners, including fair use or fair dealing. The general exception should be able to embody all potential situations that may be deemed fair or non-infringing under the digital network environment and guide judicial decisions on whether or not the questionable acts of circumvention or the trafficking of circumvention devices violate the copyright law. In addition, Chinese copyright law could encourage copyright owners to implement TPMs that guarantee minimum use to be installed in certain kinds of copyrighted works such as literary works, so that users can access and

read the table of contents and a few pages to determine whether they would like to purchase the works or not.

Third, further explanation and definition should be given to liability for circumvention devices. The prohibition on trafficking of circumvention devices should only apply to devices that are primarily designed or produced for the purpose of circumventing a TPM, have only limited commercially significant purpose or use other than to circumvent, and are marketed to be used to circumvent. Provisions of devices that are not primarily designed for circumvention and have commercially significant purposes other than mere circumvention should not be banned, even though these devices may be occasionally used to circumvent TPMs.

Finally, the judicial system and other areas of law should coordinate in establishing copyright legislation in order to alleviate the negative effects of the anti-circumvention rules. The Supreme Court of China should release relevant judicial interpretations to specify the norms that courts should comply with when making decisions in TPM circumvention cases. Moreover, China should consider whether to adopt the anti-circumvention model of Japan, regulating anti-circumvention of access controls only in competition law.

V. CONCLUSION

With the rapid growth of digital technology and right holders' desire for protecting their intellectual property against infringement, a large number of TPMs are used by copyright industries and product manufacturers to control the access and use of copyrighted material, office supplies or housewares. The wide-spread adoption of TPMs impedes permissible use of copyrighted works and fair competition. The adoption of anti-circumvention rules in both international copyright conventions and domestic copyright statutes among major jurisdictions hinders the flow of information and normal operation of the market, because of the unbalanced protection of access-control technological measures and the prohibition on manufacturing and dissemination of circumvention devices. The widespread installation of TPMs and importation of anti-circumvention law result in an imbalance of interests between copyright owners and public users. It will be a disaster if the development of technology cannot appropriately accommodate the rights of users and future creators, creating an environment where the intellectual property system intercepts every unauthorized use.

Therefore, it is time to rethink current anti-circumvention laws and to revise the mechanism in a more balanced direction between copyright holder and public user. As Professor Yu has argued, "intellectual property protection is important, but not more important than how we live our

daily life."[88] The design of new mechanisms regarding DRM and TPMs protection should consider both consumers' interests and the feasibility of implementing such mechanisms in less developed societies such as China. Several proposals have been suggested in this article with the goal of recovering the balance in the copyright system, including: implementing a technical design that allows minimal uses; a legislative design that imposes prerequisites on protection of TPMs and a general exception for circumvention of TPMs; a judicial design that imposes judges' discretion on litigations regarding circumvention of TPMs case by case; and the design outside the intellectual property regime that recommends the inclusion of access-control technological measures into more general legal systems such as competition law.

[88] Yu, *supra* note 2, at 77.

COMPARING APPLES TO APPLEJACKS: COGNITIVE SCIENCE CONCEPTS OF SIMILARITY JUDGMENT AND DERIVATIVE WORKS

by KATE KLONICK*

INTRODUCTION

It seems quintessentially American that in the year of the United States bicentennial, one maker of a plastic toy Uncle Sam mechanical bank sued another to invalidate a copyright.[1] In determining the validity of the appellant's copyright, the court compared the plastic bank to a similar cast-iron Uncle Sam bank that had existed in the public domain since the 1880s. The appellant claimed a myriad of differences between his copyrighted bank and that of the original, including a change in the material the bank was made out of, the shape of the carpetbag Uncle Sam was holding, a shortened figure and narrowed base, a change in the texture of many of the bank's elements, the addition of leaves instead of arrows in the talons of an eagle on the bank and alterations to Uncle Sam's face, hairline, hat, dress, shirt collar and bow tie.[2] While noting that the long list of changes made the plastic bank more than a "faithful reproduction," the court found the alterations to be "merely trivial" and invalidated the copyright for lack of originality.[3] But if the plastic bank was not a simple reproduction, and not sufficiently original, what was it? What changes, if not to size, substance, texture, art, and shape, could the maker possibly have made that would have distinguished it sufficiently from its source material?

The questions generated by this landmark case highlight how, perhaps more than any other area of law, copyright law is grounded in the subjectivities of human perception. This is especially true in regard to derivative works, where courts and legislatures have long struggled to create laws and tests that outline qualities and categories for determining similarity

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1 L. Batlin & Son, Inc. v. Snyder, 536 F.2d 486 (2d Cir.), *cert. denied*, 429 U.S. 857 (1976).

2 *Id.* at 489.

3 *Id.*

between original and derivative material. But the question of how to create reliable strictures to judge something as subjective as similarity is not unique to copyright law. At a more theoretical level, cognitive scientists have struggled with the same questions for decades, creating various scientific and theoretical models to explain how humans prioritize, categorize and judge features to determine similarity between two or more objects.

This article will first look at copyright's derivative works right and the factor of transformation under the fair use test, examining historical issues in both statute and relevant case law. A brief history and summary of cognitive science and psychology's ideas about human perception of generalization, similarity and categorization will be reviewed in Parts I and II. Part III will then compare the cognitive science findings on how people assess similarity to the similarity tests used by the courts. Further, it will propose that cognitive science reveals that the courts are highly susceptible to a number of potential biases and framing heuristics in their tests for judging infringement, derivative works and fair use. Using these lessons and analysis, this article will suggest possible improvements to judicial frameworks, and future applications for cognitive science in copyright law, and in the meantime, ways in which both plaintiffs' and defendants' copyright attorneys might use such biases to their advantage.

I. THE DEVELOPMENT OF THE DERIVATIVE WORKS RIGHT AND FAIR USE DEFENSE IN DERIVATIVE WORKS

A. Brief History of Copyright and the Derivative Works Right

In keeping with the Copyright Clause of the United States Constitution,[4] Congress vested creators of original art or intellectual works with copyrights — alienable property rights that allowed the owner to control the copying or other exploitation of the work for a specified period of time. In the 200 years following the Constitutional recognition of interests embodied in copyrights, Congress and the courts engaged in piecemeal attempts to define how to qualify for a copyright, and what a copyright protected.[5] In response to the growing confusion at common law and the growth in new technologies, Congress overhauled the morass of court-made and statutory copyright law and put in place legislation that currently governs today: the Copyright Act of 1976.[6]

Among the rights codified in the Copyright Act of 1976 was the derivative works right. The right to prepare derivative works based on a copy-

[4] U.S. CONST. art. I, § 8, cl. 8.

[5] *See generally* JULIE COHEN ET AL., COPYRIGHT IN A GLOBAL INFORMATION ECONOMY 3-40 (3d ed. 2010) (summarizing theoretical and historical underpinnings of copyright law).

[6] 17 U.S.C. §§ 101–810 (2006).

rightable work is closely related to an author's right to control reproduction of original work.[7] Building on derivative works definitions in past Copyright Acts,[8] Congress expanded the rights afforded to derivate works and better defined their creation.[9] While § 102 of the Act greatly expands the types of subject matter that are copyrightable,[10] § 101 of the Act formally adopts and defines the term derivative work as "a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted."[11] Further, it defined derivative works as "editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship . . . ."[12] If a work thus qualifies as a derivative work according to the standards set forth in these two sections, § 103 recognizes an independent copyright for derivative work, in the material added by the new author.[13]

Though these three sections of the Copyright Act served to codify and define the derivative works right, they failed to provide further insight into how to determine when a derivative material is sufficiently distinctive from the work on which it is based and can become its own copyrightable work, or when it simply reproduces the original work.[14] This issue continues to come before courts in two contexts: (1) determining copyrightability — when courts are asked to determine whether a secondary work is entitled to its own copyright, and (2) determining infringement — when courts are asked to determine whether a secondary work infringes on the copy-

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[7] *See* COHEN ET AL., *supra* note 5, at 365.

[8] The derivative works right was first statutorily recognized by Congress in the 1870 Copyright Act, which allowed authors to reserve the right to translate or dramatize their own works. When case law evolved to cover reproduction rights beyond translations and dramatizations, Congress codified these changes in the common law in the Copyright Act of 1909. *See* H.R. REP. No. 60-2222, App. 13-2 at 13-6 (1909) (legislative history of 1909 Act indicating congressional intent to merely codify existing case law); COHEN ET AL., *supra* note 5, at 106.

[9] 17 U.S.C. § 101–106 (2006).

[10] *Id.* § 102.

[11] *Id.* § 101.

[12] *Id.*

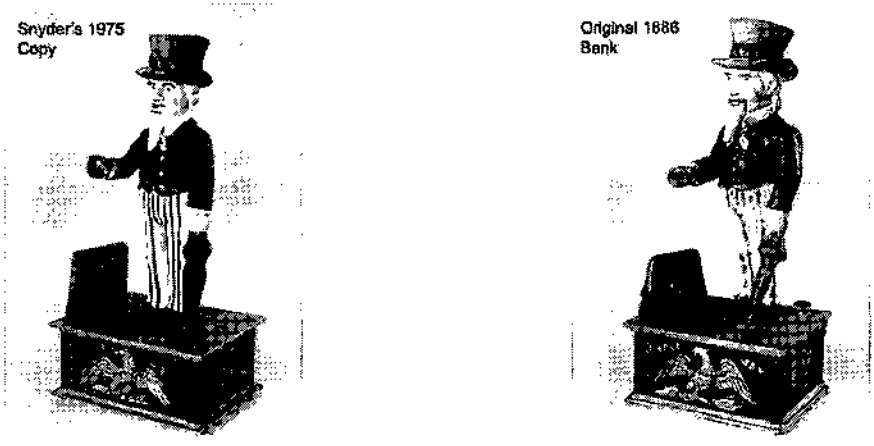
[13] *Id.* § 103.

[14] For a lengthier discussion on the definition of derivative works, see Pamela Samuelson, *The Quest for a Sound Conception of Copyright's Derivative Work Right* (Aug. 29, 2012), GEO. L.J., (forthcoming) (UC Berkeley Public Law Research Paper No. 2138479), *available* at SSRN: http://ssrn.com/abstract=2138479.

right of the underlying work.[15] The first of these contexts has produced two separate inquiries. To determine copyrightability, courts have traditionally looked at "the extent to which the two works are different" or "what the secondcomer has added."[16] In determining infringement, however, courts look instead to the extent the two works are similar or "what the secondcomer has taken."[17] The next two sections will address these distinctions.

1. Copyrightability: Originality

In determining copyrightability, courts have held that in order for a secondary, allegedly derivative work to qualify for its own copyright protection it must display some originality of its own. As discussed in the introduction, in *L. Batlin & Son, Inc. v. Snyder*, the Second Circuit stated that this originality had to be "something more than a 'merely trivial' variation" or copy.[18] In *Batlin*, defendant Snyder had obtained a copyright over the design of a plastic replica of an Uncle Sam bank, which was based on a similar toy bank that had been sold in the United States for decades and whose design was in the public domain. Batlin, another toy bank manufacturer sued to challenge the validity of Snyder's copyright.[19]



Pictures of the original Batlin bank and Snyder's copy made in 1975.[20]

[15] *See* COHEN ET AL., *supra* note 5, at 106.
[16] *Id.*
[17] *Id.*
[18] 536 F.2d 486, 489 (2d Cir.), *cert. denied*, 429 U.S. 857 (1976) (quoting Alfred Bell & Co. v. Catalda Fine Arts, Inc., 191 F.2d 99, 103 (2d Cir. 1951)).
[19] *Id.* at 489.
[20] Pictures reproduced from online content of COHEN ET AL., *supra* note 5, *available at* http://www.coolcopyright.com/cases/chp2/batlinsnyder.htm (last visited Mar. 25, 2013).

The court held that Snyder's design was not eligible for copyright as a derivative work, because his "miniscule variations" — alterations to the size of the bank, the shape of a carpet-bag held by the figure, inclusion of a fixed-umbrella, and a wider base — were "not perceptible to the casual observer."[21] Four years later, the Second Circuit applied this principle again in *Durham Industries v. Tomy Corp.*[22] Tomy, a Disney toy licensee, sued Durham Industries, another Disney toy licensee, for copyright infringement of his Disney figures. Though Durham admitted to using Tomy's figures as models, the Court held that Tomy's toys contained "no independent creation, no distinguishable variation from preexisting works, [and] nothing recognizably the author's own contribution."[23] The Court also established a two-prong test to support a copyright in a derivative work: (1) that "original aspects" of the secondary work must be "more than trivial" and (2) those original aspects "must reflect the degree to which it relies on the preexisting material" and may not "affect the scope" of the original work's copyright protection.[24] This test was grounded in the policy of protecting the rights of the owner of the underlying copyright, and not allowing the owner of the first "virtually identical" derivative work copyright a monopoly over all subsequent derivative works.[25] In the years following *Durham*, other circuit courts have adopted this test in determining originality.[26]

The originality test was given further emphasis when the Supreme Court applied it to the copyrightability of compilations in *Feist v. Rural* in 1991.[27] Though compilations are technically distinct from derivative works under the Copyright Act, they are addressed jointly under § 103.[28] Thus, the Court's emphasis on originality in *Feist* can help shed light on its application in derivative works contexts. In *Feist*, the Court recognized a need for a "minimal degree" of creativity and identified three elements central to creating a copyrightable compilation: (1) collection and assembly; (2) selection, coordination or arrangement, and (3) the creation through particular selection, coordination or arrangement, of an original

21 *Id.*

22 630 F.2d 905, 910-11 (2d Cir. 1980).

23 *Id.* at 909.

24 *Id.*

25 *Id.*

26 *See, e.g.*, Entm't Research Grp., Inc. v. Genesis Creative Grp., 122 F.3d 1211 (9th Cir. 1997) (applying *Durham* test and finding that plaintiff's three-dimensional inflatable costume designs based on copyrighted cartoon characters, while not exact replicas, were not sufficiently original to deserve copyright).

27 499 U.S. 340 (1991).

28 17 U.S.C. § 103 (2006).

work of authorship.[29] Applying this test to the creation of white pages, the Court declined to find a "modicum of creativity" and denied copyright protection.[30] The Ninth Circuit, however, has construed these elements slightly differently. Twenty years before *Feist*, the Ninth Circuit established a "total concept and feel" standard in *Roth Greeting Cards* in determining whether a compilation was an original work.[31] In *Roth*, the circuit court recognized that while the underlying text and phrases used in a greeting card created by Roth were part of the public domain, when viewed in totality, Roth had created a "tangible expression of an idea" in combining these phrases with original art, and as such, was entitled to copyright protection.[32] Relevantly, in finding the work original, the court took into account the similarity between the "total concept and feel" of Roth's work and the public domain elements.[33] This standard continues to be applied within the Ninth Circuit,[34] even after *Feist*.

In sum, these cases illustrate that the originality requirement in recognizing the copyrightability of a derivative work is based not just on isolated judgment of the secondary work, but a finding of originality based on a comparison to the primary work. At its core, this is functionally a similarity judgment, though perhaps it would be better stated as a *dissimilarity* judgment, or even a "differences" judgment. This is an important distinction, as will be revealed later.

2. *Infringement: Substantial Similarity*

In determining whether something is a derivative work for purposes of infringement, courts have looked less to questions of originality, and more to judging the level of similarity between the secondary and underlying work. This idea of "substantial similarity," which is also used in infringement of basic reproduction rights cases, is especially hard to apply in the derivative works context, as derivative works, by definition, involve some replication of the original work.[35] Because of this inherent diffi-

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[29] *Feist*, 499 U.S. at 357.

[30] *Id.* at 362.

[31] Roth Greeting Cards v. United Card Co., 429 F.2d 1106 (9th Cir. 1970).

[32] *Id.* at 1109-10.

[33] *Id.* at 1110.

[34] *See, e.g.*, Apple Computer, Inc. v. Microsoft Corp., 35 F.3d 1435, 1446 (9th Cir. 1994). The Ninth Circuit has also held that the number of selections contained in a compilation can be considered to determine originality. *See, e.g.*, Lamps Plus, Inc. v. Seattle Lighting Fixture Co., 345 F.3d 1140 (9th Cir. 2003) (holding combination of four features in a lamp did not create sufficient originality); Satava v. Lowry, 323 F.3d 805 (9th Cir. 2003) (holding combination of six features in glass-in-glass jellyfish figurines did not create sufficient originality).

[35] *See* COHEN ET AL., *supra* note 5, at 366.

culty, courts have developed various tests to determine if a derivative work infringes on an underlying copyright. The most well-established is the "qualitative-quantitative" approach which establishes a de minimis threshold for infringement.[36] The qualitative element looks to whether a secondary work has copied expression, rather than underlying facts, while the quantitative element looks at the total amount of the original work copied by the secondary work.[37] Courts have also looked to the more holistic test established in *Roth Greeting Cards*, which said that a copyright had been infringed when the "total concept and feel" of both works was the same.

In applying these tests, courts have struggled to balance between finding sufficient *differentiation* to create a new work that can sustain a separate copyright, and finding sufficient *similarity* to constitute an infringement on the derivative work's right. In *Castle Rock*, the Second Circuit found a trivia quiz book based on the show *Seinfeld* was an infringing derivative work because it copied large swaths of the show's "creative expression."[38] Paradoxically, while the trivia book in *Castle Rock* added enough originality in changing the mode of presentation from television to print to qualify as a derivative work and not a reproduction, the court still found the two works substantially similar. This was also the case in *Twin Peaks*, when the Court similarly held that a book that recounted plot details of the television show *Twin Peaks* was enough to constitute an "abridgement" and qualified it as an infringing derivative work.[39] A few years later, these standards were distinguished in *Warner Brothers*, when the Southern District Court held that a "Lexicon" book of encyclopedic entries based on the Harry Potter series did not constitute a derivative work.[40] The court found the Lexicon sufficiently different from the underlying Harry Potter series because it did not simply "recast the material in another medium" but rather gave "the copyrighted material another purpose."[41] Despite this difference, however, the court still found the reproduction right had been violated.[42]

Beyond using assessments of substantial similarity in finding an infringing derivative work, some courts have also considered originality.

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[36] Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc, 150 F.3d 132, 140 (2d. Cir 1997) (quoting Ringgold v. Black Entm't Television, Inc. 126 F.3d 70, 75 (2d Cir. 1997)).

[37] *Id.* at 140.

[38] *Id.*

[39] Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd., 996 F.2d 1366, 1373 (2d Cir. 1993).

[40] Warner Bros. Entm't, Inc. v. RDR Books, 575 F. Supp. 2d 513, 513 (S.D.N.Y. 2008).

[41] *Id.* at 539.

[42] *Id.*

Two similar cases illustrate the difficulty in applying originality in this context. In *Mirage Editions*, the Ninth Circuit found that A.R.T. Company created an infringing derivative work when it bought copyrighted artwork books, cut out the prints, glued them to ceramic tiles and then sold the tiles in the open market.[43] In so holding, the Court found that the tile making process "recast or transformed" the underlying images so as to meet the definition of a derivative work.[44] Almost ten years later, in a remarkably similar case, the Seventh Circuit reached the opposite conclusion. In *Lee v. A.R.T. Company*, the Court held that the mounting of copyrighted images to tiles did not "recast" or "transform" the underlying work sufficiently to create a derivative work.[45] Comparing the mounting process to that of framing, the Court hinted that such an alteration was "too trivial to support an independent copyright" and thus, also too slight to constitute a derivative work.[46]

In sum, these cases illustrate the courts' difficulties in applying the substantial similarity test to find infringement. In recognizing the infringement of a derivative work right, courts must move between searching for differences between the secondary and underlying works, to make it a derivative works case instead of a reproduction case, and then searching for infringing similarities. At its core, this inquiry involves judgments of similarity, but in some contexts also reverts to consideration of the originality added by the second work, and, thus, differences.

B. Fair Use Defense in Derivative Works: Transformativeness

If a work is found to infringe on an underlying copyright through the tests above, an additional question is raised: whether the infringer can be excused from liability through an affirmative defense, like fair use. Unlike derivative works, the codification of fair use in the Copyright Act of 1976 lists specific factors to govern its application:

> In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—
>
> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.[47]

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[43] Mirage Editions, Inc. v. Albuquerque A.R.T. Co., 856 F.2d 1341 (9th Cir. 1988).

[44] *Id.* at 1344.

[45] 125 F.3d 580 (7th Cir. 1997).

[46] *Id.* at 582.

[47] 17 U.S.C. § 107 (2006).

Despite this supposedly explicit test, courts have long differed over how to weigh each factor, interpreting it largely on a case-by-case basis.[48] While there is much to discuss in each of these statutory elements, this article will focus only on the first factor of purpose and character and courts' emphasis on "transformativeness" in their analysis of this factor.

Factor One, which inquires whether a new work merely "supersede[s] the objects"[49] of the primary work or instead adds something sufficiently new, has been called "the soul of fair use."[50] At its core, this factor asks whether or not a new work is "transformative."[51] This term, coined by Judge Pierre Leval in 1990, focuses on the secondary work's added value to the primary work, and how it enriches society as "raw material, transformed in the creation of new information, new aesthetics, new insights and understandings."[52] Leval's interpretation was adopted by the Supreme Court in 1994, in *Campbell v. Acuff-Rose Music*.[53] In *Campbell*, the Court emphasized the transformativeness of parody in describing defendant 2 Live Crew's rendition of Roy Orbison's ballad, *Oh, Pretty Woman*.[54] In finding 2 Live Crew's version to be transformative, the Court considered that the lyrics quickly "'degenerat[e] into a play on words,'" that "juxtapose[ ] the romantic musings of a man . . . with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility."[55] Collectively, these changes to the purpose of the song and its features, created a comment or criticism on the original, and significantly transformed the original, making it excused from liability under the fair use doctrine.[56] Four years later in *Castle Rock*, discussed *supra*, the Second Circuit was not as generous in finding transformation, holding that the transformative purpose of a *Seinfeld* trivia book was "slight to non-existent."[57] Declining to accept the author's arguments that the book was created as a critique or commentary on the popular television show, the court instead looked to the book's purpose of satisfying viewers "between-episode [*Seinfeld*] cravings."[58] In addition to the book's lack of creative input and use of information "without substantial alteration," the court found

48 *See* COHEN ET AL., *supra* note 5, at 534.
49 Folsom v. Marsh, 9 F. Cas. 342 (C.C.D. Mass 1841) (No. 4,901).
50 Pierre Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1116 (1990).
51 *Id.* at 1111.
52 *Id.*
53 510 U.S. 569 (1994).
54 *Id.* at 579.
55 *Id.* at 582.
56 *Id.* at 594.
57 Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc, 150 F.3d 132, 140 (2d Cir. 1997).
58 *Id.* at 142.

this purpose to be too in line with the purpose of the underlying work to be considered transformation.[59]

Notably, courts have found transformation to the purpose of a work to qualify as a fair use even where identical, not just similar, copies of the original work were used in the secondary work. In *Kelly v. Arriba Soft*, the Ninth Circuit found that the search engine Arriba's use of thumbnail images of Kelly's commercial photographs was sufficiently transformative to qualify as fair use.[60] The court balanced the "minimal loss of integrity to Kelly's images" against the public benefit created by improving online access to information in finding for Arriba.[61] Five years later, the Ninth Circuit again balanced competing interests in thumbnail Internet images. In *Perfect 10*, plaintiffs, who ran an adult entertainment subscription-only website, sued Google for infringement when the search engine displayed thumbnail images of Perfect 10's copyrighted images.[62] The court, citing *Kelly*, found Google's use of thumbnails "highly transformative" because the search engine provides not only a social benefit, but an entirely new use of the original work.[63]

In sum, somewhat like the test for whether to recognize a copyright in derivative works, determinations of transformation in fair use look to what has been added to the fundamental purpose of the underlying work, not just changes to the four corners of the work. In so doing, the balancing tests shifts from what is similar, to what is different between the two works.

C. *Summary of Copyright's Format for Assessing Similarity*

Though courts, and this discussion, have split the question of derivative works into creation, infringement and fair use, they are perhaps best thought of in a more binary fashion. For the purposes of judging copyrightability of an allegedly derivative work and transformativeness in fair use, for example, the courts' tests apply essentially the same factors: looking first to value-added or originality and then weighing resulting differences.[64] Though the courts use different terminology in describing their analysis, at its core, both these inquiries frame comparison between two works in terms of differences. In contrast, when determining whether something is an infringing derivative work, courts traditionally look at the "substantial similarity" between the secondary and original work. As this article will later discuss, the framing of these legal tests in these two very

[59] *Id.* at 143.
[60] 280 F.3d 934 (9th Cir. 2002).
[61] *Id.* at 942.
[62] Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146 (9th Cir. 2007).
[63] *Id.* at 1165.
[64] *See supra.*

different ways can greatly alter the outcome reached by a supposedly objective decision-maker, and increase the likelihood that certain inherent cognitive biases affect the court's findings.

II. COGNITIVE SCIENCE AND SIMILARITY JUDGMENT

As shown *supra*, courts have long struggled with how to determine when a derivative work is sufficiently distinctive or transformative. At the heart of these inquiries are judgments of similarity, but as we have seen, determining what features make two things more or less similar from each other is a difficult determination. The answer cannot simply be quantitative: Any two objects can have an infinite number of "similar features" and an infinite number of "different features."[65] To illustrate, when asking a person, "What makes two things similar?" a common response is likely to be, "When they have something in common." Here, a property in common attempts to use similarity as a means of categorization. An apple is similar to an orange in that they are both fruits, both edible, etc. Yet, how similar is a peanut to a tricycle? At first, they seemingly share no properties in common, yet in fact the number of things they have in common is infinite. Peanut and tricycle both weigh under 100 pounds, and 101 pounds, and 102 pounds, etc. They both are not used in guerrilla warfare, and they're both not found at the bottom of the ocean. The list of similarities, and differences, could go on forever. In a comparison more salient to the copyright world, Song A, for example, can possess all the same notes as Song B, but in a different arrangement. Song C, however, might have no exact notes in common with Song A, but contain the exact same arrangement. To a lay-person, Song A will be considered more similar to Song C, though Song B might have more quantitative similarities with Song A.[66] This is because certain qualitative considerations, like arrangement, are conventionally judged to be more salient features in assessing similarity between songs, than the number of notes in common.

As courts have struggled with determinations like whether Song A is substantially similar to Song B, psychologists and cognitive scientists have been struggling with exactly how humans make those determinations of similarity to begin with. This section will outline some of the major cognitive science and psychological theories in how similarity judgment works

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[65] *See generally* Nelson Goodman, *Seven Strictures on Similarity*, *in* How Classification Works: Nelson Goodman among the Social Sciences 13-23 (Mary Douglas & David L. Hull eds., 1992).

[66] For more on substantial similarity assessments in music, see Jamie Lund, An Empirical Examination of the Lay Listener Test in Music Composition Copyright Infringement (Mar. 29, 2012), *available at* SSRN: http://ssrn.com/abstract=2030509 *or* http://dx.doi.org/10.2139/ssrn.2030509.

and how people's determinations of similarity are effected by the framing of the problem presented.

A. Tversky Model (1977)

Perhaps the most well-known and successful model of similarity is Amos Tversky's contrast model.[67] Looking at the features of two objects or concept, the model assumes that the similarity of Object *a* to Object *b* is a function of the attributes they have in common (A+B), those attributes contained by A, but not by B (A-B), and those attributes contained by B, but not in A (B-A).[68] Less abstractly, imagine that object A is a lemon and object B is an orange. According to Tversky, a person would determine the "similarity" of the orange and the lemon by not only looking at traits in common (citrus, edible, fruit, palm sized) but also the lemon's unique qualities from the orange (yellow, sour) and the orange's unique qualities from the lemon (orange, sweet). According to Tversky's model, therefore, similarity is not just a judgment of certain *common* features, but is also dependent on features that are *different* between objects.[69] Perhaps most notably, Tversky found that depending on the framing of the question of "similarity," the weight given to these attributes differs. For example, when asked to judge *similarity*, people give greater weight to common features between the two objects or ideas ($A \cap B$ or citrus, edible, fruit, palm-sized) than the differences. In contrast, when asked to judge *difference*, people give greater weight to the two distinctive feature sets ($A-B$ and $B-A$ or yellow, sour and orange, sweet).[70] While this might seem like an over-complicated stating of common sense ideas —people use different attributes to judge difference and similar attributes to judge similarity — in practice, the model reveals inconsistencies and asymmetries in how people weight these feature sets based on how questions are posed.[71]

Additional work by Tversky reveals asymmetries in similarity judgment based on framing, such as when peoples' assessment of similarity

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[67] MICHAEL EYSENCK & MARK T. KEANE, COGNITIVE PSYCHOLOGY: A STUDENT'S HANDBOOK 297 (6th ed. 2010).

[68] *See generally* Amos Tversky, *Features of Similarity*, 84 PSYCH. REV. 327 (1977). The whole of the model is: $s(a,b)=\theta \cdot f(A \cap B) - \alpha \cdot f(A-B) - \beta \cdot f(B-A)$, where a and b are the two objects or ideas being compared, $A \cap B$ represents the attributes in common between a and b, $A-B$ represents the features relatively distinctive to a, and $B-A$ represents the features relatively distinctive to b. The symbols θ, α and β represent multipliers to reflect the relative importance of certain attribute sets. Finally, the function f weights certain features according to their salience and importance. *Id. See also* EYSENCK & KEYNE, *supra* note 67, at 297.

[69] *See* Tversky *supra* note 68.

[70] *See* EYSENCK & KEYNE, *supra* note 67, at 297.

[71] *Id.*

changes when asked how similar *a* is to *b*, rather than how similar *b* is to *a*. In a study looking at judgment pairs of countries, Tversky discovered that Americans asymmetrically found greater similarity in the phrase "Mexico is like the United States" than the phrase "the United States is like Mexico."[72] Explaining that similarity statements have "subjects" and "referents" (*a* [subject] is like *b* [referent]), Tversky found that greater similarity is likely to be found when the more "prominent" idea or object is the referent, rather than the subject. Similarly, Tversky found that this asymmetry could be seen when one object is the focus of attention over another object. For example, if Object *a* is the focus of attention, its unique features will be more heavily weighted (*A–B*) than the unique features of Object *b*, and consequently found to be less similar.[73]

B. Medin: Extending and Critiquing the Contrast Model

While Tversky's model was, and continues to be, a breakthrough in understanding how people make similarity judgments, it has been heavily critiqued for its short-comings. Perhaps one of the most enduring criticisms of the model is that it fails to offer an explanation for what qualifies as a feature, why features are weighted differently, and why weighting changes across contexts.[74] Gregory Murphy and Douglas Medin tried to answer these questions by taking a more context dependent and relational approach to judging similarity. Though recognizing that the "relative weighting of a feature varies with the stimulus context and task, so that there is no unique answer to the question of how similar one object is to another," they attempted to augment Tversky's approach.[75] They found, in keeping with the asymmetrical framing observations of Tversky, that similarity cannot be based merely upon attribute comparisons —features and properties — but also on relational judgments and context. Relational similarity can be understood "by the fact that seeing a tiger and her cub at a zoo is similar in some ways to seeing a robin and her nestling in a tree."[76] While the animals share few *attributional* features in common, people are likely to find the scenes similar because the *relation* of the elements are the same.

Medin illustrated this in an experiment conducted in 1990. Subjects were given two arrangements — Arrangement A and Arrangement B — and asked to judge which arrangement was most similar to the stimulus,

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[72] *See* Tversky *supra* note 68.

[73] *Id.*

[74] Joshua Tenenbaum & Thomas Griffiths, *Generalization, Similarity and Bayesian Inference*, 24 BEHAV. & BRAIN SCI. 629, 638 (2001).

[75] Gregory Murphy & Douglas Medin, *The Role of Theories in Conceptual Coherence*, 92 PSYCH. REV. 289 (1985).

[76] *Id.* at 223.

Arrangement T.[77] While Arrangement A had an attribute in common with Arrangement T (both contain a shaded circle), Arrangement B shared a relational element with Arrangement T (all shapes in Arrangement T were shaded while none of the shapes in Arrangement B were shaded).[78]

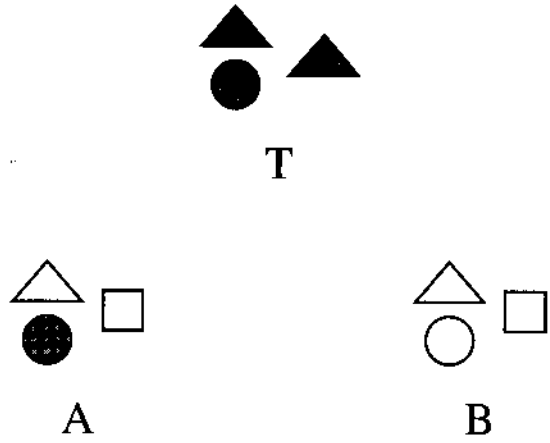

Figure 1. [This appears as Figure 6 in the article, "Respects for Similarity" authored by Douglas L. Medin, Robert L. Goldstone, and Dedre Gentner in *Psychological Review*, 1993. Vol. 100., No. 2., at 254-78. The caption shown here is the caption written by the authors as it appears in the article]. A sample stimulus set in which similarity and difference judgments are not mirror images of each other. (The standard T is attributionally similar to A because they both have a checkered circle. The stimulus B does not have this attributional match but instead shares a matching relation, "same shading," with T.)

Overall, subjects found more similarity between Arrangement B and Arrangement T, indicating that relational similarity was weighted more than feature similarity and that people were sensitive to context in making similarity judgments.[79] Paradoxically, this relational weighting also extended to judgment of differences as well, with new subjects finding Arrangement B to be more different from Arrangement T, when asked which two arrangements were the most dissimilar.[80]

Medin's relational features model suggests that attributes are not as important as relational ideas, but subsequent studies have qualified this. In a variation on Medin's experiment of finding similarity between Arrangement T, and Arrangements A and B, subjects were more likely to

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[77] Douglas Medin et al. *Similarity Involving Attributes and Relations: Judgments of Similarity and Difference Are Not Inverses*, 1 PSYCH. SCI. 64-69 (1990).

[78] *Id.*

[79] *Id.*

[80] *Id.*

find similarity when the relational elements were based on sameness, rather than differentness.

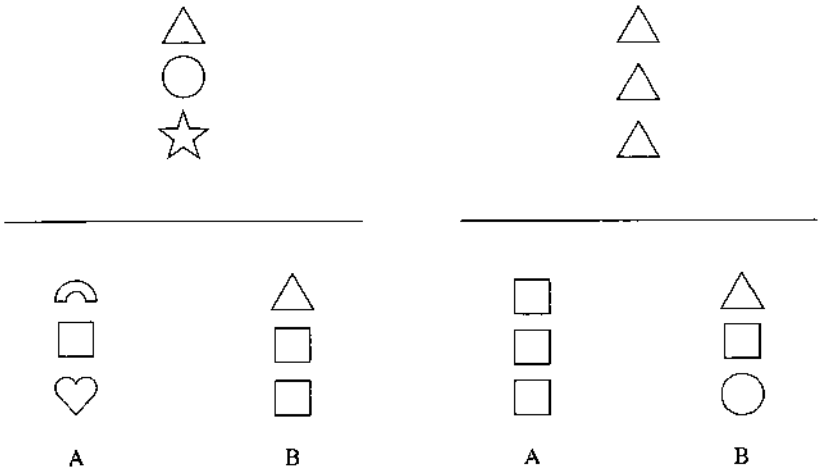

Figure 2. [This appears as Figure 6 in the article, "Generalization, Similarity and Bayesian Inference," authored by Tenenbaum and Griffiths in *Behavioral and Brain Sciences*, 2001. Vol. 24., at 629, 638. The caption shown here is the caption written by the authors as it appears in the article]. The relative weight of relations and primitive features depends on the size of the set of objects that they identify. Most observers choose B (the primitive feature match) as more similar to the top stimulus in the left panel, but choose A (the relational match) in the right panel, in part because the relation "all same shape" identifies a much smaller subset of objects than the relation "all different shapes."

For example, if Arrangement T is comprised of three different shapes (triangle, circle, star) it will likely be judged more similar to Arrangement B (triangle, square, square), in which it shares only an attribute (a triangle), rather than Arrangement A (half circle, square, heart), with which it shares a relational feature (both arrangements have all different shapes).[81] This inconsistency challenges whether Medin's relational model actually clarifies Tversky, or merely adds another kind of feature to be considered in the context of judging similarity.

III. ANALYSIS: APPLYING COGNITIVE SCIENCE PRINCIPLES TO COPYRIGHT LAW

A. Copyrightability and Fair Use: Finding Concepts and Perceptions of Originality and Transformation

As discussed *supra*, in determining whether a secondary work is entitled to its own copyright as a derivative work, courts have traditionally

[81] *See* Tenenbaum & Griffiths, *supra* note 74, at 638.

looked at the differences between the two works, and what has been "added" to the secondary work.[82] This is not unlike the questions raised by the courts in assessing whether a derivative work is excused from liability under the fair use doctrine.[83] In fair use, the test of transformativeness also looks at the differences between the original and secondary work and how much value the author of the derivative work has added.[84] This section will first apply the cognitive science principles described in Part II *supra* in the context of copyrightability, and then apply these principles in the context of fair use.

1. Copyrightability

Applying some of the findings of Tversky, one can see how a particular framing of a question might affect the outcome of the test. First, as discussed *supra* in Part II.A, when asked to make a judgment of *difference*, people will give greater weight to *distinctive* feature sets than common feature sets. In the context of finding something copyrightable, this can have the effect of biasing a person to a finding of difference, rather than a finding of similarity, and thus predispose them towards finding enough originality to sustain a finding of copyright. It is important to note that while most of these judgments never make it to litigation and while counting cases might reveal a fair number finding insufficient originality — the biases, heuristics and framing effects discussed here can, and do, still exist.

Applying these cognitive science principles to the cases examined in Part I.A *supra*, reveals the potential influence of framing on courts' assessment of copyrightability. In both *Batlin* and *Durham*, courts focused on a secondary work's "originality" in order to qualify as a derivative work. As previously discussed, originality is essentially shorthand for an assessment of differences between two things. Thus, the framing of the test in terms of a finding of originality was akin to framing a test in terms of difference, which can have the effect of amplifying the emphasis on distinctive features. Additionally, in *Batlin*, the rule applied by the court used the original work as the referent, and the secondary work as the subject, asking whether the secondary work was more than a "merely trivial" variation from the original work. Such a framing, similar to when subjects were asked whether Mexico was like the United States,[85] has the potential of creating an asymmetrical result and skew respondents towards a greater

[82] *See* Part I.A.
[83] *See* Part I.B.
[84] *See* Part I.C.
[85] Here, the secondary work is more like "Mexico" in that it is the subject and the primary work is like the "United States" in that it is the referent. Tversky found that greater similarity is likely to be found when the more "prominent idea" — here, the primary work — is the referent.

finding of similarity than if they had been asked with the subject and referent reversed. Though many factors are obviously at play, and are not necessarily borne out in the courts' holdings in *Batlin* and *Durham*, such a framing could potentially bias courts towards findings of originality in other cases.

In contrast to *Batlin* and *Durham*, the total concept and feel infringement test in *Roth* frames the question both in terms of finding similarity and finding difference.[86] Looking to the "totality" of the secondary work, the court took both the similarity *and* differences between Roth's work and the underlying public domain elements into account, or at the very least rephrased the test away from just "similarity" to a "total" assessment of features. Additionally, unlike the *Batlin* or *Durham* courts it did not engage in a lengthy assessment or listing of similar features or differences between the secondary and original works. The *Roth* test, then, avoids the pitfalls of a more one-sided originality assessment and creates a more thorough examination by framing the question in such a way as to discount the asymmetrical biases documented by Tversky. As I will later discuss, this more neutral approach is the optimal choice to create more consistent results in copyright cases.

2. *Fair Use*

Beyond framing in terms of subject or referent, in measuring difference Tversky also found that focusing attention on one object over another object can result in asymmetrical findings. When an apple is compared to applejacks, the apple is the focus of attention; for example, its unique features will be more heavily weighted than the unique features of the applejacks. This framing effect could possibly explain some of the outcomes when the fair use doctrine is applied. In determining whether something is transformative in the context of fair use, the court is refocusing its attention not on the underlying work (the apple) but on the secondary work (the applejacks) — giving the derivative work a second chance to prove its value. This focus could magnify the likelihood of finding unique features in the derivative work and weight them more heavily.

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[86] "It appears to us that in *total concept and feel* the cards of United are the same as the copyrighted cards of Roth. With the possible exception of one United card . . . , the characters depicted in the art work, the mood they portrayed, the combination of art work conveying a particular mood with a particular message, and the arrangement of the words on the greeting card are substantially *the same* as in Roth's cards. In several instances the lettering is also very *similar*. It is true, as the trial court found, that each of United's cards employed art work somewhat *different* from that used in the corresponding Roth cards." Roth Greeting Cards v. United Card Co., 429 F.2d 1106, 1110 (9th Cir. 1970) (emphasis added).

Beyond the questions raised by framing, the relatively subjective weighting of features between two works examined by courts can also be explained by cognitive science judgments. Recalling Medin and Goldstone, the likelihood of finding similarity can depend on the different emphasis placed on the availability of relational or attribute comparisons.[87] From these studies we can create an ad hoc hierarchy of important qualities in judging similarity: of primary importance is relational sameness (objects are all the same shape, all shaded or un-shaded); secondary importance is attribute sameness (both have a triangle, both have a shaded circle); and finally, of least weight in finding similarity is relational differentness (objects are all different shapes, all different colors). Therefore, it would make sense that a court's inclusion of a relational comparison (such as the object's purpose[88]), rather than just an attribution comparison (such as an item's quantitative physical features), could make it more likely to find difference between two objects and thus, lead to a finding of fair use.

In the fair use cases described in Part I.B, transformation emerged as the primary consideration for analyzing whether a derivative work could be excused from liability under fair use. Because transformation holistically addresses the secondary work's enrichment of society and added value to the primary work, it could be considered a "relational quality," rather than a strict assessment of the altered attributes within the four corners of the work. This emphasis might help explain why the courts found web searches that gathered thumbnails of copyrighted images significantly transformative in *Perfect 10*, even though the attributes of the images were identical, and thus perfectly similar, to the underlying work. Accordingly, the court's inquiry focusing on how relationally different the two contexts are rather than on how similar or different the attributes of the images are, could have contributed to its ultimate finding of transformation. Similarly, though the court came to a different conclusion regarding the applicability of fair use, *Castle Rock* demonstrates how the introduction of questions of relational similarity can outweigh also significant attribute differences, not just similarities. Though the television show *Seinfeld* and the trivia book based on *Seinfeld* shared few physical attributes in common, the court's finding of the similar purpose of both items — to satisfy viewers' "between-episode [*Seinfeld*] cravings" — trumped any attributional differences in features of the two works.

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87 *See supra* Part II.B. Relational comparison looks to the context, purpose and arrangement of those things being compared, while attribute comparison merely compares individual traits and qualities between two things.

88 As Medin illustrated, this might involve the court looking at the underlying role and purpose of each object, such as whether it is meant to entertain or educate, hang on a wall as art or be used as a functional object.

B. *Infringement: Finding Concepts and Perceptions of Substantial Similarity*

As discussed *supra* in determining whether a secondary work is an infringing derivative work, courts have traditionally looked at the similarities between the two works, and what has been taken from the underlying work.[89] While to reach this question courts must first make judgments of originality similar to the inquiries in copyrightability and transformativeness, the fundamental inquiry is one of judging "substantial similarity."

Again applying the findings of Tversky, it becomes clear how this framing of "substantial similarity" from an infringement perspective can affect the finding of a judgment of similarity. Framing can result in asymmetrical similarity judgments depending on what is being considered as the referent and what is being considered as the subject. Tversky found that greater similarity is likely to be found when the more "prominent" idea is the referent. This is perhaps best illustrated with the court's disparate treatments of copyright infringement in *Scholastic v. Stouffer* [90] and a few years later, in *Warner Brothers Entertainment v. RDR Books*.[91] In *Stouffer*, J.K. Rowling, British author of the wildly successful Harry Potter series, sought a pre-emptive declaratory judgment against Nancy Stouffer, an American author who counter-claimed against Rowling. Stouffer had published a series of children's books that had run in limited distribution and told stories of a small race of people known as "muggles" and a second set of coloring books with a central character known as "Larry Potter."[92] On summary judgment, the court found for Rowling, specifically asserting on the issue of copyright infringement that the "protectable elements of Stouffer's [work] are simply "not substantially similar" to those of Rowling.[93] Just a few years later, Rowling's works again appeared in court, this time with Warner Brothers claiming copyright infringement of Rowling's works by Vander Ark, a fan of the Harry Potter series who had sought to publish a book called *The Lexicon* that was essentially an encyclopedia-like reference book based entirely on the Harry Potter series.[94] The court found that Ark's book "copies a sufficient quantity of the Harry Potter series to support a finding of substantial similarity between the Lexicon and Rowling's novels," and to support Warner Brothers' claim of copyright infringement.[95]

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89 *See* Part I.A.

90 221 F. Supp. 2d 425 (S.D.N.Y. 2002).

91 575 F. Supp. 2d 513 (S.D.N.Y. 2008).

92 *Stouffer*, 221 F.2d at 429-30.

93 *Id.* at 438.

94 *Warner Bros.*, 575 F.2d at 520.

95 *Id.* at 535.

The two cases illustrate the power of a "prominent" referent: in *Stouffer* where Stouffer's less prominent work was infringed, courts used Rowling's work as the subject and failed to find substantial similarity;[96] in *Warner Brothers* where Rowling's more prominent work is allegedly being infringed upon, courts used Rowling's work as the referent and found similarity.[97] The comparison of these two cases in the light of this framework reveals that the deck is remarkably stacked in favor of copyright infringers who have a prominent work or those whose prominent works might have been infringed.

Even where the referents are not based on prominence in the popularity sense, this effect can be seen. In copyright infringement tests, where the original work is typically the referent and the secondary work is typically the subject, this could potentially have drastic effects. Beyond the possible underlying bias towards finding similarity by using the original work as the referent, Medin and Goldstone's relational and attribution distinctions are also applicable in infringement. Specifically, this framework can shed light on the disparate outcomes of the courts in the art-tile cases of *Mirage Editions* and *Lee*. As previously discussed, in fair use cases, relational qualities of a work, like transformation, will often be more heavily weighted than attributes within the four corners of the work in assessing similarity or difference. This appears to be true in copyright infringement cases as well. In *Mirage Editions*, courts found the creation of an infringing derivative work when a company bought copyrighted artwork prints, cut out the prints, glued them to ceramic tiles and then sold the tiles in the open market. Central to the court's reasoning was its finding that the creation of the tiles "transformed" the art in question by placing it on tile and was therefore a derivative work. In contrast, the court in *Lee* declined to consider the gluing of art to tile a transformation. Instead, it looked at the attribution differences between the original prints and the prints glued to tiles and found the "distinction without a difference." Though both cases addressed virtually the same facts, *Mirage Edition*'s additional emphasis on the difference in the context of the two works — their "transformation" from book to tile-work — trumped their four corner attribution similarities. In contrast, the court in *Lee* incorporated a

[96] In other words, *Stouffer*'s case was more like Tversky's testing of the phrase "United States [J.K. Rowling's works and the alleged infringer] is like Mexico [Stouffer's works and the "original work"]." Subjects were found to be less likely to find similarity where the more prominent idea was the secondary work/alleged infringer.

[97] In other words, *Warner Brothers'* case was more like Tversky's testing of the phrase "Mexico [Ark's Lexicon and the alleged infringer] is like the United States [J.K. Rowling's works and the "original work"]." Subjects were found to be more likely to find similarity where the more prominent idea was the referent.

need for the factor of "originality" in order to find an infringing derivative work, and as such compared the attributes of the two works similar to the courts' analyses in *Batlin* and *Durham*. Its finding, then, ignored any change in "context" and merely analyzed the two works qualitatively.

C. *Improving Tests for Derivative Work Rights and Liability*

In sum, the framing of any legal analysis in terms of similarity or difference, subject or referent, or the selective use of either relational or attributional comparisons can all affect the findings of originality, infringement and fair use in derivative works claims. As demonstrated, certain cognitive science ideas, such as framing, demonstrate a clear possibility to skew judicial assessment and offset the delicate balance of subjective assessment. This can be demonstrated in *Batlin* and *Durham* which both showed how framing biases could easily sway the determinations of the court. But some tests have a more neutral effect on courts than others. The "total concept and feel" test employed in *Roth*, for example, seems to effectively manage to offset potential framing problems, with its balance in looking at both similarities and differences between the works. While Roth is a clear court-made solution seemingly endorsed by the findings of cognitive science, not all of the biases and framing issues illuminated by cognitive science are so neatly resolved. It is unclear, for example, whether "relational" rather than "attribution" comparisons have an equally biased effect on judging similarity. In other words, it is unclear whether relational judgments in derivative work tests are more "accurate" or "unbiased" than attribution judgments, and therefore it is difficult to decide which mode of comparison to employ going forward. Instead, rather than reveal any kind of "new" or "better" test for finding fair use or infringement, relational and attribution distinctions simply allow for a new framework for understanding the qualities courts have found historically important in assessing derivative work claims. Going forward, this cognitive science framework could potentially be used to create a more categorical assessment of derivative works cases than the few cases illustrated here. Such an examination might reveal findings of courts' framing biases, or alternatively create a coherent approach to assessing relevant qualities when assessing originality or similarity. Perhaps most important, however, applying the cognitive science similarity framework to derivative works cases can educate lawyers and courts about the processes at play in their seemingly subjective assessments. Ideally, as the world of copyright law grows increasingly more complex and inconsistent, the lessons of cognitive science can help lend a settled consistency and at least an appearance of guidelines in what all can acknowledge is among the most subjective of determinations in the field of law. If embraced by the courts,

this new knowledge would have a recursive effect on the law's treatment of similarity and help create a more informed and fairly applied doctrine.

In the meantime, the insight gained from this basic understanding of cognitive science and its effects on the courts, might be of great use to attorneys practicing copyright law. Altering the phrasing of briefs to the court, or even the language in jury instructions might have an enormous impact on a judge or a jury. Additionally, practitioners might choose to accentuate relational qualities over attributes, or the opposite, depending on the party. Alternatively, an appellate court might be willing to consider the framing biases to be sufficient grounds for appeal and review. The possible impacts of this body of knowledge on the practice of copyright law are seemingly endless.

CONCLUSION

Courts' determinations of the creation, infringement or exception from liability of a derivative work are largely based on similarity judgments. Because of the subjective nature of similarity, however, courts and legislatures have long struggled to create laws and tests that outline qualities and categories for determining similarity between original and derivative material. These questions about how to judge similarity, however, are not isolated to courtrooms. Cognitive science's scientific and theoretical models can help explain how humans prioritize, categorize and judge features to determine similarity between two or more objects or ideas, or how current judgments are heuristically biased. These scientific models and understandings shed light on the potential biases of court-made tests to judge similarity and suggest new frameworks for understanding courts' various considerations in assessing copyright infringement and derivative works.

ON THE PROSPECTS OF RAISING THE ORIGINALITY REQUIREMENT IN COPYRIGHT LAW: PERSPECTIVES FROM THE HUMANITIES

by ERLEND LAVIK & STEF VAN GOMPEL*

In 1903, in Bleistein v. Donaldson Lithographing, *Justice Holmes famously concluded that judges are ill-suited to make merit judgments when determining the eligibility for protection of works. Subsequent courts and commentators have generally followed his caution. Yet, no one has thought through how the copyright system would work were Justice Holmes not heeded. What if courts were called upon to determine the aesthetic merit of a work? How would they go about it? And would they be able to separate the gold from the dross by drawing upon an aesthetic evaluation of such kind?*

These questions inevitably arise upon reading some recent proposals to raise the originality threshold. Though it is rarely explicitly recognized, the reconfiguration that these proposals entails would effectively bring originality's meaning in copyright law more into line with how the term is used in aesthetics, where it is considered a function of the work's level of creativity, measured by its degree of departure from conventional expression.

Drawing on the concept of domain from sociocultural studies of creativity, we explain just why it would be so enormously problematic for courts to identify and to apply a stricter originality criterion that would require them to make decisions on the basis of merit. By comparing the domain of copyright law to the domain of patent law, we argue that it is the latter's relative coherence and orderliness that enables patent examiners to get traction when assessing an invention's degree of non-obviousness. The cultural domain, by contrast, is less rule-bound, and therefore non-obviousness is much harder to establish and validate. Aesthetics — both as a set of cultural practices and products and as an academic discipline — are simply too het-

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erogeneous to provide adequate toehold for the legal analysis of higher degrees of originality.

Exploring the reasons and reasoning behind the ban on aesthetic merit in copyright law from a humanities perspective, this article offers a more detailed and nuanced account of Justice Holmes' conclusion. Contrary to conventional wisdom we argue that the inherent subjectivity of aesthetic preferences does not in itself make it any harder to pinpoint an objective standard of aesthetic merit, though it does make it harder to provide justification for any such standard. Furthermore, the article questions the premise on which the proposal to raise the originality threshold rests, namely that it will cause the undeserving bottom of works to fall out, leaving only aesthetically worthy and socially valuable works protected. Before introducing a stricter originality criterion we need a more careful and empirically based analysis of just what the problems are, what areas of copyright law are affected, and exactly how and why a higher threshold would improve the situation.

INTRODUCTION

The vast majority of scholarly efforts to reform copyright start from the supposition that the scope of protection for works of authorship has become overbroad.[1] However, while there is general consensus on the broad contours of the problem, there is far less agreement on how to solve it.

The attraction of the proposal to raise the originality threshold is that it promises to nip the problem in the bud, at the level of the subject matter definition. That is, rather than struggling to regulate innumerable and wildly varying works that all meet the minimum requirement for copyright protection, raising the originality threshold restrains the amount of works eligible for copyright in the first place. Thus, Joseph Scott Miller notes that many other proposals to restrict the scope of copyright have an "enforcement focus" and therefore "do not reduce the sheer number of copy-

[1] *See generally* NEIL WEINSTOCK NETANEL, COPYRIGHT'S PARADOX 80 (2008) ("Copyright began as a narrowly tailored, short-term prerogative designed to promote the printing of original expression. It now threatens to metamorphose to a rotund, Blackstonian property right . . . . Copyright's untoward expansion betrays copyright's core principles rather than faithfully translating those principles to new conditions."); with respect to copyright's requirement of originality and the concept of the work, see Sir Hugh Laddie, *Copyright: Over-Strength, Over-Regulated, Over-Rated*, 18 EUR. INTELL. PROP. REV. 253, 257 (1996) (asserting that copyright currently seems to spring up "to protect nearly every creation of the human mind, be it ever so trivial").

righted works."[2] Miller recommends looking to patent law's criterion of non-obviousness to raise the threshold of originality in copyright law. As we will see, this strongly recalls how originality tends to be understood in aesthetics.

It is important to note, however, that not all suggestions to reinforce and refocus the originality standard in copyright law treat it as a threshold requirement pure and simple. Gideon Parchomovsky and Alex Stein, for example, regard it instead as a continuum, and they seek to correlate the degree of copyright protection for works to their degree of originality.[3] This is a major difference, of course, and this suggestion seems to us somewhat more practicable.[4] Still, what this proposal seeks to accomplish is clearly similar, for while it does not exclude minimally original works, the protection it grants them is very thin.[5] It is not clear, however, that this would significantly change current practices, as low-original works already receive "thin" protection in the sense that only the original elements of such works attract copyright, and the work as a whole will therefore not be infringed unless it is copied (almost) entirely.

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[2] Joseph Scott Miller, *Hoisting Originality*, 31 CARDOZO L. REV. 451, 459-60 (2009). One category of proposals that would reduce the number of copyrighted works is the proposals to reinstate compulsory formalities as thresholds for copyright protection. *See, e.g.*, Christopher Sprigman, *Reform(aliz)ing Copyright*, 57 STAN. L. REV. 485 (2004); STEF VAN GOMPEL, FORMALITIES IN COPYRIGHT LAW: AN ANALYSIS OF THEIR HISTORY, RATIONALES AND POSSIBLE FUTURE (2011). Because the analysis in this article concentrates solely on existing proposals to raise the originality requirement in copyright law, however, we do not treat proposals that seek to restrict the scope of copyright in another way.

[3] *See* Gideon Parchomovsky & Alex Stein, *Originality*, 95 VA. L. REV. 1505, 1507 (2009).

[4] Parchomovsky and Stein's proposal is also considerably more comprehensive. We do not aim to address the finer details of their scheme for copyright reform, but concentrate mostly on the more general premise it shares with Miller's text: that it is possible to distinguish levels of originality above the current threshold with adequate degrees of accuracy and consistency. Although we have tried to specify differences when relevant, in oscillating between the two proposals in order to focus on general similarities, readers should be aware that there is a danger that we do one or the other some disservice by conflating the two proposals and treating them as more alike than they actually are.

[5] In Germany, the courts in practice also correlate the degree of copyright protection for works to their degree of originality, granting thin protection to those of little creative value (the so-called *Kleine Münze*, i.e., "small change") and broader protection to works with a higher degree of originality. *See* Ulrich Loewenheim, *in* GERHARD SCHRICKER & ULRICH LOEWENHEIM, URHEBERRECHT: KOMMENTAR 123-24 (§ 2 nn.73-74) (4th ed. 2010).

This immediately brings us to a pertinent question that underlies the proposals to raise the originality criterion: what works are causing the problem that these proposals wish to cure in the first place? The effort to raise the originality threshold does not seem to concern highly creative works, but works situated towards the very low end of the originality spectrum which are unlikely to cause many problems in practice, given that their protection is limited. Because the proposals are quite ambiguous about the kinds of works that are creating the perceived problem, the question arises whether the current originality threshold actually endangers the flourishing of art. This is a vital question, which will be critically addressed in the last part of this article.

Another important concern, which takes up the first part of our analysis, is the general premise shared by these and other proposals to raise the originality criterion: that it is possible to distinguish levels of originality above the current threshold with adequate degrees of accuracy and consistency. This article takes issue with this premise. It argues that the effort to identify higher degrees of originality would inevitably bring copyright into the ambit of aesthetics, which is unable to provide sufficiently well-defined and coherent principles and procedures for decision makers. In addition, were courts authorized to grant protection on the basis of what they find valuable, decisions about copyrightable subject-matter would also serve an unfortunate legitimizing function.

The article consists of five parts. In Part I we briefly outline the main rationale for establishing a stricter originality standard, either by raising or recalibrating the current originality requirement. In Part II we explain that, in terms of internal coherence and orderliness, the domain of copyright law is so distinct from the domains of patent law and aesthetic theory that introducing a higher originality standard along the lines of patent law's criterion of non-obviousness or the threshold of originality in aesthetics is highly problematic and therefore undesirable.

Part III further analyzes the key conceptions of creativity and originality in copyright law and in aesthetics. We will demonstrate that the denotations of the terms are quite different in the two domains: where copyright law starts from a minimum condition, the threshold in aesthetics is very high. We argue that fixing a threshold somewhere in between these opposite poles would be very difficult. Part IV discusses the concept of taste and the problems that aesthetic evaluations pose in legal decision-making. We explain that, while the subjective nature of aesthetic evaluation does not make it either harder or easier to settle on a consistent and predictable originality standard, determining the level at which to set the bar is arbitrary for reasons related to variations in taste and the function of aesthetic works in free and open societies.

Part V examines some other questionable premises upon which the proposals to raise the originality threshold rest. We argue, inter alia, that the current standard does not seem a major concern for the kinds of works that we usually think of as aesthetically valuable; that the basic premise that there is a strong correlation between degrees of originality and social benefit is unfounded; and that raising the threshold of originality is not the only way to grant future creators the benefits of a more robust public domain. The article ends with a short conclusion synthesizing our main findings.

I. RATIONALE FOR RAISING THE ORIGINALITY REQUIREMENT

Proposals to raise the originality requirement in copyright law spring from the observation that the current originality standard is too easily met. That a work is original simply means that it was independently created, i.e., not copied, and that it contains a modicum of creativity.[6] In the U.S., a work needs not be novel, but must only possess a "creative spark," i.e., a minimal degree of creativity, to be protected by copyright.[7] In the EU, copyright protection extends to works that are an "author's own intellectual creation."[8] This implies that the author must have made "free and creative choices" and that "the author's personality" is reflected in the work.[9]

Because "the requisite level of creativity is extremely low,"[10] the most frequently stated reason to introduce a stricter originality criterion is that the generous protection afforded by copyright law is eroding the public

[6] Originality is similarly conceptualized in national legal frameworks and international agreements. *See* Elizabeth F. Judge & Daniel Gervais, *Of Silos and Constellations: Comparing Notions of Originality in Copyright Law*, 27 CARDOZO ARTS & ENT. L.J. 375, 403, 404 (2009) (arguing that different originality standards "are more properly understood as constellations, rather than silos, where the surface differences in wording mask similarities in both concepts and results").

[7] Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991).

[8] *See* Infopaq Int'l A/S v. Danske Dagblades Forening, 2009 ECR I-6569, paras. 33-37 (E.C.J.); Case C-393/09, Bezpečnostní softwarová asociace (BSA) v. Ministerstvo kultury, para. 44-47 (E.C.J. Dec. 22, 2010); Joined Cases C-403/08 and C-429/08, Football Ass'n Premier League, Ltd. v. Murphy, paras. 96-99 (E.C.J. Oct. 4, 2011); Case C-145/10, Painer v. Standard VerlagsGmbH, paras. 87-94 (E.C.J. Dec. 1, 2011); Case C-604/10, Football Dataco v. Yahoo! UK, paras. 37-39 (E.C.J. Mar. 1, 2012); Case C-406/10, SAS Inst., Inc. v. World Programming, Ltd., paras. 45, 65-68 (E.C.J. Mar 2, 2012).

[9] *See Infopaq*, 2009 ECR, para. 45; *BSA*, paras. 48-50; *Painer*, paras. 88-93; *Football Dataco*, paras. 38-39; *SAS*, para. 67.

[10] *Feist*, 499 U.S. at 345.

domain. The public domain consists not just of copyrightable works whose term of protection has expired, but also of resources that are collectively owned. Such things as titles, phrases, stock characters, plots, ideas, methods, and facts are unprotectable because they are the building blocks of expression. Likewise, all works that are not sufficiently original are free for anyone to reuse in new creative efforts. Authors do not create ex nihilo, but necessarily draw on these raw materials of creation and communication that no single individual or corporation can have and hold. A generous reservoir of unprotected resources serves as a liability shield whenever authors dip into this communal pool, as they invariably do.

When the originality threshold is very low, there is a danger that too many items become eligible for copyright protection, so that the public domain shrinks.[11] This is potentially problematic for several related reasons. Fencing off the commons restricts access to the means of expression, thus limiting the scope of debate[12] and — arguably — encumbering the quality of creative endeavours. In other words, the worry is that the low originality standard makes it harder for copyright law to serve its utilitarian purpose optimally. While it is supposed to incentivize individuals to create works that are beneficial to society as a whole,[13] advocates of a more rigorous originality requirement contend that setting the bar scarcely above ground level is counterproductive. This argument rests on two assumptions. First, that "the more original works generate a greater benefit to society";[14] and second, that bestowing practically the same privileges to slightly original works and to highly original works, offers inadequate encouragement to create truly original works.[15]

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11 *See* Ryan Littrell, *Toward a Stricter Originality Standard for Copyright Law*, 43 B.C. L. REV. 193, 217 (2002) (arguing that "by extending copyright protection to any work that evidences the production of an individual, the originality doctrine has increased the number of protected works . . . . As this expansion has occurred, the number of works in the public domain has necessarily shrunk.").

12 *Id.* at 216, 217. On the relationship between copyright and freedom of expression, see NEIL WEINSTOCK NETHANEL, COPYRIGHT'S PARADOX 30-53 (2008).

13 The Intellectual Property Clause in the U.S. Constitution grants Congress the authority 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." *See* U.S. CONST. art. I, § 8, cl. 8.

14 *See* Parchomovsky & Stein, *supra* note 3, at 1517. *See also* Miller, *supra* note 2, at 464 ("We also receive a greater benefit from inducing investment in unconventional expression: Such expression does more to advance knowledge and learning than does pedestrian, convention-bound expression.").

15 Parchomovsky & Stein, *supra* note 3, at 1506 (arguing that "by rewarding minimally original works and highly original works alike, the law incentivizes authors to produce works containing just enough originality to receive pro-

Stated negatively, then, raising the originality threshold should offset some of the adverse consequences of copyright's expansion. Stated positively, it could work as a policy lever, "focus(ing) copyright's protection on those who succeed by taking the greater risk of investing in unconventional, unorthodox expression. These boundary-breaking creators, dissenters of a sort, do more to foster progress."[16]

In sum, the main rationale for petitions to raise or recalibrate the originality standard is the prospect that it can mitigate the problems of copyright's overbreadth and "has the potential to . . . enrich the domains of art, culture, and technology."[17] Part V questions the notion that the low threshold in fact severely restricts artistic and cultural blossoming. First, however, we need to examine the practical feasibility of any effort to raise the originality bar in copyright law.

II. THE ORDERLINESS OF DOMAINS: COPYRIGHT, PATENT, AND AESTHETICS

As observed in the Introduction, a number of proposals to raise the originality threshold have looked to patent law's non-obviousness criterion, which is effectively how originality is understood in aesthetics. In this Part, we contend that such efforts run into severe problems. To explain our position, we first discuss why the creativity threshold in patent law is so much higher than in copyright law (Part II.A). Next, we introduce the concept of *domain*, which draws on sociocultural studies of creativity (Part II.B).

The concept of domain is critical to our analysis, first, to highlight the distinctiveness of aesthetic works and of aesthetic inquiry, and second, to emphasize that originality is not simply some intrinsic, independent, and immutable property that objects simply possess or lack. Rather, we argue that it requires an infrastructure of rules, procedures, and professional authorities to recognize and validate which innovations truly count. The difficulty of this task — i.e. how relatively hard or easy it is to single out a non-obvious contribution, and to agree on whether or not it is valuable — depends on the domain's degree of internal coherence and orderliness.

We assert that, in general, the kinds of objects that are regulated by patent law are more structured than the kinds of objects that are protected by copyright law. The former are closer to hard science, where utility and progress are much easier to gauge (Part II.C). This means that it is relatively easier to establish a reasonably distinct non-obviousness threshold

tection — but no more"). *See also* Littrell, *supra* note 11, at 217 ("It is uncertain whether the policy goal of fostering art is furthered by protecting works that many observers regard as marginally original, at best.").

16 *See* Miller, *supra* note 2, at 494.

17 *See* Parchomovsky & Stein, *supra* note 3, at 1516.

in patent law. Nevertheless, we show that the criterion does not currently produce coherent and predictable decisions on the patentability of inventions. We believe this raises grave concerns about the viability of introducing a similar criterion in the more disorganized domain of copyright law (Part II.D).

We further show that the academic study of aesthetics is not really geared towards the kinds of inquiries that might assist courts in these matters. Humanities scholars do not necessarily seek resolution, and a number of incompatible methods, theories, and epistemological goals co-exist, so there is virtually no consensus to guide judges in distinguishing degrees of originality or non-obviousness (Part II.E).

A. The Different Creativity Thresholds for Copyrights and Patents

Both copyright law and patent law have creativity thresholds, but the levels at which they have been set differ greatly. In copyright law, all that is required is a minimal degree of creativity. In the landmark *Feist* case — which many commentators found controversial due to the fear that it set the standard too high — the Supreme Court stated that: "The vast majority of works make the grade quite easily, as they possess some creative spark, 'no matter how crude, humble or obvious' it might be."[18] In patent law, by contrast, the so-called non-obviousness doctrine denies protection for innovations that "would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains."[19]

There are several weighty reasons why the threshold is so much higher in patent law. Part of it has to do with the fact that patentable inventions are awarded a significantly broader scope of rights. For example, copyright only prevents others from copying the protected work; it does not grant the author rights to authorize, prohibit, or otherwise control other authors' independent creations of similar or identical works. Copyright only extends to the particular expression of ideas, whereas patented inventions are protected on a conceptual level. As John F. Duffy explains:

> [T]he first writer to describe a telephone in an engineering treatise, or the first fiction writer to use a telephone as a crucial element in a story, cannot prevent other writers from describing the function of a telephone or from using the telephone as an important element in advancing a plot. A patent on the telephone, however, can — and in fact did — grant rights

[18] Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991) (quoting MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.08 [C][1] (1990)).

[19] 35 U.S.C. § 103(a) (2006).

covering all practical uses of telephone technology during the term of the patent.[20]

But while it makes intuitive sense to correlate the broadness of protection to how hard or easy it is to attain, this observation alone does little to account for why patent rights are so much stronger to begin with. We get closer to the heart of the matter if we consider that patentable inventions generally call for different incentives than copyrightable works. As Duffy observes, a narrower patent right — one that permitted independent creation and safeguarded only the exact details of an invention's incarnation — would be unlikely to provide sufficient protection to motivate individuals and companies to invest the time, effort, and money required to bring many patentable utilities into being.[21] But this statement, too, is in fact not so much an explanation as a symptom of a more deep-seated cause, for it merely begs the further question: Why are patents in need of stronger incentives?

To get at the underlying reason we must recognize that patent law and copyright law are made up of objects that are for the most part inherently different, and furthermore, that these objects enter into different domains where creativity is established and validated according to different rules.

B. The Sociocultural Concept of Domain

Sociocultural studies typically emphasize that creativity is not simply an attribute of gifted individuals, but something that requires an infrastructure. According to Mihaly Csikszentmihalyi "creativity does not happen inside people's heads, but in the interaction between a person's thoughts and a sociocultural context. It is a systemic rather than an individual phenomenon."[22] The system is composed of three elements: a culture containing symbolic rules, an individual who introduces novelty into the symbolic domain,[23] and a field of experts to recognize and sanction the innovation.[24]

The notion of a symbolic domain — a field with certain implicit or explicit norms, understandings, and conventions that lay down possibilities

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[20] John F. Duffy, *Inventing Invention: A Case Study of Legal Innovation*, 86 TEXAS L. REV. 1, 8 (2007).

[21] *Id.* at 7.

[22] MIHALY CSIKSZENTMIHALYI, CREATIVITY: FLOW AND THE PSYCHOLOGY AND DISCOVERY OF INVENTION 23 (1996). For a brilliant account of the environmental role in the creation and dissemination of ideas, see STEVEN JOHNSON, WHERE GOOD IDEAS COME FROM: THE NATURAL HISTORY OF INNOVATION (2010).

[23] These go by other names as well. *See* MARGARET A. BODEN, THE CREATIVE MIND: MYTHS AND MECHANISMS (2004) (using the terms "conceptual space" and "generative system").

[24] CSIKSZENTMIHALYI, *supra* note 22, at 6.

and constrictions — is crucial, for obviously not all novelties are creative. Some are simply nonsensical. They become meaningful only when they are endorsed by authorities in the domain, which may take time in the case of highly unorthodox efforts. Thus, for an idea, a product, or a discovery to count as a creative contribution — whether in the arts, in science, in business, or any other domain — it must be appropriate. That is, it may bend or break the rules, but it cannot simply ignore them. Typically, creators have to internalize the symbolic domain first, which is why even groundbreaking creative accomplishments are rarely genuine eureka moments: "[U]sually insights tend to come to prepared minds, that is, to those who have thought long and hard about a given set of problematic issues."[25]

The key point for our purposes is that symbolic domains are constructed in very different ways, sometimes for somewhat arbitrary reasons, other times because of the inherent features of the activities and objects that they accommodate. Some domains, like chess and mathematics, are highly structured, with clearly defined rules, problems and standards; others, like continental philosophy or performance art, are more loosely organized.

Tightly ordered domains with strong internal coherence tend to recognize and reward progress efficiently and emphatically. Because principles and procedures are clear-cut, it is possible to absorb the domain's key insights and to identify the important questions that remain unanswered. As Csikszentmihalyi explains, this is why researchers in the natural sciences, unlike in the humanities, often make major contributions early in their careers. One of his interviewees, German physicist Heinz Maier-Leibnitz, recounts an incident at one of his seminars, where a student suggested a new way to represent the behavior of a subatomic particle on the blackboard. The professor agreed that the proposal was an improvement and commended the student. Soon Maier-Leibnitz got calls from physicists at other German universities, asking if the rumor was true that one of his students had come up with this new idea, and within two weeks he was getting the same question from foreign colleagues.

Csikszentmihalyi points out that this scenario would be inconceivable in his domain, psychology, simply because "with the exception of a few highly structured subdomains, psychology is so diffuse a system of thought that it takes years of intense writing for any one person to say something that others recognize as new and important."[26] The same is true of any branch of aesthetics. In comparative literature, musicology, art history, and so on, the kind of immediate impact that a brilliant physicist can make

[25] *Id.* at 83.
[26] *Id.* at 40.

is exceedingly rare. The rules of these domains are simply not sufficiently stringent and transparent, and the epistemological aims tend to be less widely shared and less teleological, so continuous involvement and experience makes more of a difference.

The point we want to make is that, for the most part, patentable inventions belong to a fairly structured domain, whereas copyrightable works belong to a fairly unstructured domain (or set of sub-domains). As we will see, this circumstance has important implications for how feasible it is to raise the originality threshold in copyright law.

C. *Patents and Copyrights: Hard vs. Soft Science?*

Descriptions of the kinds of items and processes that fall within patent law and copyright law reveal important differences between the two intellectual property regimes. Patents protect inventions of "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof."[27] Copyrights, meanwhile, protect original works of authorship including literary, dramatic, musical, and artistic works, such as poetry, novels, movies, songs, computer software, and architecture.[28] On the basis of this, it would be fair to say that patent law for the most part lies in the vicinity of hard science, whereas copyright law tends to concern itself with objects that are the province of softer sciences.

The boundary line is not absolute, of course, as there are exceptions on both sides. Still, this characterization captures a general tendency that adds context to the observation that patent law constitutes a more structured domain than copyright law. After all, at a certain level of abstraction, it is common to explain the differences between the hard and soft sciences precisely by reference to their degree of internal order and consistency. Researchers in the natural, physical and computing sciences — with their rigorous standards for hypothesis formulation and testing — seem to be engaged in a unitary, coherent enterprise, where results from one domain are liable to fold fairly seamlessly into those of another (the most famous exception being the failure to reconcile the discrepancies between general relativity and quantum mechanics). By contrast, in the social and, especially, the human sciences, it is far harder to conjure up the image that scholars from different departments and disciplines are gathering pieces of the same puzzle.[29]

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[27] 35 U.S.C. § 101 (2006).

[28] 17 *id.* § 102(a).

[29] We realize that this statement can be qualified in any number of ways, as it clearly builds on a highly idealized notion of the differences between hard and soft science. At least since the publication of Thomas Kuhn's *The Structure of Scientific Revolutions* in 1962, it has become increasingly difficult to think of science as some neat, disinterested, and gradual disclosure

of truth, or of reality as it really is. As Philip Kitcher bluntly puts it: "The Unity of Science Movement is dead. If philosophers ever believed that science could be organized as a hierarchy of theories founded on general principles with the basic generalizations of 'higher level' theories derivable from those of more 'fundamental' theories, then they do so no more." Philip Kitcher, *Unification as a Regulative Ideal*, 7 PERSPECTIVES ON SCI. 337 (1999). We agree with Kitcher that even the hard sciences cannot be fully horizontally integrated to the extent that principles from different theories will inevitably coalesce and create a coherent network of links among disciplines. There will remain, he writes, "a number of autonomous disciplines — the 'parents' of the interfield theories — that offer distinct perspectives on nature." Still, Kitcher's "modest unificationism" "recommends the ideal of unified individual perspectives, integrated as far as possible, but denies that there is any fixed number to which the 'fundamental incomprehensibilities' can be reduced." *Id.* at 345. Scientists, then, will sometimes have to rely on non-integrable concepts, theories, and perspectives, but nevertheless treat integrability as a regulative ideal: "the ideal of finding as much unity as we can by discovering perspectives from which we can fit a large number of apparently disparate empirical results into a small number of schemata. They echo T. H. Huxley's remark that 'the aim of science is to reduce the fundamental incomprehensibilities to the smallest possible number.'" *Id.* at 339. Reality, of course, is far more complex. Parts of the humanities clearly subscribe to this ideal. As Kitcher has noted in another context:

> The contrast between the methods of the two realms, which seems so damning to the humanities, is a false one. Not only are the methods deployed within humanistic domains — say, in attributions of musical scores to particular composers or of pictures to particular artists — as sophisticated and rigorous as the techniques deployed by paleontologists or biochemists, but in many instances they are the same.

Philip Kitcher, *The Trouble with Scientism: Why History and the Humanities are also a Form of Knowledge*, NEW REPUBLIC, May 4, 2012. Of course, the examples of humanities scholarship Kitcher lists here are by and large fairly uncontroversial, and are not typically victims of ire. Other parts of the humanities, however, are less amenable to unification as a regulative ideal, and consequently often trigger indignation and aggression from natural scientists, more scientifically-minded colleagues in other humanities departments, and significant portions of the public at large. Most notably, perhaps, poststructuralism, postmodernism, and parts of neo-pragmatism are based on the principle of epistemological anti-foundationalism. They seek to highlight contradictions, discontinuities, and the importance of perspectives rather than internal coherence; and have (in)famously and persistently challenged the firmness of alleged distinctions between the study of nature and the study of culture (*see, e.g.*, Richard Rorty, *Texts and Lumps*, 17 NEW LITERARY HIST. 1 (1985). Aesthetics straddles this divide: Genre theory, for example, may be predominantly descriptive, a form of taxonomy largely analogous to the efforts of biologists to define groups of organisms on the basis of pertinent similarities and differences. Some hermeneutic practices, by contrast, are more freeform, and not appreciably constrained by conventional scientific method and logic. The aim is not so much to pin down what

Consequently, John Shepard Wiley Jr. gets to the crux of the matter when he contrasts authorship with "the necessarily incremental character of patentable innovation."[30] The objects protected by patent law tend to build more methodically and straightforwardly on shared norms and general laws. Invention frequently means connecting pre-existing parts. As Steven Johnson explains: "Some of those parts are conceptual: ways of solving problems, or new definitions of what constitutes a problem in the first place. Some of them are, literally, mechanical parts."[31] This is why "the hard work society is attempting to encourage in the patent system . . . is much more likely to be independently created by multiple parties."[32]

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is "objectively there" in a work of art, as to wring from it, by any means necessary, whatever compelling meanings it can yield.

We acknowledge that it is possible to chip away at any criterion aimed at separating science from non-science, and that whatever fuzzy borderline remains will cut across the aesthetic domain. We also agree with Kitcher that it makes more sense to think of the epistemological and methodological differences between the humanities and the natural sciences as differences of degree rather than kind. But for our purposes nothing really hinges on the disputes among philosophers of science. There is no need to take sides in the debates between foundationalists and anti-foundationalists, essentialists and anti-essentialists, realists and anti-realists, to hold on to the idea that some domains are more orderly than others. Thomas Kuhn, for example, deeply admired the achievements of so-called "normal science," but doubted the notion that it brings us closer to some complete, objective, and true account of nature. He was, as Ian Hacking puts it in the introduction to the fiftieth anniversary edition of *The Structure of Scientific Revolutions*, "a fact lover and a truth seeker" (at 130), yet he questioned the idea that science progresses towards some preestablished goal (*the* truth about the universe); rather, he believed that scientific revolutions simply "progress *away from* previous conceptions of the world that have run into cataclysmic difficulties . . . . It is progress away from what once worked well, but no longer handles its own new problems" (*id.* at 476).

Just as the differences between scientific and non-scientific practices are blurry and cut across academic disciplines in more unpredictable ways than we tend to presume, so the differences between orderly and disorderly domains crisscrosses various practical and intellectual spheres — including patent law and copyright law. Certainly, it is simple enough to amass examples that complicate the differences we strive to highlight. The construction of maps, for example, is highly structured scientific endeavor, yet maps are the province of copyright law. Similarly, not all patentable inventions build on previous efforts in a systematic, sequential, and deliberate manner. But again, the fact that there is no absolute boundary should not lead us to conclude that they are on a par; there are still important general differences.

30 John Shepard Wiley Jr., *Copyright at the School of Patent*, 58 U. CHI. L. REV. 119, 182 (1991).

31 JOHNSON, *supra* note 22, at 419.

32 Duffy, *supra* note 20, at 9.

Indeed, when we trace the origins of major inventions throughout history, a recurring theme emerges: "A brilliant idea occurs to a scientist or inventor somewhere in the world, and he goes public with his remarkable finding, only to discover that three other minds had independently come up with the same idea in the past year."[33]

Of course, novelists, filmmakers, painters, and so on also build on and combine previous works, but the problems they set out to solve are rarely so well-defined. As Richard Rorty puts it, scientists "have criteria for success laid down in advance," whereas artists "by their own confession . . . are not sure of what they want to do before they have done it. They make up new standards of achievements as they go along."[34] Because the combinatorial possibilities are infinite in the arts, and because creation is less clearly goal-driven, Samson Vermont has a point when he notes that patents typically have to do with repeatable subject matter whereas copyrights involve unrepeatable subject matter.[35] Certainly, in some cases — when the necessary preconditions are in place, and all that remains is the final ingredient or the right combination — it is merely a matter of time before someone comes up with a particular invention. There are trends in aesthetics too, of course, but they tend to stem from imitation rather than duplicate independent creation, and they do not appear nearly as inevitable.[36] As Vermont puts it: "Had the Wright Brothers not invented the powered airplane, someone else would have and soon. In contrast, had Lewis Carroll not written *Alice in Wonderland*, no one would have ever written it."[37]

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[33] JOHNSON, *supra* note 22, at 398. *See also* Robert K. Merton, *Singletons and Multiples in Scientific Discovery: a Chapter in the Sociology of Science*, 105 PROC. AM. PHIL. SOC'Y 470 (1961) (arguing that inventions by solitary individuals are rare, and that the more typical scenario consists of groups of people working to solve the same problem, and coming up with the same or a similar solution at approximately the same time). One possible objection to the relevance of such studies to patent law more generally is that they tend to focus on fairly renowned inventions. It is not obvious that this pattern would be quite as noticeable if we included all the hundreds of thousands of patents that are issued each year in the U.S. alone. Still, a recent study maintains that "what evidence there is suggests that simultaneous invention is a characteristic of smaller inventions as well." *See* Mark A. Lemley, *The Myth of the Sole Inventor*, 110 MICH. L. REV. 709, 713 (2012).

[34] Richard Rorty, *Science as Solidarity*, *in* OBJECTIVITY, RELATIVISM, AND TRUTH, 36 (1991).

[35] Samson Vermont, *The Sine Qua Non of Copyright Is Uniqueness, Not Originality*, 20 TEX. INTELL. PROP. L.J. 327 (2012).

[36] Indeed, the main title of one of the classic studies of separate but simultaneous invention is "Are Inventions Inevitable?" *See* William F. Ogburn & Dorothy Thomas, *Are Inventions Inevitable? A Note on Social Evolution*, 37 POL. SCI. Q. 83 (1922).

[37] Vermont, *supra* note 35, at 32.

An invention usually has a precise purpose, and the preconditions that have to be satisfied for it to come into being are apt to be well-defined and limited in number. It would be an overstatement to say that the course of development for patents is predetermined, but in general they are much more constrained by circumstances than copyrightable works. We might say that if inventions are reminiscent of puzzles, then works of authorship are more like collages, in that they are more open-ended both at the level of conception and execution. In the case of film, for example, some very specific conditions had to be in place for its invention to happen: First, scientists had to discover that the human eye perceives continuous motion when presented with a sequence of marginally different images;[38] second, it required a device to project a rapid series of images on a surface; third, the exposure time of photography had to be drastically reduced; fourth, photographs needed to be printed on a base elastic enough to be passed through a camera at high speed; and fifth, it required an intermittent mechanism in both the camera and the projector that let at least sixteen frames slide into place, stop, and then move on every second. Once all the preconditions were met, the invention of motion pictures was, so to speak, in the air, and it was just a matter of time before one of the many experimenters in different countries put the necessary elements together.[39] By contrast, it was not at all inevitable that the new invention would go on to become a popular storytelling medium and an art form.[40]

To be sure, even the creative arts evolve cumulatively, to a certain extent. Steven Johnson's acute description is worth quoting at length here:

> Flaubert and Joyce needed the genre of the bildungsroman to contort and undermine in *Sentimental Education* and *A Portrait of the Artist as a Young Man*. Dylan needed the conventions of acoustic folk to electrify the world with *Highway 61 Revisited*. Genres supply a set of implicit rules that have enough coherence that traditionalists can safely play inside them, and more adventurous artists can confound our expectations by playing with them. Genres are the platforms and paradigms of the creative world. They are almost never willed into existence by a single

[38] Various theories have been proposed to explain the phenomenon. *See, e.g.*, Nick Redfern, *Constructing Movement in the Cinema*, 5 NEW REV.FILM & TELEVISION STUD. 173 (2007).

[39] For a more detailed account, see DAVID BORDWELL & KRISTIN THOMPSON, FILM HISTORY: AN INTRODUCTION 13-32 (2d ed. 2003).

[40] Indeed, to begin with the attraction of motion pictures was the technology itself rather than the content. In one famous story from this novelty period, future filmmaker Georges Méliès made an exorbitant offer to the Lumière brothers for their invention, the Cinematographe. Their alleged reply was that he should be grateful that the machine was not for sale, for though it could perhaps be exploited for a short time as a scientific curiosity, it was clear that it had no commercial future. *See* Jacques Queval, *Three French Histories of Film*, 3 HOLLYWOOD Q. 454 (1948).

> pioneering work. Instead, they fade into view, through a complicated set of shared signals passed between artists, each contributing different elements to the mix. The murder mystery has been coherent as a novelistic genre for a hundred years, but when you actually chart its pedigree, it gets difficult to point to a single donor: it's a little Poe, a little Dickens, a little Wilkie Collins, not to mention the dozens of contemporaries who didn't make the canon, but who nonetheless played a role in stabilizing the conventions of the genre. The same is true of cubism, the sitcom, romantic poetry, jazz, magical realism, cinema verité, adventure novels, reality TV, and just about any artistic genre or mode that has ever mattered. The creative stack is deeper than genres, though. Genres are themselves built on top of more stable conventions and technologies.[41]

As Johnson shows, aesthetic conventions enable as much as they restrict the freedom to create. There are no severe external constraints: no strict rules or essential ingredients (only loose and voluntary guidelines), or any single or explicit goal or function. In industrial design, the utility of an object tends to impose stricter limits upon expression and therefore encroaches considerably more upon its maker's license to create.[42] Someone who sets out to create a new mousetrap or chair enjoys less elbowroom than someone who sets out to make a road movie. A novelist can write a wholly conventional spy novel that is nevertheless unmistakably unique. Even in more rule-bound genres like the sonnet there is no danger that the form will ever be exhausted or overcrowded by near-identical works; there is always room to write one more sonnet that is clearly separable from every other one.

D. The Difficulty of Raising Copyright's Originality Threshold

The point of showing that copyright law is a more loosely organized domain than patent law is that it helps explain why it is so problematic to raise the originality threshold. In the more structured realm of patent law, the well-defined function and utility of inventions provides quite expedient evaluative criteria. Except for the non-obviousness criterion, the two other bedrock requirements for patentability are utility and novelty.[43] The United States Patent and Trademark Office notes that the requirement that "the subject matter must be useful" means that it must have "a useful purpose and also includes operativeness, that is, a machine which will not operate to perform the intended purpose would not be called use-

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41 JOHNSON, *supra* note 22, at 2194.

42 This is no doubt why it is so hard to distinguish one piece of furniture, say, from another of the same kind, and to distinguish the functional and artistic elements in each individual case.

43 35 U.S.C. §§ 101–102 (2006).

ful, and therefore would not be granted a patent."[44] These stipulations secure patent law's "ordinary experts" at least some foothold in determining what is obvious and non-obvious. If we are handed an object whose usefulness and purpose is unfamiliar to us, it is hard to get the analysis of the ground. One reason it is more difficult to recognize non-obviousness in the realm of copyright is precisely that the usefulness and purpose of works of authorship are unknown, vague, or highly heterogeneous.

Moreover, an invention must be novel in the sense that it was not known or used by others. Here too it is the domain's tidiness that underwrites the procedure of a prior art search before filing a patent application.[45] As Landes and Posner explain, this "is feasible because it is possible to describe an invention compactly and to establish relatively small classes of related inventions beyond which the searchers need not go."[46]

This is not to say that all is well in the domain of patent law; on the contrary, there are several acute problems.[47] We will focus on two connected difficulties that bear directly on the feasibility of distinguishing moderate (or higher) degrees of non-obviousness in the aesthetic domain with sufficient accuracy and predictability. The first has to do with the low level at which the threshold is set; the second concerns the problem of coming up with workable criteria for measuring degrees of non-obviousness.

Gregory Mandel puts these interrelated problems as follows: "A loud, nearly universal, chorus contends that decision makers apply the nonobviousness standard too leniently, allowing patent monopolies on trivial innovations with devastating effects."[48] His analysis reveals that the problem

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[44] *All About Patents*, USPTO.GOV, http://www.uspto.gov/smallbusiness/patents/filing.htmlhttp://www.uspto.gov/smallbusiness/patents/filing.html (last visited Feb. 28, 2013).

[45] The United States Patent and Trademark Office states: "A search of all previous public disclosures (prior art) including, but not limited to, previously patented inventions in the U.S. should be conducted to determine if your invention has been publicly disclosed and thus is not patentable. While a search of the prior art before filing of an application is not required, it is advisable to do so." *Id.*

[46] William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 345 (1989).

[47] For example, there is a massive, ever-growing backlog of patent applications and the United States Patent and Trademark Office "cannot seem to increase its staffing fast enough to keep up with an explosion of applications." *See* Michael J. Meurer, *Patent Examination Priorities*, 51 WM. & MARY L. REV. 675, 676 (2009).

[48] Gregory Mandel, *The Non-Obvious Problem: How the Indeterminate Nonobviousness Standard Produces Excessive Patent Grants*, 42 U.C. DAVIS L. REV. 57, 59 (2008).

stems from the inconsistent and indeterminate application of the non-obviousness requirement. He goes so far as to say that "[i]t may be that no legal term as significant as 'nonobviousness' is as poorly defined."[49] A number of scholars and examiners have echoed the concern that non-obviousness assessments are highly subjective and unpredictable.[50] This raises serious questions about the viability of hoisting the originality threshold in copyright law. The difficulties in patent law of identifying a distinct non-obviousness standard and developing criteria and guidelines for assessing whether the invention involves an inventive step will be drastically more challenging in a less ordered domain like copyright law.

The main reason non-obviousness is so hard to specify and quantify in patent law is that different inventions can be non-obvious in different ways. The following description by Gregory Mandel is instructive:

> Some inventions are non-obvious in their conception, though once conceived are easy to achieve. Post-It notes provide an example. Other inventions are obvious to conceive of, but identifying operative means for carrying them out is non-obvious — an HIV vaccine, for instance. A third category comprises inventions where potential operative means are obvious, but the field is uncertain enough that actually reducing the invention to practice is non-obvious. For example, several inventors developed incandescent light bulbs before Thomas Edison, but their filaments burned out quickly; Edison was the first to reduce a long-lasting filament to practice. Differentiating nonobviousness would improve the content and specificity of nonobviousness decisions by sharpening their focus and producing more tractable analyses.[51]

In copyright, too, different creations are original for different reasons, but here the problem is compounded, especially for artistic works, which tend to be more multifaceted than patentable inventions. In a film, for example, the cinematography, the editing, the plot, the dialogue, or the acting — to name just some features — may be more or less accomplished or innovative. Consequently, the challenge is not only to ascertain how

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[49] *Id.* at 88.

[50] *See* Benjamin H. Graf, *Prognosis Indeterminable: How Patent Non-Obviousness Outcomes Depend Too Much on Decision-Makers*, 9 CARDOZO L. POL'Y & ETHICS J. 567, 568, 605 (2011) (arguing that "the non-obviousness inquiry is uniquely and overly indeterminate and subjective," and that "No patentability requirement is both as critical and as subjective as non-obviousness"); Michelle Ernst, *Reforming the Non-Obviousness Judicial Inquiry*, 28 CARDOZO ARTS & ENT. L.J. 663, 666, 678 (2011) (arguing that "the non-obviousness judicial standard of patentability remains in flux", and thus generates black box verdicts that obscures the jury's reasoning and analysis in patent assessments, thereby thwarting effective review); ROBERT P. MERGES & JOHN F. DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 712 (4th ed. 2007) (arguing that "non-obviousness analysis is famous for creating divisions of opinion among skilled judges").

[51] Mandel, *supra* note 48, at 61.

successful or novel the film is along any number of dimensions, but also to determine which ones to give the most weight to, and to consider how well all the component parts come together in the work as a whole. In addition, movies are not just valued for their formal features, but can be deemed more or less original, creative, unconventional, complex, or nuanced along political, ideological, philosophical, and moral lines as well. The key question — Original in what respect? — is thus far more complex in copyright law.

It is the orderliness of patentable inventions that allows Mandel to differentiate certain main types of non-obviousness that includes, if not the whole domain, then at least the greater part of it. In the messier realm of aesthetics it seems inconceivable that anyone could come up with a similarly inclusive, yet neat and compact, typology of forms of non-obviousness. Inventors typically rely on technical know-how, an understanding of natural laws in science, reliable regularities, and causal relationships, in the pursuit of solutions to specific problems, or better solutions to old problems. This means that it is often possible to provide precise explanations of how and why an invention works, and to identify its relevant component parts and their interrelations.

Of course scholars, critics, and artists seek to understand what makes aesthetic objects "work" too, but the creative process is simply much more mysterious, and their conclusions far more tentative. There are, obviously, certain loose guidelines — canons, traditions, styles, genres, forms, conventions, textbooks, etc. — but the general consensus is that there is no formula for aesthetic accomplishment. There are not really any clear-cut and universally agreed-upon desiderata to guide evaluation, so even experts frequently disagree among themselves on what actually works in the first place. And, at any rate, a work of art cannot be broken down into constituent parts and then repeated or recombined by others with predictable results.[52]

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[52] Due to the massive investments involved, Hollywood has probably pursued predictability more resolutely than any other industry. When a movie becomes a breakaway hit, studios seek to unlock the secrets of its success, to identify the elements that made it a winner — the stars, the genre, the period, the special effects, the theme, and so forth — in order to replicate its fortune (without infringing on any intellectual property rights). In recent years, Hollywood has clearly tried to cash in on the success of comic book adaptations (especially since the release of *Spiderman*), and on high fantasy and contemporary fantasy adaptations after the remarkable box office performance of the *Lord of the Rings* and *Harry Potter* franchises. But despite their best efforts, screenwriter William Goldman's famous maxim — "Nobody knows anything," because "Not one person in the industry knows for a certainty what's going to work. Every time out it's a guess" — holds sway. *See* WILLIAM GOLDMAN, ADVENTURES IN THE SCREEN TRADE 39 (1983).

When in 1998 Gus van Sant created a virtual shot-by-shot remake of *Psycho*, the Alfred Hitchcock classic from 1960, the result was nearly universally derided by film critics.[53] The few who found something worthwhile tended to construe it as a kind of meta-argument about the non-replicability of great art. Roger Ebert, for example, found it "an invaluable experiment in the theory of cinema, because it demonstrates that a shot-by-shot remake is pointless; genius apparently resides between or beneath the shots, or in chemistry that cannot be timed or counted."[54] He explained that he "was reminded of the child prodigy who was summoned to perform for a famous pianist. The child climbed onto the piano stool and played something by Chopin with great speed and accuracy. The great musician then patted the child on the head and said, 'You can play the notes. Someday, you may be able to play the music.'"[55] Aesthetic objects, we might say, do not lend themselves very well to reverse engineering.

By contrast, inventions are more straightforwardly and reliably reproducible; they can be separated into constituent parts, which in turn can be recreated in different contexts in satisfactorily similar and foreseeable ways. But just because it is relatively easier to provide a breakdown of the inner workings of patentable inventions does not in itself make it a straightforward task to make out precise degrees of non-obviousness. That is a separate issue. The point is that even though non-obviousness analysis is far from easy in patent law,[56] it is nevertheless relatively easier than in copyright law.

Generally, other risk management strategies — test screenings, advertising campaigns, release dates, release patterns, marketing tie-ins, etc. — have proven somewhat more efficient. Whatever field Hollywood draws on to handle uncertainty, whether it is aesthetics, economics, marketing, copyright law, or even neuroscience, box-office performance usually takes precedence over aesthetic achievement. That is no doubt because it tends to be more important for studio executives to attract viewers than to please critics, but it would also seem that it is easier to predict a film's destiny as a commercial object than as an aesthetic object by (quasi-)scientific means.

53 The film review aggregator *Rotten Tomatoes*, for example, shows an approval rating of only 36%. *See Psycho (1988)*, ROTTEN TOMATOES, http://www.rottentomatoes.com/m/1084964-psycho (last visited Feb. 28, 2013).

54 Roger Ebert, *Psycho*, ROGER EBERT.COM (Dec. 6, 1998), http://rogerebert.suntimes.com/apps/pbcs.dll/article?AID=/19981206/REVIEWS/812060301.

55 *Id.*

56 Identifying relevant points of comparison, for example, is still a challenge. Thus Mandel notes that "[P]recedent, a common mechanism for lending greater definitional precision to legal standards, is less useful [in nonobviousness decisions] than in many other circumstances. Because nonobviousness decisions are so intensely fact-specific, prior nonobviousness holdings are rarely comparable to a specific case at hand." *See* Mandel, *supra* note 48, at 92.

The reason is that when the significant component parts can be specified in advance, when their interrelations are clearly understood, and when the purpose is clear-cut, there is more toehold for legal analysis. The greater relative orderliness of the domain of patent law makes it more practicable to isolate inventive steps, to specify the inventor's contribution, and to identify analogies and make comparisons across the field, either by reference to the process or purpose of invention.

In the domain of copyright, the process of creation is less patterned, so parallels are harder to come by. Moreover, while the sheer number of inventions is daunting, the amount of copyrightable expressions is simply inestimable. Coupled with the bulk of unprotectable ideas that copyrightable works draw upon and the multidimensionality and complexity of many aesthetic works, it makes it exceedingly difficult to delimit the relevant background context against which to assess degrees of originality.

Cinema can illustrate the complexity of assessing the originality of aesthetic works. While cinematographic works are certainly not examples of low original works in the copyright sense, they may contain various uncopyrightable elements, such as "scènes à faire" or extremely original ideas, or capture images taken from pre-existing works, including not only any number of earlier film productions, but potentially also (parts of) novels, philosophical writings, paintings, plays, and so on. Because there are no strictly right answers, no particular ingredient upon which a film's artistic or commercial performance completely rests, it is often hard to determine exactly what has been lifted from prior art and which elements are built upon unprotectable ideas, themes and "scènes à faire." By contrast, at least some inventions absolutely require a particular constituent element — a small molecule, say — and that component can be isolated, and it may or may not have a singular, identifiable owner.

Also, when some small part of one work is very alike some small part of another work such that it is highly improbable that the similarities are accidental, we have to take into account the context and character of the second expression in order to ascertain whether or not it infringes upon the first. Distinguishing between unlawful theft and socially and legally accepted forms of appropriation like homage, pastiche, collage, and parody often depends on aesthetic intuition and interpretation. Such considerations are not on patent examiners' agenda.

Because the mechanics of aesthetic products and processes are relatively harder to itemize and explain, and because works of authorship are less obviously functional, separating legal from illegal resemblances is somewhat more of a judgment call, and more often ambiguous. As Barton Beebe writes, "we have no well-developed sense of what aesthetic progress — in contrast to technological, economic, or even political progress

— might entail."[57] Once again, this observation bears only indirectly on our ability to recognize degrees of non-obviousness, but it does make it more feasible to align patent examinations with the intent of the law. The plain functionality of inventions provides at least something to hold on to when decision-makers contemplate whether something is patentable on the grounds that it contributes to the progress of science and useful arts. As we will argue later, such a baseline is extremely awkward to recover for aesthetic works, because we can rarely pin down their exact purpose, utility, or social benefit.

E. The (Cross-)Purposes of the Aesthetic Domain

More generally, unlike the harder sciences, the humanities are not necessarily geared towards the pursuit of definite solutions and ultimate answers in the first place. As Richard Rorty suggests, they tend to be concerned with ends rather than means: "If we thought we knew the goals of culture and society in advance, we would have no use for the humanities — as totalitarian societies in fact do not."[58] Rorty offers a thought experiment: Suppose the newspapers one day reported that philosophers have made a sudden breakthrough and now unanimously agree on all the age-old issues, and have adopted universal standards of rationality, morality, and aesthetic value. He concludes that: "Surely the public reaction to this would not be "Saved!" but rather "Who on earth do these philosophers think they *are*?'"[59] Moreover, he insists that this is a healthy response, for though we bemoan the chaos and confusion of the philosophical scene, we do not really wish it were different.

Certainly, in many forms of aesthetic inquiry, most notably in the area of hermeneutics, the aim of the field of experts as a whole is not to narrow down, but rather to expand the list of potential purposes that works of art can serve. Hence, in aesthetics, the point of saying something about a work's degree of originality may not be so much to submit a final answer, *quod erat demonstrandum*, as to offer a perspective that may start and maintain a worthwhile conversation.

The point of specifying that the exchange be worthwhile is to stress that the aim is not to literally multiply perspectives maximally, and that all contributions are not considered equally valuable. Some efforts are discarded out of hand as simply nonsensical. That the rules of the domain are not clear-cut does not mean that there are no rules whatsoever. For example, some works are generally considered more worthy of certain kinds of

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[57] Barton Beebe, *Bleistein*; or, Intellectual Property Law and the Problem of Aesthetic Progress 41 (2011) (unpublished paper presented at the UCLA Entertainment, Media & IP Workshop, Los Angeles, CA).

[58] RORTY, *supra* note 29, at 36-37.

[59] *Id.* at 44.

attention than others (so analyses extolling the writing skills of Dan Brown or the political and moral sagacity of Hitler's *Mein Kampf* are unlikely to be taken seriously); to count as persuasive, an argument ought not be self-contradictory; and some sources have more cash value than others (citing authorities in the field adds prestige and credibility, while an account that solely enlists non-academic references is likely to be dismissed or ignored). So while there may not be a single correct answer, or a craving for one, some answers are still plain wrong, in the sense that they are not regarded as valid additions to the conversation, at least for now, and for the foreseeable future.

We might say, then, that the aesthetic domain frequently seeks a kind of bounded plurality. It does not strive for absolute certainty or closure, but this does not mean that anything goes. At any time there are certain protocols in place that underwrite a process of continuous self-regulation, rendering contributions to the domain more or less acceptable.

The problem, of course, is the deep-seated disunity and tribalism in the domain. It only makes sense to speak of the practices and conventions in "the humanities" or "the aesthetic domain" when they are contrasted with opposing domains, especially the hard sciences. But even then there are likely to be glaring exceptions, and even descriptions pitched at a high level of abstraction tend to call out for qualification. For example, some corners of the humanities strive to model themselves on hard science, so that epistemological and methodological differences are not so severe.[60] At the same time, other corners of the humanities are highly skeptical of scientific rationality, and may even deliberately violate the ostensibly axiomatic rule that an argument ought not to be self-contradictory.[61] Clearly, it is hard to come up with meaningful accounts of *the* aesthetic domain that accommodate both of these extremes.

To the extent that it makes sense to think of aesthetics as a domain at all, then, it is one that is far from stable and uniform, and that is composed of many, and frequently conflicting, sub-domains. Such disciplinary borders are never given, of course, but can be drawn in a multitude of ways depending on one's purpose, for example by object of study (theater, literature), theoretical approach (semiotics, rhetorics), or politics (Marxism, feminism).

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[60] *See* Erlend Lavik, *Theory's Pyrrhic Victory*, *in* HUNTING HIGH AND LOW 526-28 (Karl Knapskog & Jan Fredrik Hovden eds., 2012).

[61] The "irrationality" of postmodernism has been endlessly debated. For critical accounts, see DAPHNE PATAI, THEORY'S EMPIRE: AN ANTHOLOGY OF DISSENT (2005); HERMAN RAPAPORT, THE THEORY MESS: DECONSTRUCTION IN ECLIPSE (2001). For more sympathetic accounts, see COLIN DAVIS, AFTER POSTSTRUCTURALISM (2004); GARY GUTTING, THINKING THE IMPOSSIBLE: FRENCH PHILOSOPHY SINCE 1960 (2011).

In general, the more finely detailed the classification, the more homogenous each sub-domain will appear (so, for example, the domain of "comparative literature" is likely to be less coherent and unified than the sub-domain "postcolonial studies of nineteenth-century British literature"). But at the same time there are practically always one or more subdomains that disagree on basic issues. For example, some traditions strive towards objectivity and seek to bracket personal opinion and politics; others think the pursuit of objectivity is deluding, hubristic, and political in itself. Some think of aesthetics as an autonomous domain that can be studied in relative isolation; others are interested primarily in how art and popular culture shape identities and ideologies. Some theories are descriptive; others are normative, or even activist. Some are bothered by these differences; others find them quite unstressful, perhaps even healthy and gratifying.

We might say, then, that it is possible to split the aesthetic domain into many specialized enclaves that, in isolation, are reasonably ordered, because the rules, conventions, values, predispositions, and criteria for success are quite widely known and well calibrated internally. But if we look at the aesthetic domain from a bird's eye view, it is readily apparent that the truisms, perspectives, and goals of the various territories are habitually thoroughly incompatible.

Moreover, the aesthetic domain lacks mechanisms to settle disputes because, unlike researchers in the hard sciences, humanities scholars do not necessarily deal with issues that can be decided once and for all by reference to evidence outside of human influence. As Mark Bauerlein observes, in the humanities there is no scientific method, no single standard to dependably filter out errors and misunderstandings until the correct explanation remains, so disciplinary norms and ideals tend to vary from scholar to scholar. Consequently, disagreements in humanities journals tend to play themselves out differently than in science journals. In the typical scenario:

> Someone writes an essay, another responds critically, then the first gets the last word, and no outside authority is called in to decide which one is right. When university presses receive two divergent reader's reports on a manuscript, the press solicits a third report on the manuscript, not a report on the merits of the previous reports. This is how disagreements in the humanities are staged: as contests of opinion, not determinations of truth.[62]

All things considered, then, there is not sufficient disciplinary consensus in aesthetics to provide legal certainty. If courts relied on the testimonies of

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[62] Mark Bauerlein, *Disagreements in the Humanities*, 15 KNOWLEDGE, TECH. & POL'Y 193 (2002).

authorities in the domain, there is good reason to think that they would find themselves continuously locked in expert battles.

But of course not all issues are equally epistemologically contentious, even in aesthetics. While absolute certainty and total agreement may often be either beyond reach or beside the point, some notions, ideas and explanations are "true" in the sense that they are held to be relatively uncontroversial across the various sub-domains. In the following, we examine more specifically the status of the key concepts of this article: originality and creativity. As in copyright law, the terms are closely related, but their denotations are nevertheless quite different in the aesthetic domain.

III. ORIGINALITY AND CREATIVITY: COPYRIGHT LAW VS. AESTHETICS

Because the proposals to raise the originality threshold effectively bring originality's meaning in copyright law more into line with how the term is used in aesthetics, we analyze in this Part the different conceptions of creativity and originality in copyright law (Part III.A) and in aesthetics (Part III.B). By drawing comparisons and making contrasts (Part III.C), we demonstrate that the meaning of the terms is more varied in aesthetics, and that originality comes most clearly into focus in the case of highly accomplished works. Here, however, the threshold is so high that it would exclude countless works that undoubtedly deserve copyright protection. We argue that aesthetics' maximum definition of originality and copyright's current minimum definition provide at least some fixed reference points, but that it is very difficult to get much traction when we try to fix a threshold somewhere in between these opposite poles.

A. Originality and Creativity in Copyright Law

In the context of copyright law, originality and creativity are fairly narrowly defined, although the two conceptions are, by legal definition, interrelated and thus hard to separate. Originality, as we have seen, relates to the requirement that the work was independently created and that it contains a modicum of creativity, a requirement that is easily satisfied in most cases (*supra* Part I). The condition of independent creation primarily concerns the work's point of origin, in the sense that it must not be copied from elsewhere, but emanate from the person or persons who created it. Inevitably, there will be borderline cases that challenge the distinction between originality and copying or plagiarism, but the point of origin condition is theoretically possible to detach from considerations of aesthetic merit, as the issue of whether or not a work was independently created is logically distinct from its cultural value.

The condition of creativity, on the other hand, is harder to separate from evaluation, for while originality concerns the work's point of origin, creativity has to do with the manner in which the work was brought into being, and this, in turn, constitutes it as a work of a certain kind. Before delving into the term's specifically legal meaning, it should be noted that we intuitively tend to transpose characteristics of the *process* of creation into the *product* of creation. To say of a work of authorship (as opposed to of its author) that it "is creative" or "displays creativity" is, strictly speaking, nonsensical, as inanimate artifacts lack the powers of imagination and cognition that creativity demands. Rather, such statements are metaphorical tokens of our deep-seated intuition that the process of creation somehow manifests itself in the finished work.

Since creativity tends to be considered as inherently valuable, and since we instinctively assume that it expresses itself in the work, it is hard to separate considerations of what constitutes a modicum of creativity in copyright law from sentiments about aesthetic merit. Indeed, in *Feist Publications Inc. v. Rural Telephone Service Co.* the creativity criterion is at times reminiscent of the non-obviousness doctrine in patent law. The decision to deny copyright to a white pages book of residential phone numbers arranged alphabetically by surname was based on a number of clearly value-laden observations. The court did not set out to define the modicum of creativity positively, but rather by negation. Thus it itemized the reasons why Rural's white pages listings failed to meet the minimum requirement: they are "entirely typical," "obvious," "commonplace," "garden-variety," "devoid of even the slightest trace of originality," and result from "an age-old practice, firmly rooted in tradition."[63]

In practice, however, the criterion is easily met, as evidenced by another telephone listing case. In *Key Publications v. Chinatown Today Publishing Enterprises*, the court found that the plaintiff's annual directories of businesses in New York City of interest to Chinese Americans were copyrightable.[64] In both *Feist* and *Key* the contents of the works consisted of facts, which are nonprotectable. But even though none of the component parts of a work are eligible for copyright protection, the way in which the underlying elements are combined may be, provided that their selection and arrangement is deemed creative.

In the *Feist* case, Rural's white pages did not satisfy the minimum requirement, however, as the court found that organizing data alphabetically was "mechanical" and "practically inevitable."[65] *Key Publications*, by contrast, grouped its selection of business names, addresses, and phone

[63] Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 362-63 (1991).
[64] Key Publ'ns, Inc. v. Chinatown Today Publ'g Enters., Inc., 945 F.2d 509 (1991).
[65] *Feist*, 499 U.S. at 362, 363.

numbers into descriptive categories. While this arrangement is entirely pragmatic, and hardly involves creativity in the everyday sense of the word, it does at least imply some exercise of judgment. This indicates how little creativity is called for to satisfy copyright law's modicum amount.[66]

B. Originality and Creativity in Aesthetics

Notions of originality and creativity in aesthetics are closer to those of patent law than copyright law, though their meanings are more fluctuating. This is no doubt partly because there is no requirement outside of the legal sphere to make a sharp distinction between original and non-original, creative and non-creative. Moreover, instead of applying the same either-or standard to all creative works, non-legal scholars can devise more fine-grained taxonomies depending on context and the nature of the work. Also, creativity exists in all walks of life, and has been studied extensively by scholars from several disciplines, such as psychology, biology, and sociology.[67]

A number of typologies have been proposed to distinguish between different forms and degrees of creativity.[68] One basic distinction pertinent to the present discussion is the one between Big-C Creativity and little-c creativity. The latter term refers to "everyday problem solving — how to revise a favorite recipe when one required spice is absent from the kitchen cabinet; how to plan a surprise party for a special someone when it requires that every one assemble simultaneously at an exotic locale."[69] It is this type of creativity that is most relevant for legal scholars, as it typically

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66 We might say that, in the *Feist* case, Rural's preparation of the information was so customary that anyone tasked with arranging the same data for public use would be likely to replicate the outcome exactly. By contrast, in order to arrive at their descriptive categories, *Key Publications* did not simply follow some self-evident, routine formula, but made certain choices and deliberations, however trivial. Other people tasked with creating such a directory would be highly unlikely to come up with identical categories. As such, the latter case might be said to express or reflect the personality of the author (however trivially). For a more detailed discussion of the creativity requirement in copyright law, see Katherine L. McDaniel & James Juo, *A Quantum of Originality in Copyright*, 8 CHI.-KENT J. INTELL. PROP. 169 (2009).

67 Scholarship on creativity has flourished in the past couple of decades. One estimate has it that some 10,000 papers, as well as hundreds of books, have been published on the topic since 1999. *See* THE CAMBRIDGE HANDBOOK OF CREATIVITY, at xiii (J.C. Kaufman & R.J. Sternberg eds., 2010).

68 For some basic distinctions, see Margaret A. Boden, *What Is Creativity*, *in* DIMENSIONS OF CREATIVITY 75 (Margaret A. Boden ed., 1994).

69 Dean Keith Simonton, *Creativity in Highly Eminent Individuals*, in THE CAMBRIDGE HANDBOOK OF CREATIVITY 174 (James C. Kaufman & Robert J. Sternberg eds., 2010).

centers on phenomena that resemble the borderline cases in copyright law: non-professional artistic efforts, or works that lie outside the province of aesthetics entirely.[70]

Aesthetics, however, has primarily been concerned with the Big-C variety, where creativity serves as a mark of distinction. Philosopher Berys Gaut's account is fairly typical. He offers a three-part definition of creativity: the work produced must be saliently new; it must have considerable value; and the making of it must involve flair.[71]

Sometimes creativity consists in combining a domain's familiar elements in new or unfamiliar ways. Other times, and far more rarely, it revolutionizes the domain. Typically, it is in such cases — when someone transforms the generative rules of the domain in a way that is sanctioned by the experts — that *originality* is introduced as the highest form of praise in aesthetics.[72] While change always bears some relation to what went before, it can be plausibly argued that artists like Marcel Duchamp, Arnold Schoenberg, James Joyce, and Jean-Luc Godard, while building on the work of others, were instrumental in bringing to light certain latent possibilities in their domains, thus opening up new avenues for other artists to explore.

While this has come to be the prototypical meaning of originality in aesthetics,[73] it is just one of several denotations. Many scholars have

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[70] Of course, while the Big C/little c dichotomy recognizes that creativity comes in various guises, it is still a rather crude distinction. Consequently, several scholars have offered more graduated categories. For example, Kaufman and Beghetto submit two additional levels: mini-c creativity, which is inherent to the learning process when children discover something for the first time; and Pro-c, which describes professional but routine efforts in a creative domain. *See* James C. Kaufman & Ronald A. Beghetto, *Beyond Big and Little: The Four C Model of Creativity*, 13 REV. GEN. PSYCHOL. 1 (2009).

[71] Berys Gaut, *Creativity and Imagination*, *in* THE CREATION OF ART: NEW ESSAYS IN PHILOSOPHICAL AESTHETICS 149-51 (Berys Gaut & Paisley Livingston eds., 2003). Notice that the condition that creativity must involve flair means that the criteria are stricter than in patent law. Gaut is not prepared to see Charles Goodyear's invention of the vulcanization of rubber as creative, since he arrived at it by adding to liquid rubber any substance he could think of until he came across one that was successful. Even though his invention was both valuable and new, it does not count as fully creative for Gaut, as it came about as a result of trial and error rather than flair.

[72] Dean Keith Simonton calls this highest level of creativity BOLDFACE-C Creativity. *See* Simonton, *supra* note 69, at 175.

[73] *See* for example Sharon Bailin, *On Originality*, 16 INTERCHANGE 9 (1985) (noting that it is in cases involving "a radical break with existing frameworks that originality seems most striking, and it is such cases that frequently serve as the model for discussions of originality").

sought to delineate the concept's various shades of meaning,[74] but for our purposes one basic distinction that most commentators have made will suffice. To clarify the relationship between the term's function in aesthetics and in copyright law, we can sort these more finespun categories into two main types. On the one hand are those meanings that designate an empirical fact about authorship. Originality in this sense includes the definition familiar from copyright law, as a point of origin,[75] where the term's antonym is copy. In the aesthetic realm, however, this side of the equation includes a number of related antonyms as well, like forgery, plagiarism, and inauthenticity. These terms may intersect with copyright issues in various and complex ways, though important distinctions are often conflated in the legal realm. Marilyn Randall, for example, insists that there is a difference between plagiarism and copyright, as they "invoke two different realms — the deontic and judicial, respectively . . . ."[76]

To the extent that originality's historical-empirical meanings are relevant in the humanities, it is typically in cases involving renowned artists. Often, though, they are construed as peripheral in humanistic investigations of originality. Thus, Sharon Bailin notes that while all works exhibit originality in the sense that they are necessarily distinctive products of

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74 For a helpful overview of various meanings of originality, see Francis N. Sibley, *Originality and Value*, 25 BRIT. J. OF AESTHETICS 169 (1985); *see also* John Hoaglund, *Originality and Aesthetic Value*, 16 BRIT. J. OF AESTHETICS 46 (1976).

75 Sibley's second category, for example, is defined as follows: "[S]omething is original if, though possibly qualitatively identical with another production even in relevant respects, it was the producer's own invention and produced in ignorance of each other." *Supra* note 74, at 170. This is clearly reminiscent of Judge Learned Hand's famous clarification that ties copyrightability to independent creation:

> Borrowed the work must indeed not be, for a plagiarist is not himself pro tanto an 'author'; but if by some magic a man who had never known it were to compose anew Keats's Ode on a Grecian Urn, he would be an 'author', and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats's.

Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 54 (2d Cir. 1936). This hypothetical example is highly contrived, of course. As we have seen, duplicate independent invention is common in patent law, but not in aesthetics.

76 MARILYN RANDALL, PRAGMATIC PLAGIARISM. AUTHORSHIP, PROFIT, AND POWER 76 (2001). As plagiarism usurps authorship credit, irrespective of whether or not a work is (still) protected by copyright, she points out that "one can be guilty of plagiarism without falling foul of the law, and suffer important sanctions outside of the courts. Often, of course, the two 'crimes' are indistinguishable, and the same misappropriation can be subject to both legal and ethical sanctions. The point is that while plagiarism and infringement of copyright sometimes coincide, they are not the same phenomenon, nor do they have the same historical development." *Id.* at 77-78.

someone's imagination, "it certainly seems to be more than mere spatio-temporal uniqueness or individual execution that is being asserted in claims to originality of works of art. Indeed, the ascription of originality is used as a means to distinguish among works, and so cannot, in this sense, be something equally manifested in all works."[77]

In aesthetics, then, originality is not principally a matter of settling an historical fact of authorial conception. Rather, it designates a property of artworks, which derive from their divergence from previous works. At this point, two qualifications are routinely made. First, complete originality is impossible.[78] It always bears — or must bear, to be legitimate or meaningful — some relation to previous works or traditions. As David

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[77] Bailin, *supra* note 73, at 13. Sibley, meanwhile, ignores the concept's meaning in phrases such as "an original Rembrandt," and disregards all uses where it is synonymous with "first" or "prototype," as in "the original Model T Ford." Nor is he concerned with questions of the value of copies in relation to originals, which is another much-debated issue in aesthetics. Sibley, *supra* note 74, at 170.

[78] The most famous and radical assault on Romantic notions of originality came from poststructuralist thinkers Julia Kristeva and Roland Barthes, who developed theories about intertextuality in the late 1960s. The term was coined by Kristeva in *Bakhtine, le mot, le dialogue et le roman*, which was published in *Critique* in April 1967. This essay, as well as some of her other key texts on intertextuality, can be found in English in *Desire in Language: a Semiotic Approach to Literature and Art* (1980). Barthes's notion of intertextuality is most explicitly formulated in *Theory of the Text*, originally an entry in the *Encyclopedia Universalis* from 1973. For the text, see UNTYING THE TEXT: A POST-STRUCTURALIST READER (Robert Young ed., 1981). Intertextuality is a highly complex term, and in the work of Kristeva and Barthes it enters into much broader political-philosophical projects. The part of their theory that is relevant for the present discussion, however — the observation that all texts are compiled from chunks of previous texts — was far from novel (and, indeed, Kristeva draws on the earlier work of Mikhail Bakhtin). Certainly, the idea is easily found in previous discussions of originality. For example, in 1927 Daniel Gregory Mason wrote that "Lowell's definition of originality seems in the light of these considerations a good one. 'The notion of an absolute originality,' he says, 'as if one could have a patent right in it, is an absurdity. A man cannot escape in thought, any more than he can in language, from the past and the present. As no one ever invents a word, and yet language somehow grows by general contribution and necessity, so it is with thought . . . . Originality consists in power of digesting and assimilating thoughts, so that they become part of our life and substance.'" *See* Daniel Gregory Mason, *Artistic Ideals IV. Originality*, 13 MUSICAL Q. 9 (1927). Mark Twain, meanwhile, wrote in a letter from 1903 that:

> The kernel, the soul — let us go further and say the substance, the bulk, the actual and valuable material of all human utterances — is plagiarism. For substantially all ideas are second-hand, consciously and unconsciously drawn from a million outside sources, and daily used by the garnerer with

Hare observes: "Pure originality belongs to the child and to the insane. Adult originality is based on limits."[79] Second, then, not just any divergence from prior art will do. As with Big-C Creativity, original works must be different in relevant respects. Which differences count must be settled on a case-by-case basis: "A dress or a car made exactly like another except, respectively, for size or colour will not count as original designs. A theory giving the same explanation of a phenomenon as an earlier but differently worded theory lacks the originality under consideration. Yet obviously, in other cases, size, colour, or wording might be relevant indeed."[80]

This is where the experts come in, which brings us back to the holistic and systemic nature of the aesthetic domain. As we have seen, critics and commentators serve an important function in that they keep a fruitful conversation about art going. Their continuous effort to classify, historicize, and evaluate confers meaning and significance upon works of art, and ensures that they do not exist in a vacuum. Identifying salient originality — i.e., contending that a work, or part of a work, is novel or different in some aesthetically relevant sense — is usually akin to paying it a compliment. For Paul Crowther, for example, an original work "is one which, in its particular configuration, goes beyond customary levels of accomplishment."[81] Consequently, in aesthetics originality is principally an evaluative label applied to works that are inventive or unusual in some aesthetically interesting way. The opposite of originality in this sense, then, is not *copied*, but *conventional* or *cliché*.[82]

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a pride and satisfaction born of the superstition that he originated them . . ..

Letter from Mark Twain to Helen Keller (Mar. 17, 1903), *quoted in* SIVA VAIDHYANATHAN, COPYRIGHTS AND COPYWRONGS. THE RISE OF INTELLECTUAL PROPERTY AND HOW IT THREATENS CREATIVITY 64 (2001). The basic idea was even expressed in legal rulings on copyright law in the 19th century. In 1845, Justice Story observed that: "In truth, in literature, in science and in art, there are, and can be, few, if any, things, which, in an 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." Emerson v. Davies, 8 F. Cas. 615, 619 (C.C.D. Mass. 1845) (No. 4,436).

79 David Hare, *The Myth of Originality in Contemporary Art*, 24 ART J. 139, 140 (1964).

80 Sibley, *supra* note 74, at 170.

81 Paul Crowther, *Creativity and Originality in Art*, 31 BRIT. J. OF AESTHETICS 301, 304 (1991).

82 *See also* Sibley, *supra* note 74, at 173 ("The contrast is with works which differ, but not appreciably, from what has gone before; which have a close affinity or resemblance to previous work, no notable individuality, are stereotypes, predictable, routine, follow a formula, are all of a kind, mere modifications, even rehashes, etc."); Bruce Vermazen, *The Aesthetic Value of Originality*,

It should be noted, though, that originality — as an aesthetic value — does not exist independently. A work is always original *in some respect*, and unless it is independently aesthetically valuable in this other respect, the domain is unlikely to pay tribute to its originality. As Bruce Vermazen puts it: "The aesthetic goodness of an original work, its other valuable aspects aside, seems to come from the goodness of the original property (a goodness it has even in later cases, where it has no claim to novelty [i.e., after other artists have begun adopting the property in their own work]) and not from originality *per se*."[83]

Generally, originality is more frequently invoked as a term of praise in practical criticism than in purely theoretical and philosophical explorations of the concept. The former, after all, typically focuses on a single work (or a relatively small group of works), and is frequently geared towards the attribution of value. The latter, on the other hand, is geared towards exploring originality's ontological status, which involves making finer distinctions and unpacking the concept's complexities and contradictions. Thus, especially in the twentieth and twenty-first centuries, theoretical investigations tend, as we have seen, to challenge and deconstruct both the impulse to equate originality with newness and with artistic merit.[84]

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16 MIDWEST STUDIES IN PHIL. 266, 268 (1991) ("[Originality's] counterpoise is derivativeness or rule-governedness.").

[83] Vermazen, *supra* note 82, at 272. For some finer distinctions on this point, see Christopher Bartel, *Originality and Value*, 10 HERMENEIA 66 (2010). We might say that highly original works — i.e., those works that, in Bartel's words, broaden the domain's "functional scope" (*id.* at 74) — sometimes introduce new criteria by which to assess art. Of course, it may take time for critics to come up with new analytical, interpretive, and evaluative frameworks that accommodate and appreciate the novelty — probably one reason why groundbreaking artworks sometimes go unrecognized in their creators' lifetime. Here we can certainly speak of novelty but, once again, it is hardly created from nothing. As Bailin writes, even highly innovative artworks have a history:

> Even works that break some of the rules of an existing framework will still adhere to many of them and will, thus, have numerous connections with that framework. Such new works are not simply manifestations of arbitrary novelty but have grown out of attempts to grapple with certain problems, and their value is connected, partly at least, with the defining of these new problems as well as with the attempts at solving them.

Bailin, *supra* note 73, at 10.

[84] Many others have sought to refine common presumptions about originality as the highest form of artistic achievement. David Hare for example, writes that "[Painter Arshile] Gorky's was not as original as the work of [Jackson] Pollock, but much more interestingly so, since Gorky became original in the face of art history, which he loved. Pollock became so at a time when he spit in the face of art history. Pollack's [sic] was an easier originality since it attempted to surpass the hero through negation, while Gorky's attempted to surpass it through understanding, a more difficult task." Hare, *supra*

R.G. Collingwood summed up both arguments bluntly in 1938: "Originality in art, meaning lack of resemblance to anything that has been done before, is sometimes nowadays regarded as an aesthetic merit. This, of course, is absurd";[85] and: "All artists have modeled their style upon that of others, used subjects that others have used, and treated them as others have treated them already. A work of art so constructed is a work of collaboration."[86]

Now that we have outlined notions of creativity and originality in law and in aesthetics, we must ask a two-step question: First, how can we sum up and make sense of the differences? And, second, how does this analysis bear upon the effort to limit the amount of works that fall within copyright's subject matter definition by raising the originality threshold?

C. Comparisons and Consequences

There is a basic similarity between the legal and aesthetic conceptions, as both make a rough distinction between "a work's being *an* original and a work's being *original*."[87] The former meaning is largely non-evaluative[88] and refers to an historical-empirical fact, while the latter is largely evaluative[89] and refers to a work's degree of difference from previous art. Originality is more narrowly (more technically, we might say) defined in copyright law, as — rather counter-intuitively for non-legal scholars — it is only used in the former sense, i.e., as designating works that are not copies of other works (there is also, of course, the modicum of creativity requirement, though in practice that is so easily satisfied that it is

note 79, at 140. Bailin makes a similar point in relation to Bach, whose compositions do not break free of constraints, but is rather a form of "originality within constraints — achieved through a striking use of existing elements and an exploration of their complexity." Bailin, *supra* note 73, at 13.

85 Robin George Collingwood, The Principles of Art 43 (1938).

86 *Id.* at 318.

87 Bartel, *supra* note 83, at 70.

88 It is not quite so straightforward, of course. The question of a work's history, which in itself is non-evaluative, may still have some bearing on its evaluation. For example, the manner in which it was brought into being, or the reputation of its creator, may influence its worth (both in an economic and an aesthetic sense). *See also* Bartel, *supra* note 83, at 69.

89 Typologies of originality in aesthetics typically include a distinction between evaluative and non-evaluative uses of originality *within* the originality-as-difference definition (*see, e.g.*, Sibley, *supra* note 74, at 170). For the purposes of the present discussion, though, this is basically a matter of separating works that are new in aesthetically salient ways from works that are new in aesthetically non-salient ways. Essentially, this corresponds to a distinction between true originality (the core meaning of originality in aesthetics) and mere novelty (a peripheral meaning that tends to be mentioned in passing purely to complete the typology).

not really relevant for our discussion of aesthetic works). In aesthetics, by contrast, originality has a much broader set of meanings, as it serves as a foil both for works that are copies and for works that are conventional.

Also, both in copyright law and in aesthetics, originality is closely tied to creativity. As we have seen, to qualify for copyright protection, a work must contain a modicum of creativity, whereas in the aesthetic domain, the core meaning of originality can be defined, in Crowther's words, as "the creative factor in a highly successful artifact which cannot be arrived at merely by the logical extension of existing ideas."[90] Bartel offers an analogous argument to the one we make here: "[W]hen taken evaluatively, 'originality' is usually concerned with some act of creativity; and when taken non-evaluatively, 'originality' is usually taken to be an issue of authenticity."[91]

The main difference — which makes all the difference — is that originality's definition in copyright law is heavily slanted towards the little-c pole of the creativity continuum (and seems regularly to concern works that creativity scholars would likely deem too trivial to qualify even for this category), whereas aesthetics is mostly oriented towards the Big-C variety. Of course, the concept enjoys greater elasticity in the aesthetic domain, not least in practical criticism, where it may serve as a loose synonym for "refreshing." Still, even if originality in aesthetics is a highly flexible term, "the evaluative use of 'original' only makes sense if we take it to be making a strong claim about the work: all works of art are the result of some creative activity, in a weak sense, but this obviously cannot be what is meant when 'original' is being used as a term of praise."[92] This need not entail Big-C Creativity, though that, it seems fair to say, would be the prototypical meaning of originality in aesthetics.

The important point here is that it is far more feasible — though by no means straightforward — to arrive at fairly explicit, consistent, and intelligible notions of what originality is when the concept is defined in relation to the outer limits of creativity, because the extreme poles on the continuum provide at least some points of reference. Thus copyright law strives to establish a *minimum* level of creativity required for protection by way of a negative definition. As we have seen, *Feist* does not describe

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[90] Crowther, *supra* note 81, at 303.

[91] Bartel *supra* note 83, at 69. Note, however, that authenticity, just like originality, contains an ambiguity. On the one hand, it can refer to a fact about a work's origination, which is how Bartel uses it (as in "*x* is a Picasso," as he specifies). On the other hand, it can refer to an elusive — and predominantly evaluative — quality that inheres in the work. In this sense, authenticity has to do with truthful self-expression, i.e., with the degree to which the artist's honesty or integrity manifests itself in the work.

[92] Bartel, *supra* note 83, at 70.

creativity as such, but arrives at a cutoff point by specifying how a work may fall short of the modicum amount if it is too commonplace.[93]

In aesthetics, meanwhile, originality is defined positively, in relation to considerable creative efforts, and the concept comes most sharply into focus when it is aligned with *maximum* levels of creativity. Prototypical instances of originality unearth new possibilities for others to explore and thus are, as Bartel points out, "a sort of origin," since they represent "the first clear exhibition of some idea, the repetition of which does not quickly exhaust its utility, but rather provides a new direction for future works."[94] He narrows down the term's meaning in this strong sense further by contrasting the originality of John Coltrane's work to the novelty of Damien Hirst's.

Coltrane's improvisational saxophone style displayed originality in its use of modal harmonic phrasing, creating "the freedom to imply greater harmonic variety than might be available in a tune's harmonic structure." This was more than mere novelty: "it was a contribution to jazz improvisation rich enough to inspire other performers to take up his technique and use it with further great effect."[95] Aesthetically novel works, by contrast — like Hurst's *Away from the Flock*, which consisted of a sheep in a tank of formaldehyde — are more specific, and unlikely to get much mileage. Bartel stresses that such a work may contain interesting ideas, but also that "whatever value it has as an innovation, it is the passing value of an idea whose realisability is quickly exhausted, whose functional scope is limited to just that very work (or, Hirst's case, a set of works towards that end)."[96]

Wedding originality to a combination of artistic achievement and historical influence in this manner throws the concept into sharp relief. But at the same time, it means that originality may be difficult to recognize instantly. To be sure, some works make an immediate impact in their domain, but just as often artistic significance is something that fades into view and becomes apparent retrospectively. From a legal perspective, it

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93 Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 362-63 (1991) (stating that "[t]he selection and arrangement of facts cannot be so mechanical or routine as to require no creativity whatsoever," holding however that Rural's white pages were "entirely typical" and "could not have been more obvious," because arranging names alphabetically "is an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course").

94 Bartel, *supra* note 83, at 74.

95 *Id.* at 74.

96 *Id.* at 74-75.

would not be beneficial to adopt an originality criterion whose objectivity only emerges with the benefit of hindsight.[97]

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[97] Bartel states that his definition of originality is not limited to works that actually force further developments. It is enough that we are able to recognize that a work "*may* be, or perhaps *ought* to be [the inspiration for future work]." *Id.* at 74. However, it is highly unlikely that we would be able to pronounce such works — i.e. works that are hypothetically influential — original with the same confidence as those that have, in fact, left their mark on the domain. Also, to fully understand why some works are elevated instead of others, we must acknowledge that chance plays a part. Csikszentmihaly notes that, when he asked highly creative and recognized individuals to explain their success, "one of the most frequent answers — perhaps the most frequent one — was that they were lucky. Being in the right place at the right time is an almost universal explanation." CSIKSZENTMIHALYI, *supra* note 22, at 46. One highly successful artist "admitted ruefully that there could be at least a thousand artists as good as he is — yet they are unknown and their work is unappreciated. The one difference between him and the rest, he said, was that years back he met at a party a man with whom he had a few drinks. They hit it off and became friends. The man eventually became a successful art dealer who did his best to push his friend's work. One thing led to another: A rich collector began to buy the artist's work, critics started paying attention, a large museum added one of his works to its permanent collection. And once the artist became successful, the field discovered his creativity." *Id.* at 46. While the inherent worthiness of highly acclaimed artworks appears self-evident once it has been established, the discovery of their superiority over other works is inevitable largely in the tautological sense that — when it comes to aesthetic value — history is always right. The most authoritative and accurate yardstick for artistic merit is the domain's (admittedly hardly unanimous) verdict at any given moment. The critical consensus, such that it exists, cannot fail to be accurate, for the aesthetic value of an artwork is necessarily made up of all *actualized* responses to it, not all *possible* responses. The works considered to be masterpieces are those that are seen to provide the most rewarding experiences, yield the most interesting interpretations, and exert the most influence. But such determinations are not based on absolutes. For example, the discovery of lost works, or of plagiarism, or the emergence of new interpretive and evaluative frameworks, or disputes over who gets to decide what is valuable in the first place, may affect the judgment. Obviously, the common consensus is rarely, if ever, radically transformed, but certain adjustments take place very gradually over time. And, of course, to say that any snapshot in time reflects the actual value of artworks is not to say that value is assigned completely arbitrarily. All artworks are not equally capable of generating the same quantity and quality of critical response. Value is an upshot both of the intrinsic properties of artworks and historical contingencies. To recognize that the aesthetic hierarchy could have been different is not to suggest that it could take any form whatsoever. It merely implies that we have no way of knowing whether or not the canon provides a "true" historical record of aesthetic worth that is independent of all the things we have said, written, and thought about the works of which it consists.

But in practice all of this is irrelevant to copyright law, for the effort to raise the originality threshold simply does not concern works situated towards the high end of the continuum we have described. This fact is oddly suppressed in the literature proposing to limit the subject matter definition. On the one hand, the authors invoke a rather grandiose rhetoric that seems to suggest that the bid to set the bar higher is going to yield more great art: Ryan Littrell recommends "restricting the realm of propertized works to those that are truly original," for this would "reinvigorate the public domain" and "foster the flourishing of the arts."[98] Parchomovsky and Stein note that: "If society wishes to encourage authors to produce highly original works and not settle for the bare minimum necessary to secure protection, it must reflect this preference in the design of the law."[99] Miller, meanwhile, proposes to limit protection to expressions that are "demonstrably atypical or unconventional in some respect, compared to common expression that dominated the genre when the author authored the work."[100] This "focus[es] copyright's protection on those who succeed by taking the greater risk of investing in unconventional, unorthodox expression. These boundary-breaking creators, dissenters of a sort, do more to foster progress . . . . They are the worthier claimants to copyright's protective power."[101]

On the other hand, the limit cases called upon to indicate the whereabouts and the implications of the new threshold are hardly relevant to the flourishing of art, and they barely even belong in the realm of aesthetics. Miller mentions three cases where the new originality criterion of nonobviousness could be put to good use: the first concerns Chinese restaurant menus, the second management training workbooks, and the third a CT scan photo of a rubber duck squeak toy. Clearly, the intention is not to raise the bar by a lot. The problem with this, as we have been at pains to demonstrate, is that originality is much easier to recognize and to delimit at the top and bottom of the cultural pyramid. It is extremely difficult to get any kind of traction when we try to fix a boundary somewhere in the middle.

Moreover, the aesthetic domain is simply not geared towards establishing a negative cutoff point, and so is unlikely to provide any guidelines for copyright scholars. Studies of originality tend to home in on the upper

98 Littrell, *supra* note 11, at 225-26.

99 Parchomovsky & Stein, *supra* note 3, at 1517. As we have noted previously, this proposal is different in that Parchomovsky and Stein's proposal does not involve raising the threshold, but rather adjusts the level of protection to a work's level of originality. But as we will see, this recommendation runs into a related set of problems.

100 Miller, *supra* note 2, at 486.

101 *Id.* at 494-95.

echelons of the cultural hierarchy and, to be sure, at the very top there is widespread agreement, so the concept's meaning is suitably distinct and stable. It seems virtually inconceivable, for example, that Picasso's *Guernica* or Joyce's *Ulysses* are going to lose their status as groundbreaking masterpieces. But the vast majority of works tends to be treated more offhandedly in studies of artistic originality. There is no particular need to define non-original, non-obvious art carefully, so it largely serves as a kind of undifferentiated leftover category, or as the all-purpose background from which truly original efforts stand out.

This means that, from the point of view of aesthetics, it makes perfect sense to say that most standard fare — the bulk of Hollywood romantic comedies, say, or any number of detective novels — is wholly unoriginal and obvious. From a legal perspective, however, raising the threshold to this level would be highly controversial, to say the least, as it would deny copyright protection to countless works that probably no one wishes to exclude.[102] If non-obviousness — framed, as Miller puts it, "as the degree of departure from orthodoxy" — were to be introduced as a criterion for copyright protection, then surely works of fine and popular art would have to be treated as special categories, exempt from this kind of legal analysis.

That would throw up a whole set of new problems, however. For one thing, it would require courts to make additional distinctions that are hugely problematic. Obviously, it is far from easy to decide which works "actually" belong in the realm of aesthetics and which do not. Certainly, it seems peculiar to grant copyright protection to trivialities like emails or absentminded doodles. But what about the private correspondence between two great authors that might be of literary or historical value? What if a famous painter did the napkin drawing? What about all the artists who, following in the footsteps of Marcel Duchamp's *Fountain*, seek through their work to challenge the notion that we can, or should, separate art from non-art. Should we also distinguish those works that happen to have been sanctioned by the "artworld" from those that have not? Or differentiate between professional and amateur efforts? Should the creative intention of the creator — which is notoriously hard to verify — be part of the examination?

It is not necessarily futile to speculate about these matters, but it makes more sense to do it in the aesthetic domain, where there is less pressure to draw clear-cut boundaries, and where the analyses carry less severe consequences for creators and creative practices. To introduce such deliberations into copyright law's subject matter definition would seem to create far more problems than it solves.

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102 There are of course those who want to abolish copyright law itself, but that is a whole other matter, and not pertinent to the present discussion.

Despite all this, there is a slight possibility that a higher originality threshold based on the non-obviousness criterion is viable even in the mid-range area, but *only for similar kinds of works*. How similar they would have to be, and in what respect, is hard to specify, of course. No doubt, basic categories like "literature," "film," or "computer games" would be far too general, as each heading comprises works so unalike that it would make no sense to compare their level of (non)conventionality. Genre classifications, though, would be more useful. Terms like "western film," "fantasy novel," or "first-person shooter game" — or, more pertinently: "restaurant menu" or "automobile advertisement" — single out a more restricted, coherent, and relevant background that offer at least some footing in the struggle to establish what counts as non-obvious. Eventually, it is conceivable that courts, relying on expert testimony, could arrive at moderately consistent and predictable rulings — not because objective standards are available, but rather because over time a certain consensus might surface through legal precedent.[103] Having said that, expert opinions tend to be notoriously manipulable and for that reason judges may well be anxious to rely on such testimony in legal proceedings.

There are a number of other problems with this approach, too. First, while the new non-obviousness standard would have to appeal to credible arguments, there is clearly considerable room for interpretation. The key question is: How strictly or literally should we take the requirement that a work must deviate from orthodox expression, and which features of the work should we take into account?[104] Once again, we are not suggesting

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[103] Obviously, we are hardly overly confident that this would work in practice. As we have seen, it has proven difficult to bring about consistent legal precedent even in the more structured domain of patent law. Benjamin H. Graf, who has conducted interviews with patent examiners, concludes that "each determination is unique to its examiner (or judge) and the invention in question." Graf, *supra* note 50, at 596. As we have explained, we believe that it will be more difficult to establish dependable precedent in the less orderly domain of copyright. It might well be possible to improve the current system, however. Graf suggests creating a publicly accessible database of previous non-obviousness determinations which would be persuasive but not binding on examiners. "Over time," he writes, "the system would improve by feeding itself more and more consistent precedent." *Id.* at 599.

[104] This is not at all self-evident. Steven Spielberg's *Jaws* (1975) — while not a film that anyone would consider ineligible for copyright protection — is a case in point. In the wake of the film's exceptional commercial success it has come to be seen as a watershed moment in Hollywood history, prompting a shift from the unorthodox, art cinema-inspired films of the so-called New Hollywood to the blockbuster era. However, by customary aesthetic criteria it is quite conventional. For example, it is filmed in the classical Hollywood style, and the narrative is very much a modern version of Henrik Ibsen's 1882 play *An Enemy of the People*. The film's novelty lay in how it fused the marketing strategies and the generic framework of the culturally

that one answer would do as well as any other, but even after nonsensical and improbable options have been eliminated, we would still be left with highly incompatible, yet intellectually legitimate, lines of reasoning. In other words, the decision of how high or low to set the new bar for originality/non-obviousness comes with a fair amount of leeway. It is not merely a matter of discovering the inherent unconventionality of a work; the firmness of the threshold must, to a large extent, be willed into existence in due course. Expert opinion will no doubt diverge, offering courts little steadfast guidance. The initial stage is thus likely to be highly confusing, before legal precedent — hopefully — provides adequate stability and predictability.

But even if this obstacle should turn out to be surmountable, a larger problem yet looms on the horizon. This is the problem of taste, which we will deal with in the next Part. As we have seen, the rationale for raising the originality threshold is to cultivate truly valuable expression, and to exclude works that do not really merit copyright protection. Moreover, in the cultural domain, originality (defined as non-obviousness) is inextricably bound up with aesthetic quality. There can be no doubt that raising the bar makes evaluation, and hence taste, much more of an issue than it is today in copyright law.

IV. THE (REAL) PROBLEM OF TASTE

As the motive for raising the originality threshold is precisely to foster the flourishing of the arts, the problem of taste inevitably becomes an issue. Discussing the difficulty of aesthetic evaluation in legal decision-making (Part IV.A), we assert that, contrary to common perception, the subjective nature of aesthetic evaluation does not make it either harder or easier to settle on a consistent and predictable originality standard, but the higher the threshold is set, the more difficult will it be to provide justification for its exact location. Since aesthetic preferences are not random but correlated to factors such as class, gender, and age (Part IV.B), and be-

reviled exploitation cinema of the post-war period (*Jaws* is essentially a horror story with the shark cast as the monster) with the production values of a studio feature. This is certainly a kind of non-obviousness, but one that is trickier to recognize and relate to traditional debates about aesthetic originality. It could even be said that *Jaws* opened up new avenues for others to explore, but many film scholars would argue that it ultimately — and in light of the present discussion, paradoxically — represented a return to, or even an intensification, of highly formulaic filmmaking conventions, namely so-called high concept cinema. *See* Justin Wyatt, HIGH CONCEPT: MOVIES AND MARKETING IN HOLLYWOOD (1994). For a discussion of contrasting accounts of *Jaws*'s legacy, see Erlend Lavik, *"Not the Obstacle but the Means": Film History and the Postmodern Challenge*, 13 RETHINKING HIST.: J. THEORY & PRAC. 371 (2009).

cause of the function aesthetic works serve in democratic societies (Part IV.C), we argue that it would be unwise to grant courts the authority to award or deny protection on the basis of higher degrees of originality. The current standard, by contrast, is so low that we would hardly say that judges presently engage in aesthetic evaluation and, hence, discrimination (even though some might appear in infringement analyses).

A. Aesthetic Evaluation in Legal Decision-Making

Courts themselves have repeatedly warned against the dangers of opening the door to aesthetic evaluation.[105] We agree that there are good reasons to strive to minimize considerations of artistic merit in legal rulings, even if we find that the reasons offered — first, that courts lack the required competency to make sound artistic judgments and, second, that aesthetics is subjective — fail to get to the heart of the matter. As we have strived to demonstrate, there simply is not much critical consensus on aes-

[105] The most widely cited admonition appeared in *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251-52 (1903) ("It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits."). *See also* Mazer v. Stein, 347 U.S. 201, 214 (1954) ("Individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art."); Esquire, Inc. v. Ringer, 591 F.2d 796, 805 (D.C. Cir. 1978) ("Neither the Constitution nor the Copyright Act authorizes the Copyright Office or the federal judiciary to serve as arbiters of national taste. These officials have no particular competence to assess the merits of one genre of art relative to another."); Bucklew v. Hawkins, Ash, Baptie & Co., 329 F.3d 923, 929 (7th Cir. 2003) ("That undemanding requirement [i.e. originality] is satisfied in this case; any more demanding requirement would be burdensome to enforce and would involve judges in making aesthetic judgments, which few judges are competent to make."). Responses to a proposed adjustment of the copyright law in the 1960s voiced the same concern. When a report by the Register of Copyright from May 1961 recommended that a revised standard "should mention that any work, in order to be copyrightable, must be fixed in some tangible form and must represent the product of original creative authorship," HOUSE COMM. ON THE JUDICIARY, 87TH CONG., REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S COPYRIGHT LAW, PT. 1, at 10 (Comm. Print 1961), *quoted in* Amy B. Cohen, *Copyright Law and the Myth of Objectivity: The Idea-Expression Dichotomy and the Inevitability of Artistic Value Judgments*, 66 IND. L.J. 175, 180 n.30 (1990), commentators were overwhelmingly against the insertion of the word "creative," due to worries that it would make copyright protection dependent on subjective evaluations of artistic merit. One stated that "If courts were required to provide a definition for [creativity], a wide range of criteria could develop depending upon the personal tastes of particular judges," *quoted in id.* at 181 n.30, while the Writers Guild of America noted that: "The word 'creative' is subject to too many interpretations." *Quoted in id.*

thetic originality and merit, except when it comes to the very highest achievements (and even then, agreement is often not instantaneous, but tends to consolidate over time).

Thus, it is not clear that it would solve anything if judges *were* trained art critics. Admittedly, it would not be advisable to try to establish a new originality threshold somewhere in the mid-range area without any knowledge whatsoever about aesthetics. But it is also misguided to think that greater aesthetic expertise automatically generates more sure-footed, coherent, and predictable verdicts. Indeed, the most sophisticated historical and philosophical studies of aesthetic judgment often complicate matters more than clarify them; they regularly seek to challenge, rather than obtain, certainty; and their conclusions tend to be tentative and provisional, highlighting the contingencies upon which apparent certitudes rest.

The second reason why courts are unwilling to deal with questions of merit hits closer to the mark. It is true that aesthetics is inherently subjective,[106] but the real problem is not that this would free judges to make decisions based on personal taste. In fact, it is not at all obvious that aesthetics pose unique problems in the legal sphere in this respect. There are many areas of law with considerable room for interpretation where judges are liable to have strong personal opinions.[107] This does not, however,

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106 The most influential account of the objectivity of aesthetic judgments is Immanuel Kant's *Critique of Judgment* from 1790. But as Nöel Carroll has pointed out, Kant's so-called subjective universals are judgments "made on the basis of what everyone has in common — cognitive and perceptual faculties; the understanding and the imagination — without the interference of any idiosyncratic interests." *See* NÖEL CARROLL, A PHILOSOPHY OF MASS ART 92 (1998). For an object to evoke the same sense of beauty in everyone, we must factor out all interests that might put individuals' judgments at variance. In practice, that means focusing our attention strictly on the form of the object rather than on its content. The emotional and sensuous pleasures that an object stirs up, as well as any political or philosophical ideas it may suggest, must be set aside. From a modern-day vantage point this is a highly circumscribed vision of aesthetic value. But we must keep in mind that Kant was putting forward a metaphysical account of different forms of judgment, and not a theory of art. Of course, elements of his work have later on been extrapolated into such theories, especially of the formalist variety, which in turn have often been criticized for sealing off art from everyday life by insisting that art exists for its own sake and not for some utilitarian purpose. But Kant clearly recognized that in regard to what is pleasurable — which, it seems fair to say, is a key component of contemporary aesthetics, as we do not tend to make such sharp distinctions between form and content — everyone has their own tastes.

107 *See* Andrei Marmor, Varieties of Vagueness in the Law 3, 18 (2012) (University of Southern California Legal Studies Working Paper Series, Working Paper 89), *available at* http://law.bepress.com/usclwps-lss/art89, giving various examples where the law uses "words that seem to be obviously very

mean that judges can decide cases purely on a whim, since legal precedent imposes certain limits. As we have intimated, an effort to raise the originality threshold somewhat would probably lead to some uncertainty at first, but there is little reason to think that the introduction of a stricter originality standard would plunge copyright law into pure anarchy (provided, as we have suggested, the same analysis concerns works that belong in the same category).

Strictly speaking, the objectivity of a merit-based originality standard does not depend on conformity of taste, but on the degree to which we can come up with useful criteria in the decision-making process. The prospects are hard to assess in advance, but our intuition is that it seems easier for courts to arrive at, and to explain, their rulings when the threshold is either extremely high or low, and that it would call for different standards for different kinds of works (which in turn would require courts to make other difficult distinctions). If, for example, we decided to adopt Miller's proposed originality criterion — "the degree of departure from orthodoxy" — and applied it equally rigorously to all works that currently belong to the domain of copyright, we might end up protecting unconventional emails, but not standard novels, sculptures, paintings, or films that stay faithful to generic conventions.

But these are practical challenges that have nothing to do with the diversity of aesthetic preferences. In theory, a multiplicity of tastes — in society and in courtrooms — can coexist with legal certainty. That, as Justice Holmes put it, "the religion of taste is polytheistic"[108] only poses a

vague, even extravagantly so" and that require legal interpretation, including "reasonable care," "due process," "neglect," "unconscionable," considerations of "equity," protection of "privacy" and so forth. Although Marmor found few "contestable evaluative concepts that admit of conflicting conceptions" in statutory language, he names the frequent use of the term "reasonable" as one notable exception. He observes: "People can have different and incompatible conceptions of what reasonableness consists of in various contexts." *Id.* at 18. Nevertheless he admits that the contestability of the term is somewhat misleading: "'Reasonable' in law usually designates the application of an objective standard to the issue at hand, meaning that the relevant considerations should be viewed from the standpoint of an ordinary, detached person, and not from the standpoint of the actual person whose actions or decisions are under legal scrutiny. Still, there is a famous ambiguity here that lawyers are well aware of, whether this objective standard, the viewpoint of "the ordinary or reasonable person," is meant in a quasi-statistical sense as the viewpoint of the average fellow in the street, so to speak, or is partly a normative standard, inviting the courts to form a view about what the law should require in the circumstances." *Id.* at 18. This remark clearly shows that, even though the law pursues objectivity, it cannot be ruled out that judges are called upon to give their own personal opinion about the law's objective.

108 Cohen, *supra* note 105, at 190.

practical problem if we think that courts should refrain from ruling in matters where people's beliefs and predilections fail to coincide. But that would of course be unreasonable. That judges, as well as the public at large, hold very different opinions in important matters that fall within some area of the law does not mean that we absolve them of the obligation to make decisions.

The trouble is that, even if it were possible to come up with a higher originality standard that is objective and unbiased in the sense that it offers clear and unambiguous criteria, so that outcomes were predictable and unaffected by the personal tastes of judges, the exact location of that new threshold could not be unbiased, as it would be bound to discriminate against some creators, works, and tastes. In other words: The heterogeneity of aesthetic preferences does not necessarily lead to arbitrary rulings, but it means that the question of where to set the bar is arbitrary. That tastes vary does not make it more straightforward or difficult to pinpoint an objective standard based on aesthetic merit, but it makes it harder to provide justification for any such standard.

B. The Relationship Between Taste and Social Power

The difficulty of determining the level at which to set the new originality threshold becomes apparent when we bear in mind that aesthetic likes and dislikes not only vary from person to person. Variations in taste are also patterned, so that people from the same social groups are predisposed to share aesthetic sensibilities. Education, vocation, income, gender, and age do not determine taste, of course, but make people more or less inclined to favour some art forms, artists, genres, or styles rather than others. Sociologist of culture have examined the means by which the ruling classes have their cultural preferences validated as more legitimate and refined, so that taste serves as an instrument of social distinction. The most famous study is Pierre Bourdieu's *Distinction*,[109] but several scholars of the nineteenth century too noted that aesthetic value judgments are not simply innate and innocent responses to built-in artistic qualities, but also reflections of social status.[110]

What this means is that taste is inextricably tied to power. It is in the vested interests of elites to hide from view the mechanisms by which cultural legitimacy is produced and reproduced, so that differences in taste

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[109] PIERRE BOURDIEU, DISTINCTION : A SOCIAL CRITIQUE OF THE JUDGMENT OF TASTE (1979). For another key work, see HERBERT J. GANS, POPULAR CULTURE AND HIGH CULTURE (1974) (disputing the notion that the aesthetic standards of high culture are universal, seeing them instead as reflections of educational training and social standing).

[110] *See* THORSTEIN VELBLEN, THE THEORY OF THE LEISURE CLASS (1899) (introducing the concept of conspicuous consumption).

serve to legitimize social and economic differences as well. That is why it is considered valuable to lay bare the theoretical and historical contingencies of various taste formations, and why feminism, poststructuralism, and queer studies have sought to challenge, or at least expand, the Western canon, which mostly consists of works by white, heterosexual men. As J.J. Wolff has observed: "The great tradition is the product of the history of art, the history of art history, and the history of art criticism, each of which, in its turn, is the social history of groups, power relations, institutions and established practices and conventions."[111]

The intimate relationship between taste and social power offers weighty reasons why judges should avoid making determinations of artistic merit, and these reasons are recognized, at least implicitly, by the courts. There is, for example, in Justice Holmes' *Bleistein* opinion an awareness that the aesthetic sensibilities of judges are unlikely to be either boorishly lowbrow or cutting-edge highbrow, so there is a dual risk of discrimination. On the one hand he recognized that judges are likely to have more refined tastes than other demographics, so he worried that:

> copyright would be denied to pictures which appealed to a public less educated than the judge. Yet if they command the interest of any public, they have a commercial value — it would be bold to say that they have not an aesthetic and educational value — and the taste of any public is not to be treated with contempt.[112]

There is an acknowledgement here that judges share a certain background that sets them apart from other social groups, and that it would be wrong for them to impose their own aesthetic standards on everyone else. It is impossible, after all, to intuit first-hand what others find aesthetically pleasing, or to predict what will be of value for future generations.

On the other hand, Justice Holmes warned that "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."[113] Justice Holmes' examples were the etchings of Goya and the paintings of Manet, though his observation is perhaps even more pertinent to the avant-garde of the twentieth century. Such works are frequently highly controversial — politically, morally, or aesthetically — yet valued precisely because of their potential to break new ground and challenge entrenched ways of thinking. In democratic societies, it is the task, so to speak, of some art to test conventional wisdom, or to suggest unusual perspectives. But precisely because they are novel and contentious, the legitimacy of alternative artistic practices is often hard-won, if won at all. Still, that is for history, not judges, to decide.

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111 JANET WOLFF, AESTHETICS AND THE SOCIOLOGY OF ART 16 (1983).
112 Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 251-52 (1903).
113 *Id.* at 251.

C. *The Function of Aesthetic Works in Democratic Societies*

The intuition that the diversity of aesthetic tastes constitutes a problem in copyright law is warranted, but not because it inevitably produces legal uncertainty if courts were obliged to take merit into consideration. That may well be the case, but that is a separate issue. The more pertinent reason has to do with the nature of the objects that lie at the heart of copyright law, and their function in free and open societies. They are, simply, not the kinds of objects that we want courts to police too carefully. Democracies depend on expressive diversity, and while copyright law does not have the authority to ban expression, it functions as a form of economic subsidy that influences cultural production.

Also, if courts were explicitly authorized to grant protection on the basis of what they find valuable, then legal rulings would very much have a culturally legitimizing function that we find perilous. The higher we raise the threshold — i.e., the more works we seek to exclude to solve the problems of copyright law's promiscuous subject matter definition — the more dangerous it is to have courts decide which works truly deserve protection and which do not. One reason it makes sense to have a very low threshold is that it is better to err on the side of caution in such matters.

Another reason is that it renders the problem of aesthetic evaluation largely irrelevant. As we have seen, there is a basic similarity in how copyright law and aesthetics define originality. They do so by reference to the author's creative effort, though admittedly in relation to opposite poles on the continuum. But in both cases the concept of originality emerges in contradistinction to obviousness: in copyright law the kind of non-obviousness that affords positive meaning to originality is "that which is not practically inevitable"; in aesthetics, it is "that which is not conventional." The principle is the same, so we cannot really say that copyright law has hit upon a fundamentally different procedure. Still, it seems counterintuitive to say that courts currently engage in aesthetic evaluation, since creativity kicks in so early and easily in the subject matter definition that the question of value simply does not enter into the equation. The limit cases — the kinds of works that only just make the grade, or that only just fall short — are simply not the kinds of works that we tend to think of in terms of aesthetic merit, or have aesthetic preferences about, or to which it makes much sense to apply aesthetic theory.[114] Raising the threshold, then, risks embroiling courts in awkward evaluative analyses at the level of the subject matter definition.

Today, it is in infringement cases that the problem of aesthetic evaluation crops up: "When a court needs to determine whether a second work

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[114] On the role of aesthetic theory in copyright law, see Alfred C. Yen, *Copyright Opinions and Aesthetic Theory*, 71 S. CAL. L. REV. 247 (1998).

infringes the copyright in the first work, the court must compare the works in order to determine the scope of copyright protection to be afforded the first work. The way judges evaluate art inevitably affects the determination."[115] However, cases that end up in court tend to raise a different set of issues, which have mainly to do with more abstract features of works that are non-protectable in the first place. For example, copyright extends to expressions, but not ideas. Styles, genres, standard plot elements, and stock characters are beyond protection. In distinguishing ideas from expression, some kind of aesthetic evaluation tends unavoidably to find its way into legal analyses.[116] But it is important to note that these difficulties appear across the cultural spectrum, and affect works that rank both high and low in the cultural hierarchy. Consequently, there is little reason to think that a stricter originality standard would make it any easier for courts to distinguish ideas from expressions.

V. ADDITIONAL DIFFICULTIES AND DUBIOUS PREMISES

The proposal to raise the originality threshold also rests on a few other questionable premises, which are examined in this Part. First, while we would not deny that the current standard can have adverse effects, it does not seem a major concern for the kinds of works that we usually think of as aesthetically valuable. Artists do not typically take as raw materials of creation the kinds of minimally original works that would be denied protection if the threshold were set moderately higher (Part V.A). Moreover, we take issue with the basic premise that there is some strong correlation between degrees of originality and social benefit (Part V.B). Lastly, we disagree with the statement that the only workable way to allow future creators to enjoy the benefits of a richer public domain is to raise the threshold of originality (Part V.C).

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115 Cohen, *supra* note 105, at 178.

116 *Id.* at 230 ("In most cases, . . . there are no defined, objective criteria for deciding whether a particular detail is dictated by the subject matter or a common way of expressing the basic idea and therefore unprotected. A review of the cases has revealed that this critical determination is little more than a determination of what is considered meritorious in a given work, based on particular judges' assessments of the artistic value of works, including their assessment of the style, novelty and commercial value of those works and the reputation of their creators. This assessment, in turn, is a reflection of what a particular judge knows about and values in such works. Thus, the determination of the line between an idea and its expression in a given work is a determination that reflects the values of the particular judge who is judging the works at issue.").

A. The Relative Impact on the Flourishing of the Arts

A fundamental difficulty with the proposal to define copyright's originality standard as "departure from orthodoxy" rather than as "involving a modicum of creativity" is that it renders the threshold a moving target. Originality is defined in relation to a background of convention that tends to change over time. What counts as unorthodox expression at one point in history may come to seem orthodox if others decide to imitate it.[117] Vermazen offers the example of *ostranenie*, or defamiliarization, a key term for Russian formalists, who sometimes saw it as the essence of art.[118] It literally means "making strange" and refers to the process of renewing or refreshing our perception of everyday language and everyday life through artistic means. Its key proponent, Victor Shklovsky, believed that the world tends to become jaded to us, but that art can energize it. "Habitualization," he wrote, "devours works, clothes, furniture, one's wife, and the fear of war . . .. Art exists that one may recover a sensation of life; it exists to make one feels things, to make the stone *stony*."[119] He noted that the language of 19th century poet Alexander Pushkin was "roughened," and that he "used the popular language as a special device for prolonging attention."[120] As Vermazen points out, though, "the power of the original work to defamiliarize the object is relative to the background against which it is produced."[121]

It is tricky, of course, to gauge just how much of a problem this would pose in the area of copyright law. Generally, though, it seems reasonable to say that an absolute criterion is preferable to one that is context-dependent and thus changes over time, as it is easier to implement and generates more consistent and predictable rulings to guide creators. The departure-

117 This is somewhat analogous to the problem of hindsight bias in patent law, where there is a risk that examiners draw on knowledge obtained after an invention has been made in assessing its patentability. *See* Graf, *supra* note 50, at 580 ("Once people grow accustomed to an invention, it becomes more difficult to imagine the world without it, and easier to proclaim that its discovery was obvious. Hindsight bias should be avoided because it is unfair to an inventor to hold his own invention or subsequent progress against him.").

118 Vermazen, *supra* note 82, at 272-76.

119 Victor Shklovsky, *Art as Technique*, *in* RUSSIAN FORMALIST CRITICISM: FOUR ESSAYS 12 (Lee T. Lemon & Marion J. Reis trans., 1965).

120 *Id.* at 22.

121 Vermazen, *supra* note 82, at 273. Shklovksy too seemed aware of this, as he reminded his readers of the original context of Pushkin's poetry: "The usual poetic language for Pushkin's contemporaries was the elegant style of Derzhavin, but Pushkin's style, because it seemed trivial then, was unexpectedly difficult for them. We should remember the consternation of Pushkin's contemporaries over the vulgarity of his expressions." *See* Shklovsky, *supra* note 119, at 21.

from-orthodoxy standard makes originality more slippery and relational. By contrast, the current standard, whereby originality is defined as point of origin plus a minimum amount of creative effort, provides a stable criterion that is independent of cultural developments.

Advocates of a higher standard would probably reply that making the originality criterion conditional on works' divergence from orthodox expression is precisely the point in using the threshold as a policy lever to promote creativity. At the very least we hope to have shown that there are a number of trade-offs that must be taken into consideration. Apart from that, though, we find the analysis of the problems that the currently very low threshold supposedly creates both insufficient and deficient. We have already noted the discrepancy between the rhetoric invoked (the ambition to help boundary-breaking creators to foster artistic thriving) and the examples amassed to illustrate the benefits (such as management training manuals and restaurant menus). We do not want to suggest that the low threshold does not create any problems whatsoever, but they would seem to have little to do with the flourishing of the arts. Before introducing a stricter originality criterion we need a more careful and empirically based analysis of just what the problems are, what areas of copyright law are affected, and exactly how and why a higher threshold would improve the situation.

Parchomovsky and Stein's proposal, in particular, is based on a number of dubious assertions. Among other things, their statement that "The problem with the current design is that by rewarding minimally original works and highly original works alike, the law incentivizes authors to produce works containing just enough originality to receive protection — but not more"[122] seems to us unfounded. They do not provide any empirical evidence or examples to substantiate their claim, but considering how low the minimum requirement for copyright protection actually is, we fail to detect any deluge of works that narrowly satisfy the legal originality standard.[123]

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122 Parchomovsky & Stein, *supra* note 3, at 1506.

123 Miller, for his part, makes a similar — and similarly questionable — claim that unorthodox expressions are in greater need of protection against imitative copying. *See* Miller, *supra* note 2, at 464. He too fails to back up his assertion with proof or examples, but if we subscribe, for example, to the common notion that most avant-garde works are more unorthodox than most generic fare, there is good reason to take issue with such a sweeping statement. Surely popular music and popular cinema are more attractive targets of piracy than more erratic and experimental efforts.

B. No True Correlation Between Originality and Social Benefit

Another basic premise that we take issue with is that there is some strong correlation between degrees of originality and social benefit. Parchomovsky and Stein write that: "Presumably, the more original works generate a greater benefit to society."[124] We do not think such a sweeping claim is justified. It is not at all clear what originality refers to here, but there is no reason to think that the level of originality of works (whether the term refers to novelty, creativity, or unconventionality) and their public benefit are proportional in any meaningful sense, even if we ignore the obvious fact that some forms of originality can be purely nonsensical. On the one hand, some of the most unconventional works in the artistic domain come from the avant-garde, but their radicalism often calls into question their social value. For example, *Un Chien Andalou* (1929) is widely held to be one of the most original films ever made, though one of its co-directors, Luis Buñuel, described it as "essentially, nothing less than a desperate, passionate appeal to murder."[125] On the other hand, it can make sense in some cases to protect trivial works, such as directories and databases, precisely because they are useful.[126]

Of course, it is also quite possible to argue that *Un Chien Andalou* is actually socially valuable, or that it is socially harmful to grant copyright protection to databases, but the point is merely that such issues are highly contentious. Both originality and social benefit are complex, hard-to-define terms, making it impossible to bring the relationship between them under a general description. As we have seen, works can be original in different senses of the word: it may be taken to mean "authentic" or "non-obvious," for example, and the latter meaning can be interpreted strictly

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124 Parchomovsky & Stein, *supra* note 3, at 1517.

125 *Quoted in* PHIL POWRIE & ÉRIC REBILLARD, PIERRE BATCHEFF AND STARDOM IN 1920S FRENCH CINEMA 140 (2009). *See also* Amy M. Adler, *Against Moral Rights*, 97 CAL. L. REV. 263 (2009) (discussing many examples of art with destructive aspects in relation to moral rights).

126 Of course, Parchomovsky and Stein's claim is reasonable in a trivial sense, if by originality they refer to a work's point of origin. We take it that this is not the meaning of the term they have in mind, however, as independent creation is already part of the current standard, and it is not a concept that we can easily render, as they do, in degrees. But for the sake of argument, we could perhaps say that Margaret Mitchell's *Gone with the Wind* (1936) is more original than Alice Randall's *The Wind Done Gone: A Novel* (2001), as the latter plainly builds on and reinterprets the former. It is not obvious which work is more socially beneficial, though. To a great extent Randall's novel tells the same story, only from the perspective of the slaves, who are more peripheral in the "original" book, effectively offering a counterweight to the racial stereotypes that pervaded Mitchell's work. Thus even if "more original" is taken to mean "greater level of independent creation," Parchomovsky and Stein's assertion is not so straightforward.

or loosely. Moreover, works can be non-obvious in various degrees, and in relation to different particulars: plot, style, subject matter, and so on. Social benefit, too, is a multidimensional concept. It may, for example, involve the generation of useful information, knowledge, artistic quality, aesthetic pleasure, economic growth, or expressive diversity. Needless to say, it also raises thorny practical questions: Just who stands to benefit in particular cases, and how? Whose benefit should courts seek to sponsor — and on what grounds — when the interests of different individuals, businesses, or social groups inevitably come into conflict?

The bewildering array of potential benefits and beneficiaries, coupled with the many senses and ways in which works can be said to be original, casts doubt on the premise of Parchomovsky and Stein's analysis: that there is a straightforward correlation between originality and social benefit. It might also be instructive to look at the same relationship in the more structured domain of patent law, where it is easier to determine degrees of originality and degrees of progress or usefulness. Clearly, it would be absurd to take for granted that more non-obvious inventions are automatically more beneficial. It might be, for example, that developing a vaccine for a dangerous, highly contagious disease is a fairly straightforward matter, whereas coming up with the remedy to some benign virus is much more of a challenge for the medical community. Here the solution to the former problem is more obvious, yet also considerably more valuable to society. Similarly, it is not at all hard to think of inventions that are highly complex and non-obvious, but that are of limited value. There is no reason, we suspect, to think that a work's degree of non-obviousness is a significantly better predictor of its social value in the domain of copyright law, which raises doubts about the effectiveness of the originality criterion as a policy lever in the first place.

We want to emphasize that we do not seek to challenge the utilitarian principle upon which the Intellectual Property Clause is founded. But it is one thing to state that the broad aim of copyright law is to promote the progress of science and art, as such a general proviso comes in handy in deliberations of whether a work, or class of works, ought to receive copyright protection. It is something else entirely to make utilitarianism the focal point at all levels on the basis of the hypothesis that there is a tidy, symmetrical relationship between a work's degree of originality and its degree of social benefit. We believe, first, that their interrelation is far messier, and that providing greater rewards for more original works is not necessarily going to yield more socially beneficial works or verdicts.

Second, we do not think there are any tools at hand to accurately compute and compare amounts of originality in individual works. Parchomovsky and Stein propose to divide all works into one of three categories: exceptionally original works; works that display regular or av-

erage originality; and works that are nearly or wholly unoriginal.[127] Works in the first category can invoke what they call "the doctrine of inequivalents," which exempts the defendant from copyright infringement liability due to the work's exceptional level of creativity, though she must establish its exceptionality (or inequivalence) by clear and convincing evidence.[128] Consequently, they assert that "if Anna, a film producer, incorporated expressive elements from a short story by Bill in a path-breaking movie she produced, our doctrine of inequivalents will shelter her from liability."[129] From our perspective this suggestion seems overly positivistic, and would require courts to carefully weigh a number of factors for which there can hardly be said to be any precise standard of measurement.[130]

Third, we agree with Barton Beebe that although aesthetic progress or usefulness is extremely difficult to define, it would be prudent to revise common notions of what constitutes advancement in the aesthetic domain. He believes it is impracticable to equate improvement of aesthetic conditions with more and greater artistic achievements: "These conditions, even those within the limited ambit of copyright law, are far too variable to admit of general standards of excellence, and in any event, a pluralist, lib-

127 Parchomovsky & Stein, *supra* note 3, at 1524.

128 *Id.* at 1525.

129 *Id.* at 1526.

130 Nor do we find Parchomovsky and Stein's claim that their framework would not require adjudicators to make evaluative determinations that they do not already make very convincing. *Id.* at 1509. They cite Justice Holmes's remark, in response to the argument that advertisements should be denied copyright as they are not art, that "[i]t would be a dangerous undertaking for persons only trained to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits." Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 251-52 (1903). It is true that their proposal does not involve determining what is or is not art. But their following assertion — that "[w]e merely assign courts the task of determining an expressive work's level of originality" (Parchomovsky & Stein, *supra* note 3, at 1523) would seem to be the very definition of the kind of decision-making that Holmes warned against. It is true that courts currently already make similar, tricky determinations, as when a defendant invokes fair use and judges are called upon to make out the allegedly infringing work's level of transformativeness. But that does not involve comparing the level of originality in both works. That seems to us to add to the complexity of the task. Moreover, we find the factors that courts currently take into consideration — giving more leeway to copy from factual and published works than from fictional and unpublished works, for example — more relevant than Parchomovsky and Stein's criteria. The important point is whether or not the defendant's work has added something significantly new. It is not clear to us what is to be gained by staging an originality contest between the defendant and the plaintiff's works.

eral society would likely retreat from imposing such standards in the face of charges of elitism, paternalism, or censorship, and for good reason."[131] Instead, drawing on the work of pragmatist philosophers, primarily John Dewey, Beebe suggests that we would do better to shift our attention from art as objects to art as experience,[132] and to relate the aim of copyright law to the process rather than the products of creation. From this perspective, the improvement of aesthetic conditions is not measured so much by the quantity and quality of cultural expression as by the extent to which our culture facilitates meaningful participation.[133] Again, the reasoning springs from unique characteristics of the aesthetic domain:

> In this sense (as in many others), aesthetic progress is fundamentally different from scientific or technological progress. We would not typically say that enhanced popular participation in the production of scientific and technological progress itself constitutes progress in those fields, unless we assume that this participation would itself help to further greater progress. Our focus is always on the ends of these forms of progress, not on any intrinsic value in the means by which those ends are achieved. By contrast, it is conventional to observe across various approaches to aesthetics that the process of aesthetic creation may be and usually is its own reward.[134]

This seems to us a more discernible and discerning benchmark for aesthetic progress than degree of originality, and as such throws further doubt both on the feasibility and advisability of raising or recalibrating copyright's originality requirement.

C. Other Workable Solutions

It is not clear, however, how relevant Beebe's observations are to copyright's subject matter definition, but they clearly have implications for the scope of protection,[135] which brings us to a third dubious premise: That "the only workable way to afford elbow room for future creators is by narrowing copyright protection based on the originality criterion."[136]

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131 Beebe, *supra* note 57, at 41.

132 *See* JOHN DEWEY, ART AS EXPERIENCE (1934).

133 Beebe, *supra* note 57, at 42.

134 *Id.* at 42.

135 Beebe is somewhat vague on this point, though he does at least indicate which of the two is more significant: "[T]he subject matter definition, the binary question of going to grant or denial of protection, is only half the copyright story, and not the most important half. Copyright scholars will recognize that if our goal is to promote the progress of everyday aesthetic experience, rather than simply the stockpiling of artistic achievements, then the focus of our concern should be on how aesthetic discrimination may impact on the *scope* of protection provided to copyrighted works as against the uses others might seek to make of those works." *Id.* at 43.

136 Parchomovsky & Stein, *supra* note 3, at 1520.

This is a curious claim. As Parchomovsky and Stein themselves note, scores of scholars have made the point that copyright protection has become too broad.[137] They have also come up with many alternative solutions. Justin Hughes, for example, thinks the copyright system should be reformed for the same reason put forward in Part I, namely that too many objects have fallen into copyright, and that this shrinks the public domain and weighs down the efforts of subsequent creators. However, he thinks the problem stems from the law's notion (or lack of notion) of what constitutes a work, not from its conception of originality. He thus finds it "disingenuous to use the originality requirement as the doctrinal bar against copyright protection of titles, names, and short phrases," as "[m]any very small expressions positively leap over the small threshold of originality we have established in copyright law. The real issue is not lack of originality; the real issue is size."[138] For Hughes, then, the solution is not to raise or recalibrate the yardstick for originality, but to establish a minimum standard for what counts as a work.

More generally, other proposals can help to mitigate the overbreadth of copyright. The (re)introduction of formalities as a *sine qua non* for copyright would surely reduce the amount of works eligible for protection.[139] Also, shortening the copyright term — currently lasting for the author's life plus an additional seventy years in the U.S. and many other countries[140] — would return works to the public domain quicker.[141] Another

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137 They write that "there is virtual consensus among theorists that copyright law offers excessive protection to existing authors and does so at the expense of future creators." *Id.* at 1515.

138 Justin Hughes, *Size Matters (Or Should) in Copyright Law*, 74 FORDHAM L. REV. 578 (2005).

139 *See, e.g.*, LAWRENCE LESSIG, THE FUTURE OF IDEAS: THE FATE OF THE COMMONS IN A CONNECTED WORLD 251-52 (2001); William M. Landes & Richard A. Posner, *Indefinitely Renewable Copyright*, 70 U. CHI. L. REV. 471 (2003); Sprigman, *supra* note 2; James Gibson, *Once and Future Copyright*, 81 NOTRE DAME L. REV. 167 (2005); Pamela Samuelson, *Preliminary Thoughts on Copyright Reform*, UTAH L. REV. 551, 562-63 (2007); Van Gompel, *supra* note 2; WILLIAM PATRY, HOW TO FIX COPYRIGHT 203-09 (2011).

140 17 U.S.C. § 302(a) (2006). In case of a "work made for hire", the copyright endures for a term of ninety-five years from the year of its first publication, or 120 years from the year of its creation, whichever expires first. *Id.* art. 302(c) (2006). In the EU, the copyright term is harmonized at life plus seventy by Article 1 Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (codified version), OJ L 372/12 of 27.12.2006.

141 *See, e.g.*, Rufus Pollock, *Forever Minus a Day? Some Theory and Empirics of Optimal Copyright*, *in* SHOULD WE GIVE EVERY COW ITS CALF? MONOPOLY, COMPETITION AND TRANSACTION COSTS IN THE PROMOTION OF INNOVATION AND CREATIVITY 108, 133 (2008) (finding an optimal copyright

way to foster creativity and improve copyright law is to introduce measures counterbalancing "statutory protections for copyright . . . with affirmative protections for the public domain."[142] It has been proposed that such measures aim to prevent copyright owners from overreaching and making either deceitful or dubious intellectual property claims that block legitimate uses of their creations.[143] Meanwhile, the Center for Social Media of the School of Communication at American University has developed best practices guidelines for several groups of practitioners — documentary filmmakers, online video creators, and poets, for example — who often draw on previous works in their creative endeavors, effectively making it easier for them to rely on fair use.[144]

Although these proposals also have their own specific advantages and disadvantages and will certainly engender criticism from one or another side,[145] our point is that, given the difficulties of raising the threshold of originality, other possible solutions must not be overlooked, as they may well provide good alternatives.

CONCLUSION

Although we agree that the current copyright system is flawed and in need of reform, we are not convinced that the introduction of a stricter originality standard focusing on a work's degree of non-obviousness is the

term — a term that maximizes creative production and social welfare — of around fifteen years. This leads Pollock to suggest policymakers would improve social welfare by reducing the copyright term.).

142 JASON MAZZONE, COPYFRAUD AND OTHER ABUSES OF INTELLECTUAL PROPERTY LAW 228 (2011).

143 Mazzone's solution, for example, is "not to change the scope or content of intellectual property rights, but to create mechanisms to prevent people and organizations from asserting legal protections beyond those they legitimately possess." *Id.* at 74. He makes a number of suggestions. For example, he wants to introduce a symbol (similar to the © which indicates what is copyrighted) to specify that a work is in the public domain. He also points out that there ought to be a downside to interfering with fair use, and that there should be a federal agency expressly charged with safeguarding the public domain. Agency regulation could fight overreaching by spelling out what constitutes fair use, thus keeping copyrights within their appropriate boundaries. Such an agency would have much more flexibility than Congress to adopt regulations quickly, to make revisions and updates when needed, as industries and technologies evolve, or novel practices develop.

144 *See Fair Use Codes & Best Practices*, CENTER FOR SOCIAL MEDIA, http://www.centerforsocialmedia.org/fair-use/best-practices/fair-use-codes-best-practices (last visited Mar. 4, 2013).

145 *See, e.g.*, Jane C. Ginsburg, *The U.S. Experience with Mandatory Copyright Formalities: A Love/Hate Relationship*, 33 COLUMBIA J.L. & ARTS 311 (2010) (providing a "reality check" in response to proposals to reintroduce mandatory copyright formalities).

way to go. As we have shown in this article, the aesthetic domain, which comprises many of the works that lie at the heart of copyright law, is simply too unstructured. There is no universal benchmark or any widely shared norms or procedures that allows us to recognize originality with much precision, and theoretical explorations in the humanities are simply not geared towards drawing sharp distinctions that apply to all works. Most studies concern works situated at (or very near) the top of the cultural hierarchy, far removed from the limit cases in copyright law.

Assessments of originality in aesthetic disciplines are also anchored in analyses of comparable works. In our opinion, it is only feasible to make reasonably objective decisions on the basis of works' degree of difference from conventional expression when we are dealing with similar kinds of objects. This means that the domain of copyrightable works would have to be divided into different sub-categories with separate standards, as we all tend to think of some types of works as inherently more valuable or creative than others. There are no absolutes, of course, but clearly there are certain general tendencies and widely held assumptions. Most of us instinctively treasure novels more than advertisements, for example, so to apply the same criterion — degree of difference from convention — to both would be sure to produce results that most of us would find entirely unfair.

This raises a whole new set of issues: Where should we draw the boundaries between different classes of works? What criteria should apply in different categories? What happens when the cultural standing of groups of works changes? The aesthetic value and potential of cultural forms and practices is not given, after all, but shifts over time: film, television, computer games and comics, for example, all enjoy considerably more prestige today than at previous moments in time. Given these fluctuations, and the function of cultural expressions in democratic societies, do we really want to outsource such deliberations to courts of law? The current originality threshold is by no means perfect, but it does at least sidestep all of these awkward questions.

Finally, we would like to see a more rigorous and empirically based analysis of the problems the current originality requirement causes for contemporary culture, and of how raising or recalibrating the standard solves them. Specifically, it is not clear to us that it appreciably affects the flourishing of the arts, as the proposals suggest, since artists do not typically use as raw materials of creation the kinds of trivial works that would be excluded if the bar were set somewhat higher. There might be examples, of course, such as — arguably — the well-known *Rogers v. Koons* case, in which famous artist Jeff Koons instructed his assistants to make a sculpture of a man and a woman with their arms full of puppies guided by

a black-and-white postcard photograph taken by Art Rogers.[146] Although it is not clear whether or not the latter would actually flunk a higher originality test, we can at least not rule out the possibility that some works of art might appropriate or feature entirely trivial component parts that enjoy copyright protection on their own. But even if there might be examples where aesthetically original art suffers because of the low originality threshold, it does not seem reasonable to say that this constitutes a vital obstacle to the flourishing of art in contemporary culture. Nor is it clear that the originality criterion is an effective tool for dealing with such cases. If the aim is to promote the flourishing of the arts, we agree with Jason Mazzone that:

> The principal defect of intellectual property law is not, as many observers have maintained, that intellectual property rights are too easily obtained, too broad in scope, and too long in duration. Rather, the primary problem is the gap that exists between the rights that the law confers and the rights that are asserted in practice.[147]

It is also debatable whether modifying or recalibrating the originality criterion is an effective tool if the aim is to shape or redirect creative efforts in the cultural sphere. As William Patry writes: "Copyright is neither the basis for creativity nor for culture. Copyright's actual role is more limited: it ensures that works once created and successful can be protected against free riding."[148] Scholars who have studied the creative industries, conclude that "[t]here has been virtually no research that demonstrates the case one way or the other or that shows the responsiveness of the production of creative goods and services to the strength of copyright protection."[149]

The proposal to raise the originality threshold, or to make works' degree of copyright protection commensurate with their degree of originality, holds intuitive appeal. However, we find it impracticable, and have reservations about the presuppositions on which it is based: It is unclear exactly which practices and areas of culture and society stand to benefit, and in what way, and modifying the originality criterion seems to us a rather blunt tool to advance or redirect creative efforts. Other measures are more feasible, proficient, and relevant to the problems that so many creators face as a result of deficiencies in the current legal framework.

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146 Rogers v. Koons, 960 F.2d 301 (2d Cir. 1992).

147 MAZZONE, *supra* note 142, at 68.

148 PATRY, *supra* note 139, at 16.

149 Ruth Towse, *Creativity, Copyright and the Creative Industries Paradigm*, 63 KYKLOS 461, 463 (2010); *see also* Diane Leenheer Zimmerman, *Copyright as Incentives: Did We Just Imagine That?*, 12 THEORETICAL INQUIRIES IN L., 29 (2011) (arguing that "the empirical foundation for the copyright-as-incentive story is seriously suspect").

THE QUEST FOR "PARITY": AN EXAMINATION OF THE INTERNET RADIO FAIRNESS ACT

by RICK MARSHALL*

For more than two years now I have been eagerly anticipating the day when I could finally write these words: the royalty crisis is over! Webcasters, artists, and record labels have reached a resolution to the calamitous Internet radio royalty ruling of 2007. Pandora is finally on safe ground with a long-term agreement for survivable royalty rates. This ensures that Pandora will continue streaming music for many years to come!

– Tim Westergen, Chief Strategy Officer & Founder of Pandora Radio, July 7, 2009[1]

A predatory licensing fee orchestrated over ten years ago by the RIAA and their lobbyists in Washington has devastated internet radio. Few now deem it worthy of major investment . . .. This is not a recipe for a sustainable industry. It is a destructive stranglehold that is putting at risk a much larger reward for musicians everywhere.

– Tim Westergen, Chief Strategy Officer & Founder of Pandora Radio, October 9, 2012[2]

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1 Tim Westergen, *Important Update on Royalties*, PANDORA BLOG (July 7, 2009), http://blog.pandora.com/pandora/archives/2009/07/important-updat-1.html.

2 Tim Westergen, *Pandora and Artist Payments*, PANDORA BLOG (Oct. 9, 2012), http://blog.pandora.com/pandora/archives/2012/10/pandora-and-art.html.

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INTRODUCTION

Several members of Congress have introduced legislation aimed at reducing the royalties that non-interactive streaming radio services (webcasters) pay rights holders for performing their sound recordings over digital channels. Under U.S. copyright law, there is currently a two-tiered system for determining compulsory digital sound recording performance royalty rates. Under the two-tiered system, webcasters are subject to market-based rates set pursuant to the "willing buyer-willing seller" standard, while digital cable and digital satellite broadcasters are subject to below-market rates set pursuant to the "801(b)(1)" standard. With this new legislation, the webcasters claimed to be seeking "parity" with the cable and satellite services. Specifically, they were requesting that all digital services have their rates calculated under a modified 801(b) standard designed to result in below-market determinations.

This article will attempt to answer the question: "Why shouldn't services whose business models depend almost entirely on transmitting sound recordings be required to compensate sound recording owners at a fair-market rate?" Section I introduces the Internet Radio Fairness Act; Section II provides a brief history of the digital performance right in sound recordings; Section III examines the competing rate-setting standards; and, Section IV analyzes recurring issues in the argument between webcasters and sound recording owners over which standard should govern rate-setting proceedings.

I. THE INTERNET RADIO FAIRNESS ACT

The success of Internet radio is undeniable. From the monolith Pandora, to the sleek, noise-pop-driven BAGeL Radio, non-interactive digital music streaming services (better known as "webcasters") have become major players in the music industry.[3] Thanks to user-friendly interfaces

[3] Non-interactive digital music streaming services transmit a pre-programmed series of audio files to users, giving the users limited control over the specific audio files the service transmits to them. For a more comprehensive explanation of the different types of digital music streaming services, see W.

and innovative music curation filters, webcasters continue to capture large segments of the listeners shifting from physical to digital music consumption.[4]

The largest webcasters owe much of their modern success to the pureplay webcasters settlement agreement ("PurePlay Agreement").[5] Effective circa 2009, the PurePlay Agreement codified an uneasy truce between sound recording owners and webcasters.[6] Prior to the agreement, the two had been locked in a decade-long battle over the appropriate royalty rate for digitally transmitted sound recordings. Importantly, the parties used a rate schedule set by the Copyright Royalty Board ("CRB") under the "willing buyer-willing seller standard" as the starting point for negotiating terms they both deemed acceptable.[7]

When the PurePlay Agreement went into effect, it received unanimous praise. Webcasters declared the "royalty crisis" over and championed the agreement for containing "survivable royalty rates" that would ensure they would be able to continue streaming music "for many years to come."[8] Sound recording owners claimed the new rates would compen-

Jonathan Cardi, *Uber-Middleman: Reshaping the Broken Landscape of Music Copyright*, 92 IOWA L. REV. 835, 850 (2007).

[4] For the quarter ending in June 2012, the audience for Internet radio services in the U.S. grew 27% from the same period a year earlier. *See* Greg Sandoval, *Web Radio Growing Faster than On-Demand Services (Study)*, CNET.COM (Nov. 8, 2012), http://news.cnet.com/8301-1023_3-57546854-93/web-radio-growing-faster-than-on-demand-services-study.

[5] For the remainder of this article, the phrase "PurePlay Agreement" will reference the settlement negotiated between "pureplay" webcasters and SoundExchange pursuant to the Webcaster Settlement Act of 2009 that determines the royalty rates for the use of sound recordings by Internet radio stations for the period from 2006-2015. For details of the agreement, see Notification of Agreements Under the Webcaster Settlement Act of 2009, 74 Fed. Reg. 136, 34796 (July 17, 2009). For clarity, a "pureplay" webcaster is an Internet radio service whose primary business is to transmit sound recordings under the statutory license, not to sell or promote any other service or product. *See* David Oxenford, *Pureplay Webcasters Settlement Agreement Published in Federal Register – 30 Days for Webcasters to Make a Choice*, BROADCAST LAW BLOG (July 18, 2009), http://www.broadcastlawblog.com/2009/07/articles/internet-radio/pureplay-webcasters-settlement-agreement-published-in-federal-register-30-days-for-webcasters-to-make-a-choice.

[6] *See* Notification of Agreements Under the Webcaster Settlement Act of 2009, 74 Fed. Reg. 136, 34796 (July 17, 2009).

[7] The "willing buyer-willing seller" standard is codified at 17 U.S.C. § 114(f)(2)(B) (2006). *See also* Section III.A *infra*.

[8] Westergen, *Important Update*, *supra* note 1; Kurt Hanson, *Kurt's Blog: Internet Radio Saved! Behind the New "Pureplay" Webcaster License*, RAIN (July 7, 2009), http://textpattern.kurthanson.com/kurtsblog/720/behind-the-new-pureplay-webcaster-license.

sate both "the artists who create music and the music labels that invest in that music creation" on a "fair and equitable basis."[9]

Fast forward to 2012, and the détente has ended. In what appears to be a thinly veiled attempt to gain leverage in the next round of webcasting negotiations (set to take place in 2014), webcasters and their supporters have begun publicly criticizing the current rate-setting landscape.[10] Some go so far as to call it "outrageous," "destructive," and "out of touch with the realities of the twenty-first century marketplace."[11]

In late 2012, a coalition led by the largest commercial webcasters began pressuring Congress to modify the legal standard the CRB uses to set the rate schedule for commercial digital webcasters.[12] The vehicle for the coalition's effort was the Internet Radio Fairness Act ("IRFA").[13] The Act called for Congress to create a "level playing field" by replacing the

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[9] *SoundExchange & Pure Play Webcasters Reach Royalty Agreement*, A2IM NEWS (July 7, 2009), http://a2im.org/2009/07/07/soundexchange-pure-play-webcasters-reach-royalty-agreement).

[10] The Internet Radio Fairness Coalition ("IRF") (discussed *infra*) claimed the Internet Radio Fairness Act would promote a competitive marketplace by making it easier for artists and labels to negotiate directly with digital radio services and arrive at a negotiated rate outside the CRB process. *See Digital Radio Royalty Rate System Is Out of Date, and Out of Sync with the Marketplace*, IRF.COM (Resources, Legislative History, 2012 – Internet Radio Fairness Act), *available at* http://internetradiofairness.com/wp-content/uploads/2012/10/IRF-OnePager-Timeline3.pdf (last visited Nov. 3, 2012).

[11] *See* Tim Westergen, *Pandora and Artist Payments*, PANDORA BLOG (Oct. 9, 2012), http://blog.pandora.com/pandora/archives/2012/10/pandora-and-art.html; *see Internet Radio Fairness Coalition Launches to Help Accelerate Growth and Innovation in Internet Radio to Benefit Artists, Consumers and the Recording Industry*, YAHOO! FINANCE (Oct. 25, 2012) (statement of Michael Petricone, Senior Vice President of Government and Regulatory Affairs at Consumer Electronics Association (CEA)), http://www.prnewswire.com/news-releases/internet-radio-fairness-coalition-launches-to-help-accelerate-growth-and-innovation-in-internet-radio-to-benefit-artists-consumers-and-the-recording-industry-175775071.html; *see* Statement of Ed Black, President & CEO at Computer & Communications Industry Association (CCIA). *Id.*

[12] For the IRF's Web site, see INTERNET RADIO FAIRNESS COALITION, http://internetradiofairness.com (last visited Nov. 3, 2012); *see also* Glenn Peoples, *Pandora, Clear Channel, Others Form Advocacy Group for Lower Web Radio Payments; Music First Pushes Back*, BILLBOARD.BIZ (Oct. 25, 2012), http://www.billboard.biz/bbbiz/industry/legal-and-management/pandora-clear-channel-others-form-lobby-1007990962.story.

[13] The IRFA was introduced in the U.S. House of Representatives by Representatives Jason Chaffetz (R-UT) and Jared Polis (D-CO) and has a companion in the Senate introduced by Senator Ron Wyden (D-OR). For the House and Senate bills, see H.R. 6480, Internet Radio Fairness Act of 2012, 112th Cong. (2012); S. 3609, Internet Radio Fairness Act of 2012, S. 3609, 112th Cong. (2012).

"willing buyer-willing seller" standard with a modified "801(b)" standard — the standard the CRB uses to set the rates for digital satellite and digital cable services. The remainder of this article will analyze the IRFA, focusing primarily on the recurring arguments that plague the statutory rate-setting process.

II. A BRIEF HISTORY OF WEBCASTER ROYALTIES

It is impossible to fully grasp the issues raised by the IRFA without first understanding how the modern compulsory license royalty rate structure came to be. The following is a brief history of the digital performance right in sound recordings.

A. 1971 – The Sound Recordings Act

Every song fixed as a phonorecord has two separate and distinct copyrightable components: the sound recording and the underlying musical composition.[14] Prior to 1971, the musical composition was the only component Congress deemed worthy of statutory protection.[15] The 1971 Sound Recordings Act was the first piece of legislation to extend Federal copyright protection to sound recordings.[16] The Act, however, did not grant sound recording owners complete control over their newly protected works. As a result of strong lobbying efforts by terrestrial radio broadcasters (who wanted over-the-air AM/FM broadcasts to remain exempt from the new right) the Act only recognized the rights to control the reproduction and distribution of sound recordings.[17] For sound recording owners, the right to request remuneration when others played and performed their works for commercial gain was still out of reach. Despite mounting international pressure,[18] an increased lobbying effort by the

[14] *See* 17 U.S.C. § 102(a) (2006) (Subject matter of copyright: In general); *see also id.* § 114 (scope of exclusive rights in sound recordings).

[15] *See* White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1 (1908) (holding a perforated piano roll was not a copy of the underlying music; thus, the author of the composition had no control over its use and its progeny) for examples of how the law treated sound recordings prior to 1971.

[16] Sound Recordings Act of 1971, Pub. L. 92-140, 85 Stat. 391 (Congress extended Federal copyright protection to sound recordings fixed on or after February 15, 1972 (the effective date of the Act)).

[17] Mathew S. DelNero, *Music: Long Overdue?: An Exploration of the Status and Merit of a General Public Performance Right in Sound Recordings*, 6 VAND J. ENT. & TECH. LAW 181, 185-86 (2004).

[18] *See generally* International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Oct. 26, 1961, 496 U.N.T.S. 44 [hereinafter Rome Convention]; Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, Oct. 29, 1971, 866 U.N.T.S. 72 [hereinafter Phonograms Convention].

sound recording copyright owners,[19] and reports from the Register of Copyrights expressly endorsing the creation of a sound recording performance right,[20] the 1971 Sound Recording Act would remain the sole legislation protecting sound recordings for the next twenty-five years.[21]

B. 1995 – The DPRA and the 801(b) Standard

With the 1990s came the proliferation of technologies that enabled new digital music services to deliver sound recordings directly to users without implicating traditional reproduction and distribution rights.[22] Recognizing that the new services threatened the livelihood of those who traded in the large-scale creation and distribution of sound recordings, Congress enacted the Digital Performance Right in Sound Recordings Act ("DPRA").[23]

The DPRA granted sound recording owners an exclusive right to control the public performance of their sound recordings by means of digital

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19 *See* Steven M. Marks, *Entering the Sound Recording Performance Right Labyrinth: Defining Interactive Services and the Broadcast Exemption*, 20 LOY. L.A. ENT. L. REV. 309 (2000); *see also* John Villasenor, *Digital Music Broadcast Royalties: The Case for a Level Playing Field*, ISSUES IN TECH. INNOVATION, Aug. 2012, at 1, *available at* http://www.brookings.edu/~/media/Research/Files/Papers/2012/8/07%20music%20royalties%20technology%20villasenor/CTI_19_Villasenor.pdf.

20 *See* STAFF OF SUBCOMM. ON COURTS, CIVIL LIBERTIES, AND THE ADMIN. OF JUSTICE OF THE HOUSE COMM. ON THE JUDICIARY, 95TH CONG., 2D SESS., PERFORMANCE RIGHTS IN SOUND RECORDINGS (Comm. Print 1978); REGISTER OF COPYRIGHTS, COPYRIGHT IMPLICATIONS OF DIGITAL AUDIO TRANSMISSION SERVICES, at xii 156 (1991) ("The omission of the performance right in sound recordings is an anomaly in the copyright laws without substantial justification.").

21 The Copyright Act of 1976 was the most significant overhaul of U.S. copyright law since 1909. Yet, Congress chose to succumb to political pressures from terrestrial broadcasters and continue to exclude a public performance right for sound recordings. *See* Villasenor, *supra* note 19, at 3. In section 106(4) of the 1976 Act, Congress acknowledged a copyright owner's exclusive right to control the public performances of his or her works. However, in section 114(a), it carved out a critical exception to this right, providing 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)." Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976).

22 AL KOHN & BOB KOHN, KOHN ON MUSIC LICENSING 1468 (2010).

23 The Digital Performance Right in Sound Recordings Act of 1995 [hereinafter DPRA], Pub. L. No. 104-39, 109 Stat. 336 (1995). "[T]he [DPRA] is a narrowly crafted response to one of the concerns expressed by representatives of the music community, namely that certain types of subscription and interactive audio services might adversely affect sales of sound recordings and erode copyright owners' ability to control and be paid for the use of their work." S. REP. NO. 104-128, at 14 (1995).

transmissions.[24] This right, however, was not unlimited. In an attempt to balance the interests of the music industry, traditional broadcasters, and the new digital music services, Congress created a number of exceptions to the exclusivity of the digital performance right.[25]

The exceptions are complex, and a comprehensive understanding of them is key to navigating the current music licensing landscape.[26] However, for purposes of understanding the IRFA, there are three crucial aspects to keep in mind: First, the DPRA ensured that traditional over the-air AM/FM "terrestrial" broadcasters would remain exempt from paying performance royalties.[27] Second, the DPRA created a new compulsory license that compelled copyright owners to license their sound recordings for use by certain nonexempt, non-interactive, digital music services.[28] And third, the DPRA called for the compulsory license royalty rate to be set according to a four-part policy standard found in Title 17, Section 801(b)(1) of the United States Code.[29] It is this "801(b)" standard that will play a major role in the outcome of the Internet Radio Fairness Act and other webcaster-supported legislation.[30]

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24 17 U.S.C. § 106 lists the "Exclusive rights in copyrighted works." The DPRA amended § 106 to include the right to perform copyrighted sound recordings publicly "by means of a digital audio transmission."

25 Congress limited the extension of the digital performance right, making it inapplicable to certain FCC licensed broadcast transmissions, various digital retransmissions, and transmissions made by certain non-subscription, non-interactive streaming services. 17 U.S.C. 114(d)(1)(A)(i)–(iii) (2006). It also created a compulsory license for nonexempt, non-interactive digital transmission subscription services. 17 U.S.C. 114(f) (1995). *See* Public Performance of Sound Recordings: Definition of a Service, 65 Fed. Reg. 201, 77292-02 (Dec. 11, 2000), *available at* https://federalregister.gov/a/00-31457.

26 General Counsel for the Recording Industry Association of America, Steven Marks, has agreed with characterizations of the statutory license framework in the DPRA as "virtually incomprehensible" and "more complex than the Internal Revenue Code." *See* Marks, *supra* note 19, at 312, *referencing* Lionel S. Sobel, *A New Music Law for the Age of Digital Technology*, 17 ENT. L. REP. 3, 4 (1995).

27 Kimberly L. Craft, *The Webcasting Music Revolution is Ready to Begin, as Soon as We Figure Out the Copyright Law: The Story of the Music Industry at War With Itself*, 24 HASTINGS COMM. & ENT. L.J. 1, 10-13 (2001), *available at* http://socrates.berkeley.edu/~scotch/innovation/Craft.htm.

28 17 U.S.C. § 114(f) (2006). Importantly, the section 114 compulsory license did not apply to interactive digital music services, which is why Spotify, Rhapsody, Rdio, MOG, and other on-demand and high-functionality services cut deals in the marketplace, while non-interactive services benefited from the compulsory license.

29 *Id.* § 801(b)(1)(A)–(D).

30 To be clear, the 801(b) standard pre-existed the DPRA. Congress did not create the standard specifically to apply to the performance right in sound recordings. Rather, Congress decided that the standard, which was already

C. 1998 – The DMCA and the Willing Buyer / Willing Seller Standard

Soon after Congress enacted the DPRA, it became questionable whether the new compulsory license applied to certain types of advertiser-supported, non-interactive webcasting services.[31] Congress took the 1998 implementation of the Digital Millennium Copyright Act ("DMCA") as an opportunity to clarify this perceived insufficiency.[32]

In the DMCA, Congress made clear that the compulsory license applied to all commercial, non-interactive webcasting services, regardless of their revenue models.[33] It also opted to dispense with the 801(b) standard in favor of a standard that better reflected the rates "that would have been negotiated in the marketplace between a willing buyer and a willing seller."[34] Unfortunately for sound recording owners, by the time the DMCA deliberations took place, digital satellite and digital cable services had amassed enough political support to oppose total adoption of the "willing buyer-willing seller" standard.[35] As a result, the modern day two-tier royalty rate structure was born.

Under the modern structure, services that meet the definition of either "preexisting satellite digital audio radio service"[36] or "preexisting subscription service"[37] are "grandfathered" so that their rates continue to

being used to calculate royalty rates for the section 115 compulsory license for making and distributing sound recordings, was ideal for calculating digital performance royalties.

31 *See* KOHN & KOHN, *supra* note 22, at 1471.

32 The Digital Millennium Copyright Act of 1998, Pub. L. No. 105-304, 112 Stat. 2860, 2896.

33 *Id.*

34 Hereinafter the "willing buyer-willing seller" standard.

35 The DMCA process involved "a frenzied several months of lobbying, meetings, and hearings involving trade groups including the RIAA, DiMA, the National Association of Broadcasters, and the Songwriter's Guild of America . . . ." Villasenor, *supra* note 19, at 4.

36 The DMCA defines a "preexisting satellite digital audio radio service" as follows: "a subscription satellite digital audio radio service provided pursuant to a satellite digital audio radio service license issued by the Federal Communications Commission on or before July 31, 1998, and any renewal of such license to the extent of the scope of the original license, and may include a limited number of sample channels representative of the subscription service that are made available on a nonsubscription basis in order to promote the subscription service." 17 U.S.C. § 114(j)(10) (2006).

37 The DMCA defines a "preexisting subscription service" as follows: "a service that performs sound recordings by means of noninteractive audio-only subscription digital audio transmissions, which was in existence and was making such transmissions to the public for a fee on or before July 31, 1998, and may include a limited number of sample channels representative of the subscription service that are made available on a nonsubscription basis in order to promote the subscription service. *Id.* § 114(j)(11).

be set pursuant to the 801(b) standard.[38] Meanwhile, services that fall under the category of "new subscription services"[39] or that broadcast "eligible non-subscription transmissions"[40] have their rates calculated pursuant to the willing buyer-willing seller standard.[41]

D. 2002 – The Creation of CARP Through the Implementation of the CRB

To be clear, the rate standards proscribed by the DMCA are designed to set compulsory rates in the event that direct negotiations between sound recording owners and digital music services break down. Theoretically, before the government sets a statute-based royalty rate, the sound recording industry and qualifying members of the digital music industry should approach one another and attempt to independently negotiate a rate. It is only when these industry-wide negotiations fail that the parties are forced to litigate the rate before a government entity.

That said, in the wake of the DMCA, webcasters were unable to reach an agreement with the record labels that owned most commercially desirable sound recordings.[42] Congress, in turn, authorized a Copyright Arbitration Royalty Panel ("CARP") to set an appropriate compulsory license rate.[43]

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[38] *See* Andrew Stockment, *Internet Radio: The Case for a Technology Neutral Royalty Standard*, 95 VA. L. REV. 2129, 2163 (2009).

[39] The DMCA defines a "new subscription service" as follows: "a service that performs sound recordings by means of noninteractive subscription digital audio transmissions and that is not a preexisting subscription service or a preexisting satellite digital audio radio service." *See* 17 U.S.C. § 114(j)(8) (2006).

[40] The DMCA defines "eligible nonsubscription transmission" as follows: "a noninteractive nonsubscription digital audio transmission not exempt under subsection (d)(1) that is made as part of a service that provides audio programming consisting, in whole or in part, of performances of sound recordings, including retransmissions of broadcast transmissions, if the primary purpose of the service is to provide to the public such audio or other entertainment programming, and the primary purpose of the service is not to sell, advertise, or promote particular products or services other than sound recordings, live concerts, or other music-related events." *Id.* § 114(j)(6).

[41] Despite the DMCA amendments, terrestrial radio remained exempt from having to pay to perform sound recordings (though not from having to pay for online transmissions such as Internet simulcasts of AM/FM programming). Stockment, *supra* note 38, at 2163; Marks, *supra* note 19 at 315-17; Villasenor, *supra* note 19, at 4.

[42] Marks, *supra* note 19, at 315-17; Villasenor, *supra* note 19, at 4.

[43] A CARP is an ad-hoc panel of three arbitrators from the private sector, appointed and administered by the U.S. Copyright Office and the Library of Congress, which meet for limited times for the purpose of adjusting rates and distributing royalties. The CARP's job is to hear evidence from wit-

In 2002, a CARP applied the willing buyer-willing seller standard and delivered a report recommending a corresponding rate.[44] The webcasters balked at the CARP's recommendation, causing the Librarian of Congress to intervene, partially reject the CARP's findings, and issue his own substantially lower webcast rates.[45]

E. 2007–2009 – The CRB and the Webcaster Settlement Acts

Following the 2002 CARP proceedings, both webcasters and sound recording owners petitioned Congress to modify the statutory rate-setting process.[46] Congress responded by enacting the Copyright Royalty and Distribution Reform Act of 2004.[47] Among other things, this Act replaced the CARP system with a permanent three-judge Copyright Royalty Board ("CRB").[48]

In 2007, the CRB issued a decision that set webcaster rates through 2010.[49] As required, the CRB determined the rate schedule by applying

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nesses, consider legal argument from all parties, and then make recommendations to the Librarian of Congress, based only upon this information, regarding the appropriate rates that a licensee who chooses to operate under the statutory licenses should pay. *See* Statement of Marybeth Peters, The Register of Copyrights, before the Subcommittee on Courts, the Internet, and Intellectual Property committee on the Judiciary, United States House of Representatives, 107th Congress (June 13, 2002) *available at* http://www.copyright.gov/docs/regstat061302.html.

44 On February 20, 2002, the Copyright Arbitration Royalty Panel ("CARP") delivered its report recommending rates and terms for the statutory license for eligible nonsubscription services to perform sound recordings publicly by means of digital audio transmissions (webcasting) under 17 U.S.C. § 114 and to make ephemeral recordings of sound recordings for use of sound recordings under the statutory license set forth in 17 U.S.C. § 112. For details of the proceeding, see 66 Fed. Reg. 141, 38324-26 (July 23, 2002).

45 On May 21, 2002, the Librarian of Congress, based upon the recommendation of the Register of Copyrights, issued an Order rejecting the CARP's determination. *See In re* Digital Performance Right in Sound Recordings and Ephemeral Recordings, No. 2000-9, CARP DTRA 1 & 2 (May 21, 2002), *available at* http://www.copyright.gov/carp/webcasting-rates-order.html. On July 8, 2002, the Librarian of Congress made a final rate determination. *See* Determination of Reasonable Rates and Terms for the Digital Performance of Sound Recordings and Ephemeral Recordings, 67 Fed. Reg. 130, 45239-76 (July 8, 2002).

46 CARP reform was largely webcaster-driven. *See Webcaster Alliance and U.S. Based Webcasters Say – WE NEED AIRR*, PRWEB.COM (Jan. 29, 2003), http://www.prweb.com/releases/2003/01/prweb55908.htm.

47 H.R. 1417, Copyright Royalty and Distribution Reform Act of 2004, H.R. 1417, 108th Cong., (2003).

48 *Id.*

49 Digital Performance Right in Sound Recordings and Ephemeral Records, 72 Fed. Reg. 24,084, 24,088 (May 1, 2007), *codified at* 37 C.F.R. pt. 380.

the willing buyer-willing seller standard. Dissatisfied with the CRB's determination, the webcasters once again appealed to Congress for a rate reduction — this time mobilizing their growing pools of listeners in a large-scale, grassroots lobbying campaign.[50] Eventually, Congress yielded to public pressure and passed a pair of Webcaster Settlement Acts designed to induce webcasters and sound recording owners into negotiating their own rate agreements.[51]

By mid-2009, a majority of webcasters had entered into agreements pursuant to the Webcaster Settlement Acts.[52] The most important of these agreements being the PurePlay Agreement — which established the rates commercial, Internet-based webcasters will pay through 2015.[53] Presently, a majority of large webcasters pay royalties based on the schedule laid out in the PurePlay Agreement.[54]

III. COMPULSORY LICENSE RATE-SETTING

As the above history indicates, there are currently three mechanisms that determine the royalties large, commercial digital music services pay to sound recording owners: the schedule set pursuant to the "willing buyer-willing seller" standard (which applies to all webcasters that qualify for a compulsory license to stream sound recordings); the schedule set pursuant to the 801(b) standard (which applies to all preexisting digital satellite and digital cable music services that qualify for a compulsory license to stream sound recordings); and the schedule created in the PurePlay Agreement (which applies to webcasters that qualify for a compulsory license to stream sound recordings and agree to "opt-in" to the PurePlay Agreement's terms). This section analyzes each of the three schedules.

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50 *See* Elliot Van Buskirk, *Royalty Hike Panics Webcasters*, WIRED (Mar. 3, 2007), http://www.wired.com/entertainment/music/news/2007/03/72879; Rory Cellan-Jones, *Royalties Threaten Internet Radio*, BBC NEWS (Mar. 8, 2007), http://news.bbc.co.uk/2/hi/technology/6430489.stm; Olga Kharif, *The Death of Web Radio?*, BLOOMBERG BUSINESSWEEK (Apr. 16, 2007), http://www.businessweek.com/the_thread/techbeat/archives/2007/04/the_death_of_we.html.

51 H.R. 7084, Webcaster Settlement Act of 2008, H.R. 7084, 110th Cong. (2008); S. 1145, Webcaster Settlement Act of 2009, S. 1145, 111th Cong. (2009).

52 *See* note 5, *supra.*

53 *Id. See also* David Oxenford, *Pureplay Webcasters and SoundExchange Enter Into Deal Under Webcaster Settlement Act to Offer Internet Radio Royalty Rate Alternative for 2006–2015*, BROADCAST LAW BLOG (July 9, 2009), http://www.broadcastlawblog.com/2009/07/articles/internet-radio/pureplay-webcasters-and-soundexchange-enter-into-deal-under-webcaster-settlement-act-to-offer-internet-radio-royalty-rate-alternative-for-20062015.

54 *See* note 5, *supra.*

A. Willing Buyer / Willing Seller

The "willing buyer-willing seller" standard applies to "new subscription services" and "eligible non-subscription transmission services."[55] Most, if not all, commercial webcasters fall into one of these two categories.[56] Under the standard, the CRB is required to set rates at a level that most clearly represents "the rates and terms that would have been negotiated in the marketplace between a willing buyer and a willing seller."[57] Put simply, the standard's aim is to determine the fair-market value of a license to digitally transmit sound recordings.[58]

Section 114 of the Copyright Act requires the CRB to base its willing buyer-willing seller rate calculation on "economic, competitive and programming information presented by the parties." In doing so, it is to pay particular attention to the following factors: *(i) whether use of the service may substitute for or may promote the sales of phonorecords or otherwise may interfere with or may enhance the sound recording copyright owner's other streams of revenue from its sound recordings; and, (ii) the relative roles of the copyright owner and the transmitting entity in the copyrighted work and the service made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost, and risk.*[59]

It is important to note that the CRB considers these factors along with other relevant, market-based factors when it determines willing buyer-willing seller rates.[60] The factors are not additional standards or policy considerations to be used to reduce or modify the rate after the

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[55] *See* 17 U.S.C. § 114(f)(2)(B) (2006).

[56] *See* note 39, *infra*, for the 17 U.S.C. § 114(j)(8) definition of "new subscription services"; *see* note 40, *supra*, for the 17 U.S.C. § 114(j)(6) definition of "eligible non-subscription transmission services."

[57] 17 U.S.C. § 114(f)(2)(B) (2006).

[58] *In re* Rate Setting for Digital Performance Right in Sound Recordings and Ephemeral Recordings, No. 2000-9, CARP DTRA 1 & 2, Report of the Copyright Arbitration Royalty Panel, *In re* Rate Setting for Digital Performance Right in Sound Recordings and Ephemeral Recordings (Feb. 20, 2002), at 21 [hereinafter Report of the CARP Panel], *available at* http://www.copyright.gov/carp/webcasting_rates.pdf.

[59] 17 U.S.C. § 114(f)(2)(B) (2006) (emphasis added). The "willing buyer, willing seller" language is also codified in 17 U.S.C. § 112(e)(4), which pertains to statutory licenses for ephemeral recordings.

[60] In calculating the willing buyer-willing seller rate, the CRB will analyze the deals struck in the unregulated marketplace between sound recording owners and interactive streaming services (as noted, interactive streaming services like Spotify, Rhapsody, and MOG do not qualify for the section 114 compulsory license) and then discount to account for the difference in functionality between the types of services.

CRB makes its market-based determination.[61] In other words, these factors highlight what should go into determining the fair-market value of a license to digitally transmit sound recordings; they are not justifications for straying from a market-based rate.

The most recent round of "willing buyer-willing seller" rate setting took place between 2009 and 2010. In it, the CRB set the rates webcasters are required to pay through 2015 as follows:[62]

Year	Rate per Digital Performance
2011	$0.0019
2012	$0.0021
2013	$0.0021
2014	$0.0023
2015	$0.0023

B. 801(b)

The 801(b) standard applies to "preexisting satellite digital audio radio services" and "preexisting subscription services."[63] Only two broadcasting industries currently pay rates under this standard: digital satellite broadcasters and digital cable broadcasters.[64] Within these industries, there are currently only three music services that actually qualify for the 801(b) rates (Sirius XM, MusicChoice, and Muzak).[65] The CRB sets the statutory rates for all other webcasters by applying the willing buyer-willing seller standard.[66]

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61 Report of the CARP Panel, *supra* note 58, at 21.

62 *See* David Oxenford, *Copyright Royalty Board Reaches Determination on Royalty Rates for Webcasting for 2011–2015 – For Internet Radio Operators Not Covered by Webcaster Settlement Act Agreements*, BROADCAST LAW BLOG (Dec. 14, 2010), http://www.broadcastlawblog.com/2010/12/articles/internet-radio/copyright-royalty-board-reaches-determination-on-royalty-rates-for-webcasting-for-20112015-for-internet-radio-operators-not-covered-by-webcaster-settlement-act-agreements.

63 *See* note 36, *infra*, for the 17 U.S.C. § 114(j)(10) definition of "preexisting satellite digital audio radio services"; *see* note 37, *infra*, for the 17 U.S.C. § 114(j)(11) definition of "preexisting subscription services.

64 *See* David Oxenford, *Chaffetz Bill Introduced in House of Representatives to Adopt 801(b) Standard for Internet Radio Royalty Decisions of Copyright Royalty Board – What's It All About?*, BROADCAST LAW BLOG (Oct. 25, 2012), http://www.broadcastlawblog.com/tags/801b-standard-1.

65 *See* Glenn Peoples, *Business Matters: Let's Get Ready To Rumble! 2013's Dueling Internet Radio Royalty Bills*, BILLBOARD.BIZ (Sept. 27, 2012), http://www.billboard.biz/bbbiz/industry/digital-and-mobile/business-matters-let-s-get-ready-to-rumble-1007962272.story.

66 *See* Section III.A, *infra*.

Rate calculation under 801(b) has been characterized as a two-step process.[67] First, the CRB estimates the rate digital transmission services would pay for sound recordings in an unregulated, fair market.[68] This marketplace valuation becomes the "upper boundary" for the CRB's rate calculation.[69] Second, the CRB applies four 801(b) "policy objectives" and adjusts the marketplace valuation where the objectives dictate it do so.[70]

The first and second policy objectives are fairly straightforward — as they echo the constitutional mandate that copyright law strike a balance between incentivizing authors and benefiting the public good.[71] The third objective calls for the CRB to set a rate that reflects the nature of the parties' respective businesses (the roles they play in making sound recordings available to the public), the various resources the parties expend in conducting their businesses (creative contribution, technological contribution, capital investment, cost, risk, etc.) and the effect licensing between the parties will have on the distribution of digital music ("contribution to the opening of new markets for creative expression and media for their communication").[72] These criteria, for all intents and purposes, are what any reasonable arbiter should consider in attempting to set a fair-market rate. Importantly, the "willing buyer-willing seller" standard expressly

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[67] The CRB has interpreted it as a two-step process in previous rate-setting proceedings. *See, e.g.*, Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services, 73 Fed. Reg. 16, 4080, 4093 (Jan. 24, 2008), *available at* http://www.loc.gov/crb/fedreg/2008/73fr4080.pdf.

[68] *See* Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services, 73 Fed. Reg. 16, 4080, 4093 (Jan. 24, 2008), *available at* http://www.loc.gov/crb/fedreg/2008/73fr4080.pdf.

[69] *Id.*

[70] *See* Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services, 73 Fed. Reg. 16, 4080, 4093 (Jan. 24, 2008). *See also* 17 U.S.C. § 801(b)(1) (A)–(D) (2006):

> (A) To maximize the availability of creative works to the public;
>
> (B) To afford the copyright owner a fair return for his or her creative work and the copyright user a fair income under existing economic conditions;
>
> (C) To reflect the relative roles of the copyright owner and the copyright user in the product made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost, risk, and contribution to the opening of new markets for creative expression and media for their communication;
>
> (D) To minimize any disruptive impact on the structure of the industries involved and on generally prevailing industry practices.

[71] U.S. CONST. art. I, § 8; *see also* Twentieth Century Music Corp. v. Aiken, 422 U.S. 151 (1975).

[72] 17 U.S.C. § 801(b)(1)(C) (2006).

calls for the use of these same variables in calculating a rate representative of what the parties would negotiate absent government interference.[73]

The fourth objective calls for the CRB to consider the "disruptive impact" rates will have on "prevailing industry practices."[74] This factor divulges the true intended purpose of the 801(b) standard when applied in the digital transmission rate setting context. That is, to protect "pre-existing" services with business models dependent on legitimate expectations that they would not have to pay market-based royalty rates.[75]

In many ways, Congress' extension of the 801(b) standard to sound recordings was about ensuring that a sudden increase in royalty rates would not cause preexisting digital broadcasters to fold.[76] Congress' intentions are evidenced by the fact that only a limited number of digital satellite and digital cable services qualified to be "grandfathered" under the 801(b) standard when it made the switch to the willing buyer-willing seller standard.[77] Indeed, in setting the rate for digital satellite services, the CRB relied heavily, if not entirely, on arguments that the industry would face major disruption if required to pay sound recording owners a market-based royalty rate. In its final determination, the CRB went so far as to insinuate that satellite services would not be able to launch satellites if they were forced to pay market-based rates.[78]

Upon examining the 801(b) standard in the digital performance of sound recordings context, one should take away three important details: (1) the CRB has interpreted three of the four policy objectives as indicating that the standard seeks to establish a market-based rate; (2) the lone objective calling for adjustment of the market-based rate only applies to a finite subset of preexisting digital services; and, (3) where the CRB finds the fourth objective to be immaterial, the rates it sets under the 801(b) standard are similar, if not identical to the rates it sets under the willing buyer-willing seller standard.[79]

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[73] *See* Section III.A, *infra*.

[74] 17 U.S.C. § 801(b)(1)(D) (2006).

[75] "The law requires the Panel, and ultimately the Librarian, to set a reasonable rate that minimizes the disruptive impact on the industry. It does not require that the rate insure the survival of every company." 63 Fed. Reg. 89, 25394, 25408 (May 8, 1998).

[76] *See* Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services, 73 Fed. Reg. 16, 4080, 4097 (Jan. 24, 2008), *available at* http://www.loc.gov/crb/fedreg/2008/73fr4080.pdf.

[77] Sirius XM, MusicChoice, and Muzak. *See* Peoples, *supra* note 65.

[78] *See* Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services, 73 Fed. Reg. 16, 4080, 4097 (Jan. 24, 2008), *available at* http://www.loc.gov/crb/fedreg/2008/73fr4080.pdf.

[79] It is worth noting that the "disruption" objective was the subject of discussion in 2010 in connection with the proposed Performance Rights Act. *See* H.R. 848, Performance Rights Act, 111th Cong. (2010). Under the proposed

From 2008 through 2012, the 801(b) rate schedule for "preexisting subscription services" is as follows:[80]

Year	Percentage of Gross U.S. Revenue
2008–2011	7.25%
2012	7.50%

From 2007 through 2012, the 801(b) rate schedule for "preexisting satellite digital audio radio services" is as follows:[81]

Year[82]	Percentage of Gross U.S. Revenue[83]
2007–2008	6.0%
2009	6.5%
2010	7.0%
2011	7.5%
2012	8.0%

C. *The PurePlay Settlement Agreement*

The PurePlay Agreement is the unprecedented compromise struck between webcasters and sound recording owners pursuant to the negotiat-

Performance Rights Act, webcasters and terrestrial AM/FM stations would have been subject to an 801(b) standard that did not take into account "disruption." In August of 2010, the U.S. Government Accountability Office observed: It "is unclear how the proposed removal of the fourth standard from the section 801(b)(1) standards would impact future rate-setting proceedings." Letter from Mark L. Goldstein, Director, Physical Infrastructure Issues, United States Government Accountability Office to Sen. Arlen Specter (Aug. 4, 2010) (Subject: "In a Previous Rate-Setting Proceeding for Some Sound Recording, the Section 801(b)(1)(D) Standard Contributed to a Lower Copyright Royalty Rate, but the Effect of Its Proposed Removal Is Unclear"), *available at* http://www.gao.gov/new.items/d10828r.pdf, and on file with author. *See also* Villasenor, *supra* note 19, at 8-9.

80 *See* Royalty Fees for the Digital Performance of Sound Recordings and the Making of Ephemeral Phonorecords by Preexisting Subscription Services, 37 C.F.R. § 382.2 (2008).

81 *See id.*

82 Digital cable services also agree to pay a minimum $100,000 per year payment. Their per-performance royalties or revenue-based payments apply against this fee. 37 C.F.R. § 382.2 (2008).

83 A new round of digital satellite and digital cable rate-determination proceedings is currently taking place. *See Determination of Rates and Terms for Preexisting Subscription Services and Satellite Audio Radio Services, Docket No. 2011-1 CRB PSS/Satellite II: Proposed Findings of Fact and Conclusions of Law*, Library of Congress, United States Copyright Royalty Board, http://www.loc.gov/crb/comments/2011-1 (last visited Feb. 18, 2013).

ing authority created by the Webcaster Settlement Acts.[84] The agreement establishes a schedule of rates and terms for all commercially available sound recordings. Any qualifying webcaster that chooses to opt-in to the agreement agrees to pay royalties under its terms through 2015.[85]

The Agreement provides for three rate classes, each based on the "opting-in" webcaster's annual revenues and streaming capabilities.[86] For "large commercial webcasters" (those who earn more than $1.25 million in annual revenues), the rate is the greater of twenty-five percent of their total U.S. revenues or a per-performance rate 40% lower than the CRB's market-based rate.[87] For "small commercial webcasters" (those who earn $1.25 million or less in annual revenues and place a cap on the amount of sound recordings they stream), the rate is the greater of a percentage of their total U.S. revenues or a percentage of their expenses.[88] For webcasters providing bundled, syndicated or subscription services, the rates are the same as those agreed to by the National Association of Broadcasters ("NAB").[89]

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[84] *See* note 5, *supra*; *see also* Bryan Calhoon, *SoundExchange and "PurePlay" Webcasters Reach Unprecedented Experimental Rate Agreement*, SOUNDEXCHANGE (July 7, 2009), http://www.soundexchange.com/2009/07/07/soundexchange-and-%E2%80%9Cpureplay%E2%80%9D-webcasters-reach-unprecedented-experimental-rate-agreement.

[85] Webcasters may elect to "opt-in" to the agreement at the beginning of each year. Upon opting-in, commercial webcasters must agree to withdraw from any rate-setting proceedings before the Copyright Royalty Board and refrain from participating in any such proceedings for the duration of the agreement.

[86] Notification of Agreements Under the Webcaster Settlement Act of 2008, 74 Fed. Reg. 40, 9293-99 (Mar. 3, 2009).

[87] "Large webcasters" also agree to pay a minimum $25,000 per year payment. Their per-performance royalties or revenue-based payments apply against this fee.

[88] For 2012–14, the percentage of revenue for "small webcasters" is 12% of their first $250,000 in U.S. revenue and 14% of any U.S. revenue above $250,000. The percentage of expenses is 7%. Additionally, the agreement provides for a transitional rate for "small webcasters" that exceed the $1.25 million total revenue threshold.

[89] This category generally applies where subscription services offer one or more products or services (including a digital music service) "bundled" together without separate pricing for the individual components of the bundle. In other words, the bundle is such that it becomes too difficult to untangle the revenue generated by the digital music service from the total revenue generated by the whole of the bundle. *See generally* Kevin Zhu & Bryan MacQuarrie, *The Economics of Digital Bundling on the Music Industry*, 46 COMMUNICATIONS OF THE ACH 264 (2003), *available at* http://rady.ucsd.edu/faculty/directory/zhu/pub/docs/papers/paper13_CACM_DigitalBundling_p264-zhu_published.pdf.

The initial success of the PurePlay agreement can be attributed to its inclusion of revenue sharing as an alternative rate option.[90] The agreement differed from the statutory rates in that it offered webcasters a discount from the CRB's market-based rate determination in return for a share of their revenues.[91] This was hugely important — as the webcasters viewed the discounted rates as an opportunity to grow their businesses and the sound recording owners viewed the revenue sharing as an opportunity to take stakes in services with the potential to reinvent the music industry.[92]

Beginning in 2012, the rates for "large commercial webcasters" that opt-in to the pure play agreement are the greater of 25% of their total revenues or the following:[93]

Year	Rate per Digital Performance
2012	$0.0011
2013	$0.0012
2014	$0.0013
2015	$0.0014

Beginning in 2012, the rate for "small commercial webcasters" that opt-in to the pure play agreement is the greater of 7% of their expenses or the following:

Year	Rate per Digital Performance
2012–2014	12% of the first $250,000 in gross revenue; and 14% of gross revenue in excess of $250,000

Beginning in 2012, the rate schedule for webcasters providing bundled, syndicated or subscription services that opt-in to the pure play agreement is as follows:

Year	Rate per Digital Performance
2012	$0.0020
2013	$0.0022
2014	$0.0023
2015	$0.0025

90 *See* Calhoon, *supra* note 83.

91 Notification of Agreements Under the Webcaster Settlement Act of 2008, 74 Fed. Reg. 40, 9293-99 (Mar. 3, 2009).

92 *See* Calhoon, *supra* note 83.

93 Notification of Agreements Under the Webcaster Settlement Act of 2008, 74 Fed. Reg. 40, 9293-99 (Mar. 3, 2009).

IV. WHAT CONSTITUTES A "FAIR" STANDARD

The IRFA was a one-sided piece of legislation. Packaged as a way to "level the playing field" across all digital music platforms, the Act was in all facets — designed to force the CRB to set below-market rates. The Act did not pass in 2012, but nevertheless, the issues that plague the rate-setting process will undoubtedly carry over into the next Congress; and, the tension between sound recording owners and webcasters will continue to escalate as the 2015 PurePlay Agreement expiration date grows nearer. This section analyzes the recurring issues in the argument between webcasters and sound recording owners over which rate standard should govern CRB royalty-setting proceedings.

A. Parity

Perhaps the most compelling argument put forth by proponents of the IRFA is their desire for "parity." Webcasters believe the standard the CRB uses to set the compulsory license rates should be the same across all digital platforms.[94] On its face, this is a legitimate grievance. The webcasters' concept of parity, though, is inconsistent with modern rate setting trends.

When Congress enacted the DMCA in 1998, it made clear that all digital music services should pay a rate set according to the willing buyer-willing seller standard. Preexisting satellite and cable services with business models that depended on the former 801(b) rate standard were the lone exceptions.[95] As of 2012, there are only three services that qualify to pay 801(b) rates.[96] To be clear, this number is finite. Barring a merger or other corporate restructuring, these will be the last services to pay under the current 801(b) statutory scheme. By comparison, there are currently over 2,000 digital music webcasters, all of which are subject to the willing buyer-willing seller rates.[97] If parity is the goal, it seems more logical to eliminate the now-obsolete subsidy enjoyed by three preexisting services

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[94] *See Digital Radio Royalty Rate System Is Out of Date, and Out of Sync with the Marketplace*, INTERNET RADIO FAIRNESS COALITION, http://internetradiofairness.com/wp-content/uploads/2012/10/IRF-OnePager-Timeline3.pdf (last visited June 13, 2013). *See also* Glenn Peoples, *New Bill Seeks Internet Radio Parity*, BILLBOARD.BIZ (Sept. 21, 2012), http://www.billboard.biz/bbbiz/industry/digital-and-mobile/new-bills-seek-internet-radio-royalty-parity-1007955532.story#AQZ1k4Ex0Zr1wfk8.99.

[95] *See* Section II.B., *supra*.

[96] Sirius XM, MusicChoice, and Muzak. *See* Peoples, *supra* note 64.

[97] For a list of the webcasters that have paid SoundExchange in 2012, see *Who Pays SoundExchange? – 2012 Q2 List*, SOUNDEXCHANGE, http://www.soundexchange.com/2012/07/12/who-pays-soundexchange-2012-list (last updated Sept. 25, 2012).

than to radically revise how rates are calculated for an entire industry sector.[98]

The "parity" argument also begs the question: How will applying the 801(b) standard to webcasters create rate parity with satellite and cable music services? When the CRB set rates for the digital satellite and cable sectors it relied heavily on section 801(b)(1)(D) — the "minimization of disruptive impact" on industry practices.[99] The CRB's objective for setting a below-market rate was to ensure these services did not see their business models threatened by having to pay market-price to use sound recordings.[100] Remove the section 801(b)(1)(D) accounting for "disruptive impact" from the equation, and what remains are three policy objectives that tend to indicate sound recording owners should be compensated at market value.[101]

Of course, the drafters of the IRFA recognized that simply applying the 801(b) standard in its current form would not automatically result in the rate reduction they equate with parity. Language in the Act called for the addition of many one-sided objectives to the section 801(b)(1) policy considerations — all favoring digital music services. These included: (1) adding a new subparagraph to section 114(f)(1)(C) that would require the CRB to consider the income necessary for webcasters to receive "a reasonable return on all relevant investments, including investments in prior periods for which returns have not been earned[102]"; and (2) adding a new

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98 True parity, would be what was recognized during discussions on the Performance Rights Act. The bill, passed by both the Senate and House Judiciary Committee, established for the first time that AM/FM radio broadcasters need to compensate artists and labels for the music they use. The bill also established a fair, market-rate standard agreed to by both the music industry and webcasters. *See* note ___, *supra.*

99 *See* Section III.B, *supra.*

100 *See id.*

101 *See id.*; *see also* Mechanical and Digital Phonorecord Delivery Rate Determination Proceeding; Review of Copyright Royalty Judges Determination; Final Rule and Notice, 74 Fed. Reg. 15, 4510, 4523-25 (Jan. 26, 2009) (to be codified at 37 C.F.R. pt. 385), *available at* http://www.loc.gov/crb/fedreg/2009/74fr4510.pdf. (In this 2009 ruling related to statutory royalty rates for ringtones, CDs, and permanent downloads, the CRB concluded that none of the 801(b) objectives justified any downward adjustment to rates.)

102 IRFA, sec. 3(a)(2)(A)(iv). Past rate setting proceedings do not indicate that more factors are better. Every new factor has the potential to weigh down proceedings with more evidence and argument, yet there is no indication that they help the CRB with the ultimate task of arriving at a rate. For example, the willing buyer-willing seller standard incorporates Section 114(f)(2)(B) supplemental factors that would be structurally similar to this would-be IRFA objective. Despite both sides spending enormous amounts of time addressing the supplemental factors, the CRB has never been persuaded that they point to a rate different from the one indicated by the

subparagraph to section 114(f)(1)(D) that directs the CRB to "not disfavor percentage of revenue based fees" in applying the Section 801(b) policy objectives[103] (among others).

The Act also called for the removal of language Congress included to ensure the 801(b) rate setting process gives equal weight to all parties' legitimate concerns — further skewing the statute in favor of webcasters. For example, the IRFA would have required the CRB to give "full consideration" to the value of any promotional benefits the webcasters' digital performances confer on the sound recording owners whereas the existing standard directs the CRB to consider both the impact substitution of digital performances for sales will have on sound recording owners and the value of promotional benefits.[104] Additionally, the IRFA would have required the CRB to give "full consideration" to the contributions webcasters make to the content and value of their programming whereas the existing standard directs the CRB to consider the contributions of both webcasters and sound recording owners.[105]

All in all, the concept of parity is sound. Though, it seems true parity would mean a rate structure that recognizes the webcaster, satellite, cable and terrestrial radio industries for what they are: mature industries with an obligation to pay market-based prices for the music they use to build, grow, and drive their business models.

B. Artists' Revenues

A shift to a below-market standard means an across the board decline in revenues for artists, record labels, and a host of others involved in com-

basic rate standard. Thus, these new factors seem likely to add complexity to proceedings without any clear benefit.

[103] *Id.* The CRB tends to favor per play fee structures because they more accurately capture the value of usage of sound recordings. A percentage-of-revenue based fee structure encourages webcasters to focus on building scale rather than efficiently monetizing the works they use in their services. The PurePlay Agreement addresses these issues by coupling percentage of revenue-based fees with per-play and per-user payment components. However, promoting percentage-based approaches alone seems calculated simply to give services a favorable rate structure that does not guarantee creators fair value for use of their works.

[104] *Id.* Existing subsection 114(f)(2)(B)(i) directs the CRJs to consider evidence of both substitution and promotion. This new provision only takes promotional benefit into account, replacing an even-handed provision with a one-sided provision.

[105] *Id.* Existing subsection 114(f)(2)(B)(ii) directs the CRJs to consider the contributions of both the copyright owner and the transmitting entity with respect to various parameters, and Section 801(b)(1)(C) does much the same. This one-sided provision is another blatant effort to give extra weight to contributions made by the service.

mercial music production.[106] Lower rates mean sound recordings generate fewer royalties. If sound recordings generate fewer royalties, there is less money to be split amongst those whose livelihoods depend on making and selling music. To illustrate: SoundExchange is the non-profit performance rights organization that the CRB has designated to collect and distribute digital performance royalties for sound recordings. Of the royalties it collects for a given sound recording, SoundExchange pays 50% to the sound recording owner (in most cases a record label), 45% to the artist featured on the sound recording, and 5% to any non-featured performing artists (background singers, musicians, etc.).[107] The artists' share is not subject to "recoupment," meaning record labels cannot generally leverage digital royalties against the advances often incorporated into record deals. Obviously, artists that self-record or otherwise retain ownership of their sound recordings receive nearly 100% of any digital performance royalties.[108] With this in mind, it is easy to see why the traditional music industry opposes a shift to below-market rates.

Proponents of rate reform believe lower royalty payments will ultimately result in increased artist and label revenues.[109] They believe that lower rates will open the door for more webcasters to enter the digital music delivery market. More webcasters will mean more potential royalty streams, thereby, allowing artists and labels to make up what they lose from lower per-stream compensation when their music is played more frequently. This theory of "trickle-down innovation" is based on two rather large premises: (1) the current rate schedule is cost prohibitive, preventing new webcast services from entering the market; and (2) listener demand will rise to meet a hypothetical increase in digital music services.

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106 *See* Statement Ted Kalo, MusicFIRST Coalition Executive Director: "Going from a fair market, 'willing buyer, willing seller' rate to a government mandated subsidy will break the backs of artists, while Pandora executives pad their pockets. We support rate parity that addresses the greatest inequity of all, the lack of a performance right for terrestrial radio, and is fair to music creators." Peoples, *New Bill Seeks Internet Radio Parity*, *supra* note 95.

107 *See* 17 U.S.C. § 114(g) (2006) (Proceeds from Licensing of Transmissions).

108 Roughly 6% goes to SoundExchange to cover administrative costs and fees. *See SoundExchange*, FUTURE OF MUSIC COALITION (May 15, 2008), http://futureofmusic.org/article/fact-sheet/soundexchange.

109 *See The IRFA: Good for Consumers, Artists, and the Recording Industry*, IRF.COM, http://internetradiofairness.com/wp-content/uploads/2012/10/Rate-Fairness-Fact-Sheet-2.pdf (last visited Nov. 3, 2012). *See also* Statement of Tim Westergen, Chief Strategy Officer & Founder of Pandora Radio: "Legislation that establishes a fair royalty rate setting-standard for Internet radio will drive investment in webcasting, which ultimately offers greater opportunities and more revenue for working artists . . . . When the digital music sector is allowed to grow and innovate, everybody wins." reprinted in: Press Release, *supra* note 11.

For artists and labels, betting on new webcast services accelerating the growth of an already expanding listener pool is a risky proposition. As it is now, a listener is unlikely to stream more than one song on one service at any given time. If rates plummet under a new standard, artists and labels will have to count on each new webcaster attracting its own unique group of new listeners. If the hypothetical new services simply cannibalize the already existing listener market, a below-market rate will be of little benefit to them. Of equal concern to artists and labels is how webcasters will monetize a listener pool spread across multiple new services. As the critical mass of users dissipates, it will become more difficult for webcasters to entice the advertisers they rely on for the means to pay the royalties their transmitting sound recordings generates.

Moreover, Internet radio has thrived under the willing buyer-willing seller standard. Since 2007, the number of digital music services has more than doubled in size, growing from less than 900 to over 2,000. As of September 2012, there were over 2,047 Internet radio services (representing thousands of additional individual stations) operating in the U.S. alone.[110] Indeed, several successful companies operate Internet radio services at the current rates, including: Pandora,[111] Clear Channel Communications,[112] Sirius XM,[113] Slacker Radio,[114] Spotify Radio,[115] Univision Radio,[116] Rhapsody Radio,[117] and others.

Pandora, the company pushing hardest for a below-market rate standard, is a testament to webcaster success.[118] In 2011, Pandora went public with an initial public offering (IPO) that generated just short of $235 mil-

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110 A list of the webcasters that have paid SoundExchange, see *Who Pays SoundExchange*, *supra* note 97.

111 PANDORA RADIO, http://www.pandora.com (last visited Feb. 20, 2013).

112 IHEART RADIO, http://www.iheart.com (last visited Feb. 20, 2013).

113 SIRIUS XM, http://www.siriusxm.com/internetradio (last visited Feb. 20, 2013).

114 SLACKER RADIO, http://www.slacker.com (last visited Feb. 20, 2013).

115 SPOTIFY RADIO, http://www.spotify.com/us/about/features/artist-radio (last visited Feb. 20, 2013).

116 UNIVISION RADIO, http://musica.univision.com/radio (last visited Feb. 20, 2013).

117 RHAPSODY RADIO, http://www.rhapsody.com/radio/featured (last visited Feb. 20, 2013).

118 Pandora, whose business revolves around transmitting sound recordings to listeners via personalized, non-interactive "radio stations," has also filed a federal lawsuit against the American Society of Composers, Authors and Publishers ("ASCAP") calling on the court to set more reasonable rates for the licensing fee it pays to the composers who write the underlying musical compositions in the sound recordings it streams. *See* Don Jeffrey, *Pandora Media Sues Ascap Seeking Lower Songwriter Fees*, BLOOMBERG (Nov. 5, 2012), http://www.bloomberg.com/news/2012-11-05/pandora-media-sues-ascap-seeking-lower-songwriter-fees.html.

lion dollars.[119] In late 2012, company had a market cap of $1.38 billion dollars,[120] boasted the second most popular app on the iPhone, and commanded an audience larger than any single AM/FM radio market in the U.S. Its executives make millions of dollars per year in salary, bonuses, and stock options.[121] Entrenched webcasters like Pandora might genuinely believe that below-market rates will benefit the music industry, but any balanced debate on the subject must recognize the massive short-term gains such services will enjoy by paying less for the artist and label-supplied music that drives their services.[122]

C. Innovation

Despite IRFA supporters' claims that lower rates encourage webcaster participation, there is a case to be made that below-market rates will stifle innovation in the Internet radio sector.

Innovation is the force that drives growth and improvement in the digital marketplace. Of course, there is an inherent risk in bringing innovations to market. Companies that anticipate future consumer demands and develop innovative products and services are rewarded with increased profits. At the same time, companies that make incorrect predictions and introduce products and services that fail to take hold in the marketplace suffer losses.[123] When companies are subsidized, they are less inclined to

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119 Lee Spears, *Pandora Rises in Biggest Internet IPO Boom Year Since 2000*, BLOOMBERG (June 15, 2011), http://www.bloomberg.com/news/2011-06-14/pandora-media-raises-234-9-million-in-ipo-after-pricing-stock-above-range.html.

120 Pandora's market cap was calculated by multiplying the shares outstanding taken from its "Form 10-Q" filed September 4, 2012 (on file with author) by its closing NYTSE stock price on October 26, 2012. For current market prices, see *Pandora Media*, YAHOO! FINANCE, http://finance.yahoo.com/q?s=P (last visited Feb. 20, 2013).

121 The top five executives at Pandora were paid $11.8 million in FY2012 (not including co-founder and Chief Strategy Officer Tim Westergren's salary) and exercised stock and options worth over $6 million in the first seven months of 2012 alone. *See* Kristen Hainen, *Pandora Executives Cashing Out Millions*, MUSICFIRSTCOALITION.ORG (Oct. 31, 2012), http://www.musicfirstcoalition.org/node/833.

122 David Lowery, *Untruth in Advertising: Pandora's Misleading Plea To Listeners On Behalf Of The Internet Radio "Fairness" Act*, THETRICHORDIST.COM (Nov. 1, 2012), http://thetrichordist.com/2012/11/01/untruth-in-advertising-pandoras-misleading-plea-to-listeners-on-behalf-of-the-internet-radio-fairness-act.

123 "Lower rates could very well encourage sub-standard market entrants who were not innovative enough to compete when rates were higher. The marketplace may be worse off having lower rates and more marginal services." Glenn Peoples, *Business Matters: Internet Radio Bill Is About Fairness – and Money*, BILLBOARD.BIZ (Nov. 2, 2012), http://www.billboard.biz/bbbiz/

take the risks associated with innovation. In other words, the greater the subsidy, the less imperative it is for digital technology firms to increase their net income and the less likely it may be that they push the envelope by introducing new, innovative products and services.

A below-market rate is essentially a subsidy for webcasters.[124] Certainly, paying less allows them more freedom to innovate, but it could also reduce their incentive to explore new business models that lead to revenue streams. For example, Pandora's public campaign in support of the IRFA included a claim that it cannot maintain profitability if it has to continue paying 50% of its revenue to sound recording owners. Yet, there is nothing in the PurePlay Agreement that requires it to turn over such a large chunk of its profits. Experts have indicated that Pandora's woes stem from its failure to adequately monetize its relative market dominance.[125] Rather than innovate new ways to make money from sound recordings, Pandora is asking for Congress to intervene and reduce its cost structure.[126] In other words, Pandora would rather see artists and labels compensated at a below-market rate than have to shoulder all of the risks associated with developing new, innovative revenue streams.

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industry/digital-and-mobile/business-matters-internet-radio-bill-is-10080010 82.story.

124 The WTO lists one of several generally accepted definitions of "subsidy" as: "a sum of money granted from public funds to help an industry or business keep the price of a commodity or service low." *See* WORLD TRADE REPORT 2006: EXPLORING THE LINKS BETWEEN SUBSIDIES, TRADE AND THE WTO 47 (2006).

125 Richard Greenfield, a media analyst at BTIG, argues:

> On the surface, the rates paid by Pandora and other online radio services appear onerous and in need of congressional relief. However, the reason why companies such as Pandora pay such high royalty rates as a percentage of revenues is because they severely limit audio advertising to protect the user experience and keep people on the platform. If Pandora ran several minutes of audio ads per hour (the way terrestrial radio does) vs. just a few 15 sec. spots, the % of revenues paid out as royalties would be dramatically lower and would be more in line with satellite radio or cable TV [who do run more ads]. Interestingly, Spotify's radio product runs substantially more advertising per hour than Pandora. We suspect this is a business decision focused on reducing royalty costs relative to revenues.

Eric Savitz, *Pandora Asks Users to Lobby Congress on Royalty Rates (Updated)*, FORBES.COM (Sept. 24, 2012), http://www.forbes.com/sites/ericsavitz/2012/09/24/pandora-asks-users-to-lobby-congress-on-royalty-rates.

126 Pandora plays one minute of advertising per hour, compared to satellite's thirteen minutes per hour. *See* David Lowery, *Pandora Comes Out of the Closet; Confirms Clear Channel and Pandora "More Than Just Friends"*, THETRICHORDIST.COM (Oct. 26, 2012), http://thetrichordist.com/2012/10/26/pandora-comes-out-of-the-closet-confirms-clear-channel-and-pandora-more-than-just-friends.

Pandora's position is inconsistent with the theory of "creative destruction" — the notion that existing business models and methods must be continually challenged in order to move forward.[127] Webcasters that advocate for a balanced digital marketplace should be wary of those that endorse a standard that potentially favors "anti-disruption" and subsidization over growth and innovation.

D. Restructuring the CRB

Balanced, neutral CRB proceedings are essential to a successful statutory rate-setting process. In their bids to gain favorable determinations, it could be said that both sound recording owners and webcasters are guilty of pushing for Congress to add one-sided factors to the CRB's rate-calculation equation.[128] The IRFA, however, takes CRB reform to the next level.

For example, the Act called for a complete overhaul of the Copyright Royalty Judge (CRJ) selection process. Currently, the authority to appoint CRJs rests with the Librarian of Congress.[129] The IRFA, Section 2, would have relieved the Librarian of that authority and provided instead for a Presidential appointment and Senate confirmation process.[130] Such a change has the potential to politicize the CRB, opening the door for industry alliances and political perspectives to dominate appointment decisions.[131]

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127 Technologists and Internet evangelists pride themselves on embracing "creative destruction," the notion that existing business models and methods must be continually challenged in order to move forward. A below-market rate standard deliberately helps webcasters avoid disruption and innovative challenges. *See, e.g.*, Larry Walsh, *Creative Disruption: An Absolute Necessity*, CHANNELNOMICS.COM (Sept. 15, 2010), http://channelnomics.com/2010/09/15/creative-disruption-an-absolute-necessity.

128 *See* Nadler draft bill, which directed the CRB to take the value of over-the-air performances into account when applying the willing buyer-willing seller standard. *See generally* IRFA.

129 The Librarian of Congress is a "Department Head" and selects CRJ's after consulting with the Register of Copyrights. 17 U.S.C. § 801(a) (2006); *see also* Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd., 684 F.3d 1332 (D.C. Cir. 2012).

130 *See* IRFA, sec. 2. When Congress last revisited statutory rate setting procedures in 2004, it very intentionally chose to learn from past mistakes and avoid creating a political body like the CRT. The bill reversed course, politicizing the appointment process for CRJs (the CRT was replaced by CARP in 1993, the CRB replaced CARP in 2004). *See* Copyright Royalty and Distribution Reform Act of 2004, Pub. L. 108-419, 118 Stat. 2341.

131 The IRFA also would have altered the qualifications for the CRJs that comprise the CRB. Currently, the CRB must include one CRJ with significant knowledge in economics and one CRJ with significant knowledge in copyright law. Under the IRFA, CRJs needed only ten years of general legal

Additionally, the Act would have restricted the body of precedent the CRB can rely on in making rate determinations. Sections 3 and 6 of the Act indicate the CRB should only defer to past proceedings decided under the 801(b) standard. They also prohibited the CRB from factoring "the rates and terms provided in licenses for interactive services" or "determinations rendered by the [CRJs] prior to the enactment of the [IRFA]" into its decisions.[132] In other words, the IRFA would have forced the CRB to ignore most of the last decade of statutory rate setting decisions (a bulk of which the CRB made by applying the willing buyer-willing seller standard) and give extra weight to less-current determinations made by defunct tribunals.[133]

The importance of a neutral CRB cannot be overstated. The entire compulsory license system depends on both sound recording owners and webcasters having at least some confidence that they will get a fair shake during rate-setting proceedings. A shift to a politicized, one-sided rate-setting process benefits no one.

V. CONCLUSIONS AND RECOMMENDATIONS

Private marketplace agreements on digital performance royalties for sound recordings provide the fairest rates for webcasters and sound recording owners. Unfortunately, as long as the government compels sound recording owners to license their works to webcasters, true private marketplace agreements will remain impossible. The compulsory license may be a necessary evil, but it should not serve as a means to deprive sound recording owners of an otherwise market-based royalty rate. In other words, if Congress is going to continue forcing sound recording owners to make their works available for commercial use, the least it can do is ensure they get a fair-market return for the automatic right to use their property. If Congress acts on a new IRFA bill or other rate-process altering legislation, it should endorse a standard that creates true parity — a market-based rate that applies across all digital music platforms. A one-sided

experience and demonstrated significant experience in adjudication of arbitrations or court trials. *See* IRFA, sec. 2.

132 *See generally id.*, sec. 3. The CRJs frequently rely on "the rates and terms provided in licenses for interactive services" as benchmarks for determining the value of sound recordings in a competitive market unconstrained by the statutory license. The D.C. Circuit has upheld this approach multiple times. Sections 3 and 6 of the IRFA would have prohibited the CRB from doing so. *See generally id.*, secs. 3, 6.

133 More specifically, it would seem that under the IRFA, the CRB was to treat as precedential the CRT's 1981 jukebox and mechanicals decisions and the CARP/Librarian's 1998 subscription services decision, but not the CRJs' more recent satellite digital audio radio services (SDARS) and mechanicals decisions under Section 801(b), or any prior webcasting decisions.

rate-setting mechanism, like the one the IRFA suggested, will only create more turmoil amongst webcasters, sound recording owners, and the music industry in general.

PART II

ADMINISTRATIVE DEVELOPMENTS

PART II

ADMINISTRATIVE DEVELOPMENTS

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Part 382. Copyright Royalty Judges Announce Technical Amendment to Rates and Terms for Digital Transmission of Sound Recordings and Making of Ephemeral Recordings by Preexisting Subscription and Satellite Digital Audio Radio Services for Period from January 1, 2013, Through December 31, 2017. 78 Fed. Reg. 23,054-100. The Copyright Royalty Judges have announced a technical amendment to their final determination of the rates and terms for the digital transmission of sound recordings and the reproduction of ephemeral recordings by preexisting subscription services and preexisting satellite digital audio radio services for the period beginning on January 1, 2013, and ending on December 31, 2017. The amendment addresses an error identified by the Register of Copyrights regarding the judges' application of policy factors in section 801(b) of the copyright law for setting rates for preexisting subscription services. All other portions of the final determination, including the rates and terms, are unchanged.

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Part 385. Office Issues Final Order on Scope of Register's Exclusive Authority over Statements of Account under the Section 115 Compulsory License. 78 Fed. Reg. 28,770-73. Acting pursuant to statute, the Copyright Royalty Judges referred material questions of substantive law to the Register of Copyrights concerning the scope of the Register of Copyrights' exclusive authority over statements of account under the section 115 compulsory license. Specifically, the Copyright Royalty Board requested a decision by the Register of Copyrights regarding "whether the detail requirements set forth in 37 CFR as proposed section 385.12(e) (existing) and proposed section 385.22(d) (new) as well as the confidentiality requirement proposed for sections 385.12(f) and 385.22(e) encroach upon the exclusive statutory domain of the Register under section 115 of the Act." The Register of Copyrights responded in a timely fashion by delivering a Memorandum Opinion to the Copyright Royalty Board on May 1, 2013. To provide the public with notice of the decision rendered by the Register, the Memorandum Opinion is reproduced in its entirety in the Federal Register announcement.

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Office Requests Comment on Authentication of Electronic Signatures on Electronically Filed Statements of Account. The U.S. Copyright Office is reengineering certain processes in its Licensing Division to enable cable systems operating under the statutory license governing the secondary transmission of over-the-air television broadcast signals to file Statements of Account electronically. As part of that process, the Office plans to adopt an identity authentication process that will allow for the use of electronic signatures. The Office proposes revisions to specific rules to account for the changes associated with the implementation of an electronic Statement of Account filing system and seeks public comment on the proposed process and regulatory changes to accommodate the use of electronic signatures. Comments were due July 26, 2013. All comments and reply comments had to be submitted electronically. A comment page containing a comment form is posted on the Copyright Office Web site at http://www.copyright.gov/docs/digsig.

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

WIPO Treaty Adopted to Facilitate Access for the Blind, Visually Impaired, and Print Disabled. Member States of the World Intellectual Property Organization (WIPO) formally adopted the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled. The Treaty, which marks the culmination of years of multilateral discussions and negotiations, addresses both the domestic and cross border exchange of printed materials in accessible formats. It will come into force upon ratification by twenty eligible parties. More than 600 negotiators from WIPO's 186 member states worked to finalize the Treaty's language and agreed statements during the Diplomatic Conference that began on June 18 in Marrakesh, Morocco. Text of the Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired, or otherwise Print

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Jacqueline C. Charlesworth Appointed General Counsel and Associate Register of Copyrights.
Register of Copyrights Maria A. Pallante announced today that she has appointed Jacqueline C. Charlesworth as General Counsel of the U.S. Copyright Office and Associate Register of Copyrights. Charlesworth most recently served as Senior Counsel to the Register, advising the Register on a broad range of legal and policy matters affecting the Copyright Office and the national copyright system, including litigation, rulemakings and a congressionally directed study regarding small copyright claims.

Charlesworth joined the Copyright Office in 2012 following several years of private practice at New York City law firms, including Morrison & Foerster LLP, where she represented copyright owners and users of copyrighted works in litigation, regulatory, and transactional matters. From 2006 to 2008, Charlesworth served as Senior Vice President and General Counsel of the National Music Publishers' Association and from 2001 to 2006 was General Counsel of The Harry Fox Agency, Inc., the leading agency in the United States for the licensing of mechanical rights in musical works.

Charlesworth holds a B.A. in American Civilization from Brown University and a J.D. from Yale Law School, where she served as an executive committee editor of *The Yale Law Journal*. Following law school, Charlesworth clerked for the Honorable Miriam Goldman Cedarbaum of the U.S. District Court for the Southern District of New York and the Honorable Betty B. Fletcher of the U.S. Court of Appeals for the Ninth Circuit.

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Register of Copyrights Delivers Memorandum Opinion to Copyright Royalty Board. The Copyright Royalty Judges, acting pursuant to 17 U.S.C. § 802(f)(1)(B), referred a novel material question of substantive law to the Register of Copyrights concerning the Copyright Royalty Judges' authority to adopt regulations imposing a duty of confidentiality upon copyright owners, whether or not that duty is included in a voluntarily negotiated license agreement between copyright owners and licensees in a proceeding under section 115 of the Act. The Register of Copyrights responded in a timely fashion by delivering a memorandum opinion to the Copyright Royalty Board on July 25, 2013. The full text of the final order is at 78 Federal Register 47,421-24 (Aug. 5, 2013), available at http://www.copyright.gov/fedreg/2013/78fr47421.pdf.

PART III

BIBLIOGRAPHY

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BIBLIOGRAPHY

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FROM THE DESK OF THE CO-EDITORS-IN-CHIEF

Part I of Volume 60, Issue 4, begins with Eldred, Golan *and Their Aftermath* by Professor Howard B. Abrams, which examines the majority opinions and dissents in both cases and then "discusses some problems, concerns and alternatives that these decisions leave in their wake." The author's conclusion is that: "we may be seeing a basic change in the focus of copyright in both Congress and the judiciary from enhancing and increasing knowledge to benefit the public to a model that favors the copyright owners and their monopolies."

The next article, *Statutory Damages: A Rarity in Copyright Laws Internationally, but for How Long?*, by Pamela Samuelson, Phil Hill, and Tara Wheatland, discusses the contrast between statutory damages in American copyright law and existing statutes in other countries. The authors maintain that "Instead of foisting our statutory damages provisions upon the rest of the world, the United States should permit every country to independently assess the validity of statutory damages for its own system of justice and, if it chooses to adopt statutory damages, to craft limitations where it deems appropriate." The article also has appendices that consist of lists of citations to statutory damages provisions in the laws of twenty-three countries, and to twenty-two bilateral and regional trade agreements that have provisions relating to statutory damages.

Next, in his article, *Beyond the Unrealistic Solution for Development Provided by the Appendix of the Berne Convention on Copyright*, Professor Alberto J. Cerda Silva analyzes the main limits on the compulsory licensing mechanism concerning translations and reproduction rights adopted by the Berne Appendix for the benefit of developing countries. He concludes that: "In its more than forty years in force, the Appendix has failed to meet the needs of developing countries." He adds that a compromise "is urgently required in the international copyright law to allow less developed countries and communities to participate in the global progress of culture, science, and technology."

Part I concludes with *Safe Harbors from Copyright Infringement Liability in China* by a previous *Journal* contributor, Yong Wan. He describes how the current Regulations for the Protection of Right of Communication Through the Information Network (RPRCIN) was inspired by the DMCA and E-Commerce Directive, and how it establishes four safe harbors for Internet service-providers: "mere conduit, system caching,

hosting and information location tools." He maintains that the 2012 Network Judicial Interpretations may become out of date in the near future, and because it is not feasible to wait for the National People's Congress, the State Council or the Supreme Court to pass new versions of China's Copyright Law, the RPRCIN, or the Network Judicial Interpretations, "Chinese courts should have more flexibility to interpret relevant laws, regulations or judicial interpretations, to deal with new problems and challenges, in such a way as to ensure an effective balance of interests among the copyright holders, the [service providers], and the public."

Part II consists of an essay by David Vaver, *Copyright Defenses as User Rights*, which, because of an editorial oversight, did not appear in the *Journal*'s recent *Nimmer on Copyright* commemorative issue. It discusses how treatises, such as *Nimmer*, have influenced copyright law outside the United States, and, more generally, how American copyright law influences Canadian law. Professor Vaver also deals with how: "Canadian law now treats statutory copyright defenses such as fair dealing as user rights, and the possible implications of that treatment. Jurisdictions that view copyright's primary purpose as — to quote *Nimmer* — 'not to reward the author but rather to secure the general benefits derived by the public from the labors of authors' may find user rights a concept worth considering for their copyright law."

In Part III, "Recent Canadian Developments," an article by Ysolde Gendreau, *Fair Dealing: Canada Holds to Its Position*, discusses two 2012 Canadian Supreme Court decisions: *SOCAN v. Bell Canada* and *Alberta (Minister of Education) v. Canadian Copyright Licencing Agency (Access Copyright)*. She concludes that Canadians "must now live with the choices that the Supreme Court has made with these two judgments," but that the Court "will ultimately have to unravel the difficult relationship it has de facto created, because of its interpretation, between fair dealing for private study and the new fair dealing for education."

The issue concludes with Part IV, Administrative Developments, and Part V, the Bibliography.

As always, your comments and suggestions are welcome.

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PART I

ARTICLES

ELDRED, GOLAN AND THEIR AFTERMATH

by HOWARD B. ABRAMS*

ABSTRACT

Two fundamental issues arising from the language of the Copyright-Patent Clause of the Constitution are (1) the limits, if any, the stated purpose of copyright in the Constitution — "To promote the Progress of Science" — places on the statutes Congress may enact, and (2) when is the Constitution's "limited Times" restriction on the duration of copyright protection exceeded. As copyright protection prevents some duplications, transmissions and performances of copyrighted works, and deriving new works from existing copyrighted works, the constitutional intersection of the Copyright Clause and the First Amendment likewise cannot be avoided. In the past decade, the Supreme Court has decided two cases that arose at the confluence of these issues: Eldred v. Ashcroft *in 2003 upholding a twenty-year increase in the term of existing copyrights, and* Golan v. Holder *in 2012 upholding copyright protection for many foreign works previously in the public domain in the United States.*

This article examines the opinions and dissents in these cases and then discusses some problems, concerns, and alternatives that these decisions leave in their wake. The increased copyright duration and the removal of many foreign works from the public domain were sold to Congress on the grounds they would enhance the United States' balance of trade and increase income from abroad for United States copyright owners although

*Howard B. Abrams is Professor of Law at the University of Detroit Mercy School of Law. This article is © 2013 by Howard B. Abrams. The author was an expert witness for the United States in the *Golan* case. The issue the author was consulted about was whether works were protected by copyright at common law prior to the enactment of the first United States Copyright Act, Act of May 31, 1790, 1 Stat. 124., or the various state statutes enacted by twelve of the original thirteen states under the Articles of Confederation. The author's long-held opinion that copyright — an exclusive right to publish beyond the first publication — was not part of the common law is based on the holding of the House of Lords in 1774 in *Donaldson v. Becket*, 17 PARL. HIST. ENG. 953 (H.L. 1774). *See also* Howard B. Abrams, *The Historic Foundations of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 WAYNE L. REV. 1119 (1983); *accord* RONAN DEAZLEY, ON THE ORIGIN OF THE RIGHT TO COPY: CHARTING THE MOVEMENT OF COPYRIGHT LAW IN EIGHTEENTH CENTURY BRITAIN (2004); RONAN DEAZLEY, RETHINKING COPYRIGHT: HISTORY, THEORY, LANGUAGE 13-25 (2006). Sincere thanks are due to Professor Robert Brauneis for his comments on an earlier draft of this article and to Nina Dodge Abrams for her comments and questions throughout the entire drafting process.

more cosmetic reasons were articulated. It is clear the Court chose broader grounds than were needed to uphold the statutes in question. In upholding these enactments, the Court stressed its great deference to Congress. The level of deference given to Congress, however, quite arguably seems overly deferential and incorporates a very passive approach to judicial scrutiny of copyright legislation. This article concludes that we may be seeing a basic change in the focus of copyright in both Congress and the judiciary from enhancing and increasing knowledge to benefit the public to a model that favors the copyright owners and their monopolies.

I. INTRODUCTION

> *Congress shall have Power . . . To promote the Progress of Science . . . by securing for limited Times to Authors . . . the exclusive Right to their respective Writings*
>
> —The Copyright-Patent Clause[1]

> *Congress shall make no law . . . abridging the freedom of speech, or of the press*
>
> —The First Amendment[2]

Thus saith the Constitution.

The Copyright-Patent Clause's statement of purpose — "To promote the Progress of Science,"[3] — together with its designated methodology — "securing for limited Times to Authors . . . the exclusive Right to their respective Writings" — inevitably raises the question of what limits, if any, it imposes on the power of Congress to shape copyright legislation. Laws affecting the duration of copyright protection or the scope of the public domain raise the arguably narrower but related issue of the scope of the "limited Times" language as a restriction on congressional power.

Taking copyright together with the First Amendment raises yet other issues. The potential for conflict between these two provisions can be ameliorated but never totally eliminated as copyright is based on the ability of the author or the author's successors to prevent various levels of copying, performing, speaking, printing or otherwise duplicating the copyrighted work. If there are limits imposed by the First Amendment, what are they? The nature and purpose of the copyright monopoly, long the subject of academic debate and diatribes, came before the Supreme Court,

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[1] U.S. CONST. art. I, § 8, cl. 8.

[2] U.S. CONST. amend. I.

[3] Interestingly, other than the Preamble, the Constitution contains only two instances which state the purpose of any powers granted to or restrictions placed on Congress, the President, the judiciary, or the states: the Copyright-Patent Clause and the Second Amendment.

first in *Eldred v. Ashcroft*,[4] and more recently in *Golan v. Holder*.[5] At stake was the constitutionality of section 514 of the Uruguay Round Agreements Act[6] in *Golan* and the Copyright Term Extension Act[7] in *Eldred*.

Although the specific questions generated by the two statutes differ, they both involved the underlying issue of what restraints, if any, are imposed on Congress's power to enact copyright laws by (1) the "limited Times" restriction on the duration of copyrights, (2) the stated purpose of copyright "To promote the Progress of Science," and (3) the prohibition on any law abridging "freedom of speech, or of the press" in the First Amendment. At another, and perhaps more basic level, the issue is the extent to which these cases document a shift in the focus of Copyright Clause jurisprudence and, more problematic, in First Amendment doctrine.

II. ELDRED *AND THE COPYRIGHT TERM EXTENSION ACT*

A. Background

Eldred presented the simpler set of facts. The challenged statute, the Sonny Bono Copyright Term Extension Act,[8] added twenty years to the duration of protection for all copyrights whose term of protection had not yet expired, as well as for those created in the future. Although nothing was removed from the public domain, a consequence of the longer term was nothing currently protected by copyright would enter the public domain in the next twenty years.

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[4] Eldred v. Ashcroft, 537 U.S. 186 (2003) (7–2), *reh'g denied*, 538 U.S. 916 (2003). Justice Ginsburg wrote for the majority, joined by Chief Justice Rehnquist and Justices O'Conner, Scalia, Kennedy, Souter, and Thomas. Justices Stevens and Breyer each dissented separately.

For an intriguing discussion of *Eldred*, see Richard A. Posner, *The Constitutionality of the Copyright Term Extension Act: Economics, Politics, Law, and Judicial Technique in* Eldred v. Ashcroft, 2003 SUP. CT. REV. 143 (highly recommended).

[5] Golan v. Holder, 132 S. Ct. 873 (2012). Justice Ginsburg wrote for the majority, joined by Chief Justice Roberts and Justices Scalia, Kennedy, Thomas, and Sotomayer. Justice Breyer dissented, joined by Justice Alito. Justice Kagan did not participate in the decision.

[6] Uruguay Round Agreements Act, Pub. L. No. 103-465, tit. V – Intellectual Property, subtit. A – Copyright Protections, § 514, 108 Stat. 4809, 4976-81 (Dec. 8, 1994) [hereinafter URAA § 514] (codified as amended at 17 U.S.C. § 104A (2006)).

[7] Sonny Bono Copyright Term Extension Act, Pub. L. No. 105–298, tit. I, 112 Stat 2827 (1998) [hereinafter CTEA or Copyright Term Extension Act] (codified at various sections of 17 U.S.C.).

[8] CTEA, *supra* note 7, § 102(b), (d) (codified at 17 U.S.C. §§ 302, 304 (2006)).

Plaintiffs, users of materials in the public domain, sought a declaratory judgment holding the CTEA unconstitutional. After the constitutional challenges were rejected by the lower courts,[9] the Supreme Court granted certiorari on two issues: "1. Did the D.C. Circuit err in holding that Congress has the power under the Copyright Clause to extend retrospectively the term of existing copyrights?" and "2. Is a law that extends the term of existing and future copyrights 'categorically immune from challenge[ ] under the First Amendment'?"[10] The Supreme Court's answers were, respectively, no and, for the most part, yes.

Plaintiffs presented three central arguments based on the Copyright-Patent Clause. First, the additional twenty years violated the "limited Times" provision of the Copyright-Patent Clause.[11] Second, the CTEA lacked a rational basis.[12] Third, the CTEA violated the requirement that copyright "promote the Progress of Science" because, as applied to preexisting copyrights,[13] it did nothing to encourage the creation of the works whose term was being extended.[14] The interrelationship of the Copyright Clause and the First Amendment issue was addressed separately.[15]

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[9] Eldred v. Reno, 74 F. Supp. 2d 1 (D.D.C. 1999), *aff'd*, 239 F.3d 372 (D.C. Cir. 2001), *reh'g and reh'g en banc denied sub nom.*, Eldred v. Ashcroft, 255 F.3d 849 (D.C. Cir. 2001), *aff'd*, 537 U.S. 186 (2003), *reh'g denied*, 538 U.S. 916 (2003). *Accord* Luck's Music Library, Inc. v. Gonzales, 407 F.3d 1262 (D.C. Cir. 2005), *aff'g* Luck's Music Library v. Ashcroft, 321 F. Supp. 2d 107 (D.D.C. 2004). *See* Eldred v. Ashcroft, 537 U.S. 186, 196-198 (2003) (summarizing the lower court decisions).

[10] Petition for a Writ of Certiorari, at i, Eldred v. Ashcroft, 537 U.S. 186 (2002), 2001 WL 34092017. The Court chose not to hear a third issue raised by the Petition for Certiorari: "May a circuit court consider arguments raised by amici, different from arguments raised by a party, on a claim properly raised by a party?" *Id.*; Eldred v. Ashcroft, 534 U.S. 1160 (2002) (mem.), *amending order granting cert.* 534 U.S. 1126 (2001), *granting cert. to* Eldred v. Reno, 239 F.3d 372 (D.C. Cir. 2001).

[11] *See* text accompanying notes 16–29, *infra*.

[12] *See* text accompanying notes 30–38, *infra*.

[13] The plaintiffs limited their arguments to the impact of the CTEA on copyrights existing at the time of the CTEA's adoption, conceding that the Act was constitutional when applied to works created after the effective date of the statute. Brief for Petitioners at 14, Eldred v. Ashcroft, 537 U.S. 186 (2003), 2002 WL 1041928. This appears to have been a tactical move by plaintiffs to avoid the argument that the extra twenty years of protection would incentivize the creation of works that would not be created without that increased term of protection. Whether, as a practical matter, copyright protection for the life of the author plus seventy years provides any greater incentive for creation of a work of authorship than protection for the life of the author plus fifty years is discussed below. *See infra* text accompanying notes 39-51.

[14] *See* text accompanying notes 39–51, *infra*.

[15] *See* text accompanying notes 52–61, *infra*.

B. "[L]imited Times"

Petitioners advanced two arguments for holding the CTEA unconstitutional as a violation of the Copyright-Patent Clause's textual restriction of protection to "limited Times." First, because copyrights could be protected only for "limited Times," the term of protection was unalterably fixed at the moment it attached.[16] Second, if the first argument should fail, permitting Congress to increase copyright terms incrementally would allow Congress to evade the "limited Times" restraint of the Constitution,[17] effectively creating perpetual copyrights by an unending series of term extensions.

Writing for the *Eldred* majority, Justice Ginsburg began with two central themes that were to be reiterated throughout her Copyright Clause analysis: (1) previous congressional extensions of copyright protection for existing works were never challenged, and (2) the Court must show great deference to Congress in its exercise of power under the Copyright-Patent Clause.

After observing that every previous change in the duration of copyright protection lengthened the term of protection for both existing and future copyrights,[18] the opinion asserted "[t]ext, history and precedent"[19]

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[16] Petitioners' arguments addressed only copyrights in existence prior to the CTEA, *Eldred*, 537 U.S. at 193, probably to avoid the question of whether a term of life of the author plus seventy years was for a "limited Time" when applied to future works. As to copyrights for works created after the CTEA was enacted, the petitioners conceded the issue was "not a judgment meet for this Court." Brief for Petitioners at 14, Eldred v. Ashcroft, 537 U.S. 186 (2003), 2002 WL 32135676. In addition, arguing the applicable limit was the term in effect at the time the copyright was obtained, let petitioners propose a bright-line rule that precisely determined the "limited Time" at the moment that copyright protection attached. An author would know in advance the duration of the author's monopoly. This also allowed petitioners to avoid the issue of whether the longer term would incentivize future works that otherwise might not be created. This approach, however, implied that all increases of the term for existing works under the prior acts were unconstitutional other than the 1790 Act. Act of May 31, 1790, 1st Cong., 2d Sess., ch. XV, 1 Stat. 124. Justice Stevens took this position. *Eldred*, 537 U.S. at 237-39. He distinguished the first Copyright Act on the ground that it created a new set of rights rather than extending existing rights. *Id.* at 227-33.

[17] *Eldred*, 537 U.S. at 208-10.

[18] *Id.* at 194-95. The first United States Copyright Act provided a term of protection of 14 years for published works which could be renewed for an additional fourteen years "if, at the expiration of the said term, the author or authors, or any of them, be living, and a citizen or citizens of these United States, or a resident therein." Act of May 31, 1790, 1st Cong., 2d Sess., ch. XV, § 1, 1 Stat. 124 (This imitated the then current English Copyright Act, 8 Anne c. 19 (1710), which granted a term of twenty-one years for works pub-

led to the conclusion that Congress could increase the term of protection for a copyright after it had come into existence. Beginning with the text, or at least the word "limited," the majority opinion first laid out the following dictionary definitions: "confine[d] within certain bounds;"[20] "restrain[ed]"

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lished before April 10, 1710, that could not be extended. *Id.* §§ I, XI. Works published on or after April 10, 1710, were granted a term of fourteen years and, if the authors were living at the end of that fourteen year period, the authors were granted an additional fourteen years of protection. *Id.* In 1831, Congress extended the original term of protection for published works to twenty-eight years while the renewal term remained at fourteen years. Act of Feb. 3, 1831, 21st Cong., 2d Sess., ch. XVI, §§ 1–2, 16, 4 Stat. 436-37, 439 [hereinafter 1831 Copyright Act]. The renewal term was increased from fourteen years to twenty-eight years in 1909. Act of March 4, 1909, 60th Cong., 2d Sess., ch. 320, § 23, 35 Stat. 1075, 1080 (1909) (codified as amended at 17 U.S.C. § 24), Act of July 30, 1947, 80th Cong., 1st Sess., ch. 391, Pub L. No. 281, 61 Stat. 652, 659 (1947)) (as amended) [hereinafter 1909 Copyright Act]. The General Revision of Copyright Law of 1976, Pub. L. 94-553, tit. I, SEC. 101, §§ 101–810, 90 Stat. 2541 (1976) (codified at 17 U.S.C. Title 17 – Appendix §§ 101–810, at 965-1002 (1976)) [hereinafter 1976 Copyright Act], replaced the two-term approach of the previous acts with a single term of protection for the life of the author plus fifty years for works first published or existing as unpublished and uncopyrighted works on or after January 1, 1978. For works copyrighted prior to 1978, the original term remained fourteen years but the renewal term was increased to forty-seven years. *Id.* §§ 302–305. The Copyright Term Extension Act, *supra* note 7, the statute challenged in *Eldred*, extended the term of protection by an additional twenty years for all copyrights whose terms had not previously expired.

A number of consecutive short term extensions of the renewal term of existing copyrights were passed anticipating the 1976 Copyright Act's adoption of a term of life of the author plus fifty years. *See* Pub. L. No. 87-688, 76 Stat. 555 (Sept. 19, 1962) (existing renewal terms extended until December 31, 1965); Pub. L. No. 89-142, 79 Stat. 581 (1965) (existing renewal terms extended until December 31, 1967); Pub. L. No. 90-141, 81 Stat. 464 (1967) (existing renewal terms extended until December 31, 1968); Pub. L. No. 90-416, 82 Stat. 397 (1968) (existing renewal terms extended until December 31, 1969); Pub. L. No. 91-147, 83 Stat. 360 (1969) (existing renewal terms extended until December 31, 1970); Pub. L. No. 91-555, 84 Stat. 1441 (1970) (existing renewal terms extended until December 31, 1971); Pub. L. No. 92-170, 85 Stat. 490 (1971) (existing renewal terms extended until December 31, 1972); Pub. L. No. 92-566, 86 Stat. 1181 (1972) (existing renewal terms extended until December 31, 1974); Pub. L. No. 93-573, tit. I, § 104, 88 Stat. 1873 (Dec. 31, 1974) (existing renewal terms extended through December 31, 1976). The impact of these statutes was that the renewal term of any work that had not expired as of September 19, 1962, was continued until the 1976 Copyright Act took effect.

19 *Eldred*, 537 U.S. at 199.

20 *Id.* (quoting SAMUEL JOHNSON, A DICTIONARY OF THE ENGLISH LANGUAGE (7th ed. 1785)).

or "circumscribed;"[21] and "confine[d] within certain bounds."[22] The opinion then reasoned that if a term was "limited" with respect to prospective copyrights, changing the term of existing copyrights to the same duration did not make them unlimited.[23]

The opinion observed "[h]istory reveals an unbroken congressional practice of granting to authors of works with existing copyrights the benefit of term extensions."[24] Citing statutes which extended the duration of individual patents and copyrights, Justice Ginsburg "counted it significant that early Congresses extended the duration of numerous individual patents as well as copyrights."[25]

Having discussed text and history, the opinion cited several early patent cases as precedent in support of its position that Congress could extend the duration of an existing patent, including the Supreme Court's 1843 decision in *McClurg v. Kingsland*.[26] Justice Ginsburg then concluded

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[21] *Id.* (quoting THOMAS SHERIDAN, A COMPLETE DICTIONARY OF THE ENGLISH LANGUAGE (6th ed. 1796)).

[22] *Id.* (quoting WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 1312 (1976)).

[23] *Id.* at 199 ("[A] time span appropriately 'limited' as applied to future copyrights does not automatically cease to be 'limited' when applied to existing copyrights.").

[24] *Id.* at 200; *see also supra* note 18 and accompanying text.

[25] *Id.* at 201 (citing Priv. Act of Jan. 7, 1808, entitled An Act to extend certain privileges as therein mentioned to Anthony Boucherie, 10th Cong., 1st Sess., ch. VI, 6 Stat. 70; Priv. Act of Mar. 3, 1809, entitled An Act to extend to Ann Whittemore and William Whittemore, junior, the patent right to a machine for manufacturing cotton and wool cards, 10th Cong., 2d Sess., ch. 35, 6 Stat. 80 (patent); Priv. Act of Feb. 7, 1815, entitled An Act to extend the time of Oliver Evans's patent for improvement of steam engines. 13th Cong., 3d Sess., ch. 36, 6 Stat. 147 (patent); Priv. Act of May 24, 1828, entitled An Act to continue a copy-right to John Rowlett, 20th Cong., 1st Sess., ch. 145, 6 Stat. 389 (patent) (copyright); Priv. Act of Feb. 11, 1830, entitled An Act, to amend "An act to continue a copyright of John Rowlett," 21st Cong., 1st Sess., ch. XIII, 6 Stat. 403 (copyright)). Justice Stevens in dissent also cited and discussed Private Acts which had extended the terms of patents and copyrights, many of which had already expired, *Eldred*, 537 U.S. at 233-35, arguing "[t]he fact that this repeated practice was patently unconstitutional completely undermines the majority's reliance on this history as 'significant.'" *Id.* at 235.

[26] 42 U.S. (1 How.) 202 (1843). Whether *McClurg* is accurately read as extending the term or reviving the term of an existing patent is discussed in the text accompanying notes 141–142 *infra*. The Court also discussed and cited *Evans v. Jordan*, 8 F. Cas. 872 (C.C.D. Va. 1813 (No. 4,564) (Marshall, Cir. J.), *aff'd*, 13 U.S. (9 Cranch) 199 (1815); *Blanchard v. Sprague*, 3 F. Cas. 648 C.C.D. Mass. 1839) (No. 1,516) (Story, Cir. J.); and *Evans v. Robinson*, 8 F. Cas. 886 (C.C. D. Md. 1813) (No. 4,571). Eldred v. Ashcroft, 537 U.S. 186, 202 (2003).

that "[n]either is it a sound objection to the validity of a copyright term extension, enacted pursuant to the same constitutional grant of authority, that the enlarged term covers existing copyrights."[27] Ending her examination of the "limited Times" language, Justice Ginsburg suggested fairness between present and future authors was a valid policy reason for extending the term of existing copyrights when granting future copyrights a longer term.[28]

Petitioner's second "limited Times" argument, that permitting Congress to increase the term for existing copyrights was a slippery slope toward perpetual or at least indefinite copyright protection, was quickly rejected because "petitioners fail[ed] to show how the CTEA crosses a constitutionally significant threshold with respect to 'limited Times' that the 1831, 1909 and 1976 Acts did not."[29]

C. Rational Basis

Stating this was an area where "we defer substantially to Congress,"[30] Justice Ginsburg held the twenty-year term extension was a rational exercise of Congress's constitutional power. She referenced, inter alia, the European Union Directive harmonizing the copyright terms for EU member nations at life of the author plus seventy years,[31] a desire for the United States to "'play a leadership role' in the give-and-take evolution of the international copyright system,"[32] "demographic, economic and techno-

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[27] *Eldred*, 537 U.S. at 203-04. The Court also discussed and cited *Evans v. Jordan*, 8 F. Cas. 872 (C.C.D. Va. 1813) (No. 4,564) (Marshall, Cir. J.), *aff'd*, 13 U.S. (9 Cranch) 199 (1815); Blanchard v. Sprague, 3 F. Cas. 648 (C.C.D. Mass. 1839) (No. 1,518) (Story, Cir. J.); and Evans v. Robinson, 8 F. Cas. 886 (C.C.D. Md. 1813) (no. 4,571). Eldred v. Ashcroft, 537 U.S. 186, 202 (2003).

[28] *Eldred*, 537 U.S. at 204. Perhaps unintentionally, Judge Posner foreshadowed the issue that would arise in *Golan* with the skeptical observation that if this were the case then it was equally unfair to an author whose copyright expired the day before the new act took effect. Posner, *supra* note 4, at 149-50.

[29] *Eldred*, 537 U.S. at 209-10.

[30] *Id.* at 204-05 (quoting Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984)) ("It is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors . . . in order to give the public appropriate access to their work product.").

[31] *Id.* at 205 (citing Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights). The Court pointed to a statement by Senator Orrin Hatch, 144 Cong. Rec. S12377-78 (daily ed. Oct. 12, 1998), to demonstrate Congress's awareness of the European Union action as part of their deliberations on the issue.

[32] *Id.* at 206 (quoting Shira Perlmutter, *Participation in the International Copyright System as a Means to Promote the Progress of Science and Useful Arts*, 36 Loyola L.A. L. Rev. 323, 332 (2002)).

logical changes,"[33] and congressional concern for "ensur[ing] that American authors would receive the same copyright protection in Europe as their European counterparts."[34]

Examining legislative history, however, it seems more realistic to say that the extra twenty years appealed to Congress because United States copyrights were a plus in the United States' consistently negative balance of trade.[35] The individual and business motives of those seeking and directly benefitting from copyright term extension were unabashedly concerned with prolonging the existing sources of income.[36] Disney, in

[33] *Id.* at 206-07.

[34] *Id.* at 205-06.

[35] This theme was continually referenced throughout the legislative process leading up to the CTEA. *See, e.g.*, H.R. REP. No. 105-452, at 4 (1998) ("European Union countries, which are huge markets for U.S. intellectual property, would not have to provide twenty years of copyright protection to U.S. works and the U.S. would lose millions of dollars in export revenues. Extending copyright term to life of the author plus seventy years means that U.S. works will generally be protected for the same amount of time as works created by European Union authors. Therefore, the United States will ensure that profits generated from the sale of U.S. intellectual property abroad will come back to the United States."); *The Copyright Term Extension Act of 1995: Hearing Before the S. Comm. on the Judiciary on S. 483*, 104th Cong. 2 (1995) [hereinafter 1995 Senate Hearing] (statement of Orrin G. Hatch, Chairman, S. Comm. on the Judiciary) ("America exports more copyrights intellectual property [sic] than any country in the world, a huge percentage of it to the nations of the European Union. Intellectual property is, in fact, our second-largest export; it is an area in which we possess a large trade surplus. At a time when we face trade deficits in many other areas, we cannot afford to abandon 20 years' worth of valuable overseas protection. So in my opinion, we must adopt a life-plus-70-year term of copyright if we wish to improve our international balance."); *Copyright Term, Film Labeling, and Film Preservation Legislation, Hearings before the H. Subcomm. on Courts and Intellectual Property of the Comm. on the Judiciary on H.R. 989, H.R. 1248, and H.R.1734*, 104th Cong. 53 (1995) [hereinafter 1995 House Hearings] (testimony of Jack Valenti, President and CEO of the Motion Picture Association of America) ("I think copyright term extension has a very simple, but compelling enticement and that it is very much in the economic interests of the United States at a time when the words, 'surplus balance of trade,' is seldom heard in the corridors of Congress, when we are bleeding from trade deficits, and at a time when our ability to compete in the international marketplace is under assault."); *id.* at 205-11 (testimony and statement of Charlene Barshefsky, Deputy U.S. Trade Representative, Office of U.S. Trade Representative).

[36] *See, e.g.*, 1995 Senate Hearing, *supra* note 35, at 2; 1995 House Hearings, *supra* note, 35, at 133-34, 139-40 (testimony and statement of Michael Weller); *id.* at 233-39, 274-80 (testimony and statement of Quincy Jones); *id.* at 240-73 (prepared statements of Bob Dylan, Don Henley, Alan Menken, Stephen Sondheim, Mrs. Henry Mancini, Mrs. Ellen Donaldson (daughter of Walter Donaldson), E. Randol Schoenberg (grandson of Arnold Schoenberg),

particular, was extremely aggressive in lobbying for the enactment of the CTEA to prevent the iconic and highly profitable Mickey Mouse from entering the public domain in 2004.[37] The extensive involvement and impact of special interest groups such as motion picture studios and music publishers on the CTEA and other copyright legislation was described by a former counsel to the House Subcommittee on Intellectual Property & Judicial Administration, who stated that "[w]ith the 104th Congress we have, I believe, reached a point where legislative history must be ignored because not even the hands of congressional staff have touched committee reports."[38]

D. "To [P]romote the Progress of Science"

The majority opinion next addressed "a series of arguments . . . premised on the proposition that Congress may not extend an existing copyright absent new consideration from the author."[39] Petitioner's core argument was that copyright protection was a reward for creating an original work but inapplicable to works already created. The Court addressed three variations of the argument that copyright term extension for existing copyrights "(1) overlooks the requirement of 'originality,' (2) fails to 'promote the Progress of Science,' and (3) ignores copyright's quid pro quo."[40]

The originality argument followed from the Supreme Court's holding that a work must be original to qualify for copyright protection,[41] but with the added corollary that once published it was no longer original. This

Marsha Durham (daughter of Eddie Durham), Betty Kern Miller (daughter of Jerome Kern), and Mary Ellin Barrett (daughter of Irving Berlin)).

37 Posner, *supra* note 4, at 145-47 and text accompanying notes 6–9; Chris Sprigman, *The Mouse That Ate the Public Domain: Disney, the Copyright Term Extension Act, and* Eldred v. Ashcroft, FINDLAW (Mar. 5, 2002), http://writ.news.findlaw.com/commentary/20020305_sprigman.html; Chris Sprigman, *The Supreme Court's Copyright Extension Decision: A Mickey Mouse Ruling*, FINDLAW (Jan. 20, 2003), http://writ.news.findlaw.com/commentary/20030120_sprigman.html; David Christopher Baker, *"How Long Will My Copyright Last?"*, 50 ORANGE COUNTY LAW. 18, 19 (Dec. 2008) (As Baker reported, a popular nickname for the CTEA in the entertainment industry was the Mickey Mouse Protection Act. *Id.*). *See also* Robert P. Merges, *One Hundred Years of Solicitude: Intellectual Property Law, 1900-2000*, 88 CAL. L. REV. 2187, 2235 n.218 (2000); Jon M. Garon, *Media and Monopoly in the Information Age: Slowing the Convergence at the Marketplace of Ideas*, 17 CARDOZO ARTS & ENT. L.J. 491, 523-24 (1999).

38 William F. Patry, *Copyright and the Legislative Process: A Personal Perspective*, 14 CARDOZO ARTS & ENT. L.J. 139, 141 (1996).

39 *Eldred*, 537 U.S. at 210.

40 *Id.*

41 Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991) (holding originality was a constitutionally mandated prerequisite for copyright protection); Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53 (1884). *See*

argument was quickly dismissed as confusing the requirement for protection with the duration of that protection.[42]

Petitioners next contended the constitutional purpose of copyright, "To promote the Progress of Science," was served when the work was first created, thus the CTEA was invalid as it did not stimulate the creation of new works but merely added value to works already created. The petitioners conceded, perhaps unwisely, that the preambular language of the Copyright Clause — to promote the Progress of Science — was not an independently enforceable limit on Congress' power, but maintained it identified the sole end to which Congress may legislate. From this, petitioners argued the CTEA's extension of existing copyrights categorically failed to "promote the Progress of Science," because it did not stimulate the creation of new works but merely added value to works already created.

Stressing that "it is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause's objectives,"[43] the Court took the position that the question was whether the overall system encouraged the creation of new original works, not whether every provision necessarily contributed to that goal in all cases.[44] The Court again relied on past practice observing that "Congress, from the start, has routinely applied new definitions or adjustments of the copyright term to both future works and existing works not yet in the public domain,"[45] and concluding "Congress' unbroken practice since the founding generation thus overwhelms petitioners' argument that the CTEA's extension of existing copyrights fails *per se* to 'promote the Progress of Science.'"[46]

Finally, petitioners drew upon the preambular language of the Copyright Clause to argue that it "imbeds a quid pro quo"[47] bargain in which the grant of copyright protection requires some additional contribution beyond the existence of a previously created initial work. The Court rejected this argument, stating that it did not view the Copyright Clause as exacting a specific this-for-that bargain, but rather embodying a general policy of providing an incentive to encourage creative effort. Again invoking history, the Court opined that "[g]iven the consistent placement of existing copyright holders in parity with future holders, the author of a work

also 17 U.S.C. § 102(a) (2006) (limiting copyright to "*original* works of authorship" (emphasis added)).

42 *Eldred*, 537 U.S. at 211.

43 *Id.* at 211.

44 *Id.* at 212-14.

45 *Id.* at 213.

46 *Id.* at 213-14.

47 *Id.* at 214 (quoting Brief for Petitioners at 23, Eldred v. Ashcroft, 537 U.S. 186 (2003), 2002 WL 1041928 (May 20, 2002).

created in the last 170 years would reasonably comprehend as the 'this' offered her, a copyright not only for the time in place when protection is gained, but also for any renewal or extension legislated during that time."[48] Noting that the references to a quid pro quo involved patent cases, the Court argued "immediate disclosure is not the objective of, but is *exacted from*, the patentee," whereas "[f]or the author seeking copyright protection, in contrast, disclosure is the desired objective, not something exacted from the author in exchange for the copyright."[49]

In addition to their other Copyright Clause arguments, the petitioners urged the Court to "apply the 'congruence and proportionality' standard described in cases evaluating exercises of Congress' power under Section 5 of the Fourteenth Amendment."[50] The court quickly dismissed this argument by pointing out that it had never applied that standard to any Congressional actions outside of Section 5 of the Fourteenth Amendment.[51]

E. The First Amendment

The petitioners argued the Copyright Term Extension Act was a content-neutral regulation of speech that failed heightened judicial review under the First Amendment. Justice Ginsburg's principal reason for rejecting this argument was that the Copyright Act "incorporates its own speech-protective purposes and safeguards."[52] Regarding the closeness in time of the adoption of the Copyright Clause and the First Amendment as indicating "that, in the Framers' view, copyright's limited monopolies are compatible with free speech principles,"[53] she continued "copyright's purpose is to *promote* the creation and publication of free expression,"[54] concluding "'[t]he Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one's expression, copyright supplies the economic incentive to create and disseminate ideas.'"[55]

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48 *Id.* at 214-15.

49 *Id.* at 216. The Court further distinguished copyrights from patents by pointing out that copyright left others free to use the ideas contained in a copyrighted work, 17 U.S.C. § 102(b) (2006), while a patent prevents use by others of the patentee's knowledge. 35 U.S.C. § 271 (2006).

50 *Id.* at 218.

51 *Id.*

52 *Id.* at 219.

53 *Id.*

54 *Id.*

55 *Id.* (quoting Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 558 (1985)). The argument is that if authors can find audiences, then copyright enables the authors to profit from their writings and thus have an independent ability to bring their voices to the public without sponsors or

Justice Ginsburg saw the distinction copyright makes between ideas and their expression and the doctrine of fair use as the "built-in First Amendment accommodations"[56] of copyright. Under the idea/expression dichotomy, as it is called, "every idea, theory, and fact in a copyrighted work becomes instantly available for public exploitation at the moment of publication."[57] Complementing the idea/expression dichotomy, the fair use doctrine "allows the public to use not only facts and ideas contained in a copyrighted work, but also expression itself in certain circumstances,"[58] and "affords considerable 'latitude for scholarship and comment,' and even for parody."[59]

Finally, the Court rejected the argument that the CTEA was a content-neutral regulation of speech which required heightened constitutional scrutiny.[60] In a phrase which was to reappear as a major component of the constitutional challenges in *Golan*, the majority opinion stated that "when, as in this case, Congress has not altered *the traditional contours of copyright protection*, further First Amendment scrutiny is unnecessary."[61]

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government support. This argument is given a more detailed exposition in an article by David Ladd during his tenure as Register of Copyrights. David Ladd, *The Harm of the Concept of Harm in Copyright*, 30 J COPYRIGHT SOC'Y 421 (1983).

56 *Id.*

57 *Eldred*, 537 U.S. at 219. The idea/expression dichotomy is embodied in section 102(b) of the Copyright Act. 17 U.S.C. § 102(b) (2006) ("In no case does copyright protection for an original work of authorship extend to any idea, procedure, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."). The Court also stated this "idea/expression dichotomy strike[s] a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while protecting an author's expression." *Id.* (quoting Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 558 (1985) (internal quotation marks omitted in original)).

58 *Id.*

59 *Id.* at 220 (quoting Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 560 (1985), and citing Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994)). Justice Ginsburg also pointed out the CTEA permitted libraries and archives to reproduce, distribute, display or perform certain works for purposes of preservation, scholarship, or research if the work was not currently being published and was not available at a reasonable price. 17 U.S.C. § 108(h) (2006).

60 The argument was based on *Turner Broadcasting System, Inc. v. F.C.C.*, 512 U.S. 622 (1994), which involved a constitutional challenge to requiring cable television systems to carry the signals of the over-the-air broadcast stations in their localities.

61 *Eldred*, 537 U.S. at 221 (emphasis added). This was a response to the District of Columbia Circuit's statement that "copyrights are categorically immune from challenges under the First Amendment." Eldred v. Reno, 239 F.3d

F. The Dissents

Justice Stevens grounded his dissent on the proposition that a state could not "'extend the life of a patent beyond its expiration date,'"[62] arguing this stricture extended to Congress as well as the states, and to copyrights as well as patents. To Stevens, the grant of a patent or copyright monopoly was to be strictly construed in light of the "limited Times" language of the Constitution. He saw the issuance of a patent as a quid pro quo, exchanging a temporary economic monopoly for ultimate free and permanent public access to the invention. For copyright, he saw the quid pro quo for the exclusive rights granted a copyright owner as "advancing progress by adding knowledge to the public domain."[63] He equated the expiration of a copyright with the expiration of a patent, both of which gave the public unlimited access to the previously protected rights of the copyright or patent holder. The core of his argument was stated in the following passage:

> *Ex post facto* extensions of copyrights result in a gratuitous transfer of wealth from the public to authors, publishers, and their successors in interest. Such retroactive extensions do not even arguably serve either of the purposes of the Copyright/Patent Clause. The reasons why such extensions of the patent monopoly are unconstitutional apply to copyrights as well.[64]

Disputing the majority opinion, Justice Stevens saw the initial Copyright Act of 1790 as creating new federal rights which extinguished the rights granted by the states under the Articles of Confederation rather than amplifying or extending pre-existing rights.[65] Second, the majority's reliance on the fact that Congress had retroactively extended the term of copyright duration on previous occasions was mistaken because the previous legislation had never been constitutionally challenged.[66] Third, he rejected the argument that providing incentives for restoring older works, particularly motion pictures, validated the CTEA on the ground that this argument could also be made to reviving expired copyrights, yet that

372, 374 (D.C. Cir. 2001), *aff'd sub nom.*, Eldred v. Ashcroft, 537 U.S. 186 (2003).

[62] *Eldred*, 537 U.S. at 222 (quoting Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 231 (1964)). In *Sears*, the Supreme Court held that Illinois unfair competition law could not protect a lamp design because it was preempted by the federal Patent Act. The majority reasoned that a restriction on the states did not automatically place the same restriction on Congress.

[63] *Id.* at 226.

[64] *Id.* at 227.

[65] *Id.* at 228-33.

[66] *Id.* at 233-39.

would not make such legislation constitutional.[67] Fourth, members of the public were entitled to rely on the expiration of the initial term.[68]

From the undisputed proposition that a perpetual copyright was clearly unconstitutional, Justice Stevens argued that it was necessary to have "a categorical rule prohibiting retroactive extensions [to] effectively preclude perpetual copyrights."[69] He concluded:

> By failing to protect the public interest in free access to the products of inventive and artistic genius — indeed by virtually ignoring the central purpose of the Copyright/Patent Clause — the Court has quitclaimed to Congress its principal responsibility in this area of the law. Fairly read, the Court has stated that Congress' actions under the Copyright/Patent Clause are, for all intents and purposes, judicially unreviewable.[70]

Justice Breyer's dissent took a different tack, relying significantly on an economic analysis of the CTEA to buttress his conclusions. To Justice Breyer, "[t]he economic effect of this 20-year extension . . . is to make the copyright term not limited but virtually perpetual," and "most importantly, its practical effect is not to promote, but to inhibit, the progress of 'Science' — by which word the Framers meant learning or knowledge."[71]

The core of Justice Breyer's position was that a copyright statute would lack "the constitutionally necessary rational support (1) if the significant benefits that it [the CTEA] bestows are private, not public; (2) if it threatens seriously to undermine the expressive values that the Copyright Clause embodies; and (3) if it cannot find justification in any significant Clause-related objective."[72] Considering the first of his proposed criteria, he saw the CTEA as primarily providing benefits to existing copyright holders, and imposing costs on the public in the form of higher prices or royalty payments and the cost of obtaining permissions.[73]

Turning to the constitutional purpose to "promote the Progress of Science," Justice Breyer asked what benefits would flow from the statute in question. Declaring "no one could reasonably conclude that copyright's

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[67] *Id.* at 239-40.

[68] *Id.* at 240-41.

[69] *Id.* at 242.

[70] *Id.*

[71] *Id* at 243. He also observed that the CTEA's "primary legal effect is to grant the extended term not to authors, but to their heirs, estates, or corporate successors." *Id.*

[72] *Id.* at 245. He essentially reiterated this proposed test in a subsequent footnote, stating "that copyright statutes must serve public, not private, ends; that they must seek 'to promote the Progress' of knowledge and learning; and that they must do so both by creating incentives for authors to produce and by removing the related restrictions on dissemination after expiration of a copyright's 'limited Tim[e].'" *Id.* at 247-248.

[73] *Id.* at 248-54.

traditional economic rationale applies,"[74] he reasoned that the extension would not act as a greater economic motivation to authors to create works than those that already existed for two reasons. First, the scarcity of the number of works that remained commercially valuable after the length of time it took before the twenty-year extension came into effect made the likelihood of any given work benefitting from the term extension remote. Second, the present value and incentive power of rewards of lengthening copyright protection by twenty years that would not begin to be realized, if at all, until seventy years after an author's death would be no greater motivation for authors to create and publishers to disseminate than that already extant. In short, the additional twenty years were no incentive even for future works.[75]

Even allowing for the normal respect of the Court to Congress in the area of copyright legislation, Justice Breyer found the majority opinion to be unduly and inappropriately deferential by avoiding the necessary constitutional examination of the statute in the case at bar.[76] Summarizing his arguments, he concluded that the statute so lacked public benefit and was so likely to cause expression-related harm rather than good to the public interest as to require that it be held unconstitutional.[77]

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[74] *Id.* at 254.

[75] *Id.* at 254-57. Justice Breyer based his economic conclusions on a report by the Congressional Research Service. EDWARD B. RAPPAPORT, CONGRESSIONAL RESEARCH SERVICE REPORT FOR CONGRESS: COPYRIGHT TERM EXTENSION: ESTIMATING THE ECONOMIC VALUES (1998). Justice Breyer set out the basis for some of his economic analysis in an Appendix to his opinion. *Eldred*, 537 U.S. at 267-69. Justice Breyer also was quite skeptical about the need for the United States to be congruent with Europe as a policy rationale for the CTEA. *Id.* at 257-60.

In addition, Justice Breyer rejected the arguments that the CTEA provided incentives to publishers to republish and disseminate older works as being unjustified because it was in basic conflict with the purpose of the Copyright Clause. *Id.* at 260-62. He also noted that the legislative history of the statute stated it would financially assist the entertainment industry through the promotion of exports, which he found to be of concern only to issues arising under the Commerce Clause but not the Copyright Clause. *Id.* at 262-63. He also argued, contrary to the majority opinion, that the fact that we are living in an age of technological advances — better communications, longer lives, adults having children later in life — should militate against extending the term of copyright duration rather than supporting it. *Id.* at 263. The amicus brief submitted by a number of prominent economists, including five Nobel Prize winners, made an even more persuasive case that the addition of twenty years to the term of copyright protection did nothing to incentivize the creation of copyrightable works. Brief of George A. Akerlof, et al., as Amici Curiae in Support of Petitioners, Eldred v. Ashcroft, 537 U.S. 186 (2003), 2002 WL 1041846 [hereinafter Economist's Brief].

[76] *Eldred*, 537 U.S. at 263-66.

[77] *Id.* at 266-67.

III. GOLAN *AND SECTION 514 OF THE URUGUAY ROUND AGREEMENTS ACT*

A. Background

Golan v. Holder[78] challenged the constitutionality of section 514 of the Uruguay Round Agreements Act,[79] which removed numerous works from the public domain, thus preventing the public from making free use of these works.

Like many legal problems, *Golan* is best understood in historical context. The United States first protected copyrights in 1790,[80] but no protection was granted to the works of foreign authors until 1891.[81] Unsurprisingly, the extension of copyright protection to foreign works was conditioned on their nations extending to United States works the same protections they granted to works of their own nationals, a condition known in international intellectual property law as the principle of national treatment. Only a few years earlier, the major European nations had created the Berne Convention,[82] a multilateral treaty that created a

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78 132 S. Ct. 873 (2012). For a fuller list of sources of the *Golan* opinion, see *supra* note 5.

79 Uruguay Round Agreements Act, Pub. L. No. 103-465, tit. V, subtit. A, § 514, 108 Stat. 4809, 4976-81 (Dec. 8, 1994) [hereinafter URAA] (codified as amended at 17 U.S.C. §§ 104A, 109(a) (2006 & Supp. IV 2010)).

80 Act of May 31, 1790, 1st Cong., 2d Sess., ch. XV, 1 Stat. 124.

81 Act of Mar. 3, 1891, §§ 3, 13, 26 Stat. 1107, 1110.

82 Berne Convention for the Protection of Literary and Artistic Works, Paris Revision of July 24, 1971 (effective October 10, 1974), entered into force for the United States March 1, 1989, 25 U.S.T. 1341, 828 U.N.T.S. 221, S. TREATY DOC. 99-27, *reprinted in* 1 Copyright L. Rep. (CCH) ¶¶ 11,400–479, [hereinafter Berne Convention or Berne]. The Berne Convention creates "a Union for the protection of the rights of authors in their literary and artistic works." Berne Convention, *supra*, art. 1. The original text of the Berne Convention was concluded on September 9, 1886, with an effective date of December 5, 1887. The subsequent amendments and revisions are:

(1) the Additional Act of Paris, May 4, 1896 (effective December 9, 1897);

(2) the Berlin Revision, November 13, 1908 (effective September 9, 1910);

(3) the Additional Protocol of Berne, March 20, 1914 (effective April 20, 1915);

(4) the Rome Revision, June 2, 1928 (effective August 1, 1931);

(5) the Brussels Revision, June 26, 1948 (effective August 1, 1951), *reprinted in* 1 Copyright L. Rep. (CCH) ¶¶ 11,512–11,549;

(6) the Stockholm Revision, July 14, 1967 (effective date for the administrative provisions, January 1, 1970; the substantive provisions were incorporated into the later Paris Revision), U.N.T.S. No. I-11850, 828 U.N.T.S. 221, *reprinted in* 1 Copyright L. Rep. (CCH) ¶¶ 11,483–11,507;

"Union for the protection of the rights of authors in their literary and artistic works." The Berne Convention became the dominant international copyright treaty.

As the United States evolved into the world's major exporter of copyrighted works during the twentieth century, the desire for strong international protection grew apace. To nobody's surprise, the United States in 1989 finally adhered to the Berne Convention, which was widely seen at the time as the best available mechanism for protecting United States copyrights abroad.[83] The problem that led to the *Golan* case was the Berne Convention imposed several substantive conditions on any state seeking to adhere to it, some of which would require significant changes in the United States Copyright Act. In particular, Article 18 of the Berne Convention obligated the United States to protect copyrights of other members of the Berne Union until the expiration of the term of protection in the country of origin or the United States, whichever came first.[84] Many of these works, however, had entered the public domain in the United States because the work had been published without proper notice or a renewal registration was not filed,[85] the work was from a state the United States had no copyright relations with,[86] or the work was a sound recording fixed prior to February 15, 1972.[87] This problem arose in large part

(7) the Paris Revision, July 24, 1971 (effective October 10, 1974), U.N.T.S. No. I-18338, 1161 U.N.T.S. 3.

(8) the Amendment of September 28, 1979.

The United States adhered to the text of the Paris Revision of July 24, 1971, and the Amendment of September 28, 1979. Unless otherwise indicated, all references to the Berne Convention in this treatise will be to the Paris Revision of 1971 as amended.

[83] S. REP. No. 100-352, at 2 (1988), *reprinted in* 1988 U.S.C.C.A.N. 3076 [hereinafter 1998 BCIA REPORT] ("The Berne Convention for the Protection of Literary and Artistic Works, better known as the Berne Convention, is the highest internationally recognized standard for the protection of works of authorship of all kinds. U.S. membership in the Berne Convention will secure the highest available level of multilateral copyright protection for U.S. artists, authors and other creators. Adherence will also ensure effective U.S. participation in the formulation and management of international copyright policy"); *id.* ("Adherence by the United States to the Berne Convention is a significant opportunity to reduce the impact of copyright piracy on our world trade position.").

[84] Berne Convention, *supra* note 82, art. 18(1)–(2), (4).

[85] *See infra* note 88.

[86] For a list of the current United States treaties and Presidential Proclamations concerning copyright protection of United States works abroad, see COPYRIGHT OFFICE CIRCULAR 38A, INTERNATIONAL COPYRIGHT RELATIONS OF THE U.S.A. (2010), *available at* http://www.copyright.gov/circs/circ38a.pdf.

[87] Sound recordings were not eligible for copyright in the United States until February 15, 1972, when the 1971 Sound Recording Amendment became

from the conflict between the Berne Convention and the United States Copyright Act over formalities. Works published in the United States without proper copyright notice were injected into the public domain.[88] This was anathema to Berne.[89]

United States adherence to the Berne Convention in 1989[90] was something of a shell game; now you see it, now you don't. The Berne Convention Implementation Act[91] eliminated the provisions that forfeited a copyright to the public domain if copies were published without notice.[92] This prevented future works from entering the public domain for failure to affix notice or register but did not comply with the Convention's requirement to protect existing foreign works in the public domain whose terms had not yet expired.[93] To the contrary, the Berne Convention Implementation Act expressly denied protection to such works, stating "Title 17, United States Code, as amended by this Act, does not provide copyright

effective. Pub. L. No.92-140, 85 Stat. 381 (1971) (codified at various sections of the 1909 Copyright Act, *supra* note 18, and at 17 U.S.C. § 102(a)(7) (2006)). Sound recordings fixed before February 15, 1972, are protected by state law.

88 Under the 1909 Copyright Act, *supra* note 18, § 10, copyright protection was obtained by publishing a work with proper copyright notice. *Id.* § 10. Failure to place copyright notice on published copies usually injected the work into the public domain. *See generally* HOWARD B. ABRAMS, THE LAW OF COPYRIGHT §§ 9.63–9.69 (2012). For certain classes of unpublished works copyright protection could be obtained by registering the work in the Copyright Office. 1909 Copyright Act, *supra*, note 18, § 12. Under the 1909 Copyright Act, the initial term of protection was twenty-eight years but could be extended for an additional twenty-eight years by the filing of a notice of renewal in the Copyright Office during the twenty-eighth year of the original term. *Id.* § 24. Any work, published or unpublished, for which the rightsholder failed to file the renewal notice was also injected into the public domain at the end of the original term. *Id.*; *see generally* ABRAMS, *supra*, §§ 7.4–7.6. Similarly, under the 1976 Copyright Act, copyrights in published works could be forfeited if the works did not bear proper notice, 17 U.S.C. Appendix §§ 401–406, at 987-88 (1976), until the adoption of the Berne Convention Implementation Act. *Infra*, note 91.

89 Berne Convention, *supra* note 82, art. 5(2).

90 The Berne Convention was ratified by the Senate in 1988. The instrument of accession deposited with the World Intellectual Property Organization set the effective date for the Berne Convention in the United States of March 1, 1989. 53 Fed. Reg. 48,748 (1988).

91 Pub. L. No. 100-568, 102 Stat. 2853 (1988) (effective Mar. 1, 1989) (codified as amended in scattered sections of 17 U.S.C.) [hereinafter Berne Convention Implementation Act or BCIA].

92 BCIA, *supra* note 91, § 7. Unpublished works were then and are now protected regardless of the national origin or domicile of the author whether or not they bear notice. 17 U.S.C. § 104(a) (2006).

93 Berne Convention, *supra* note 82, art. 18(1)–(2), (4).

protection for any work that is in the public domain in the United States,"[94] a direct contravention of Article 18 of the Convention.[95] Moreover, to insure the Berne Convention itself could not be a source of rights to be litigated in United States Courts, the Act provided "[t]he provisions of the Berne Convention . . . shall not be enforceable in any action brought pursuant to the provisions of the Berne Convention itself."[96] Realistically, there was nothing of substance an aggrieved member state of the Berne Union could do about it. The Berne Convention did provide disputes "between two or more countries of the Union . . . may . . . be brought before the International Court of Justice,"[97] but this had no real effect as the Court had no real power.[98]

Why was the United States permitted to join the Berne Union when it rather obviously failed to comply with the requirements of the Berne Convention? Although speculative, an obvious line of thought is that the World Intellectual Property Organization,[99] the international agency that

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[94] BCIA, *supra* note 91, § 12.

[95] Berne Convention, *supra* note 82, art. 18(1)–(2). *See also supra* text accompanying note 84.

[96] BCIA, *supra* note 91, § 12. The BCIA also declared:

> (1) The [provisions of the Berne] Convention . . . are not self-executing under the Constitution and laws of the United States.
>
> (2) The obligations of the United States under the Berne Convention may be performed only pursuant to appropriate domestic law.
>
> (3) The amendments made by this Act, together with the law as it exists on the date of the enactment of this Act, satisfy the obligations of the United States in adhering to the Berne Convention and no further rights or interests shall be recognized or created for that purpose.

Id. § 2.

A conflict exists between the Berne Convention and United States Copyright Act over the moral rights of authors, but it is not relevant to this article. *Compare* Berne Convention, *supra* note 82, art. 6*bis with* Berne Convention Implementation Act, *supra* note 91, § 3(b) *and with* 17 U.S.C. § 106A (2006).

[97] Berne Convention, *supra* note 82, art. 33(1).

[98] For Berne Convention disputes, the International Court of Justice could declare the law but could not enforce it. WORLD INTELL. PROP. ORG., GUIDE TO THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS (Paris Act 1971), cmt. 33.5 to Article 33, at 138 (1978) ("In any case, an adverse decision of the International Court carries no condemnation: the Court merely makes a finding as to the law and it is then a matter for the countries in question to solve by diplomatic or legislative means, as they wish.").

[99] The World Intellectual Property Organization [hereinafter WIPO], an outgrowth of several earlier multinational intellectual property organizations, was officially formed by the Convention Establishing the World Intellectual Property Organization (1967, as amended Sept. 28, 1978), *available at* http://www.wipo.int/treaties/en/convention/trtdocs_wo029.html. WIPO became an

administers the Berne Convention and many other international intellectual property treaties, was extremely anxious for the United States to join the Berne Union. In 1985, appearing at a Senate Hearing on United States accession to the Berne Convention, Arpad Bogsch, the Director-General of WIPO, testified "[t]he only real difference—and that has nothing to do with the level of protection — that makes U.S. law incompatible with the Berne Convention consists in the notice and registration requirements."[100] He made no mention of retroactive protection of foreign works in the public domain in the United States. It is beyond naïve to believe that WIPO, and more particularly its Director-General, was unaware of the issue. Nonetheless, WIPO was willing to overlook the obvious failure to comply in order to obtain United States membership in the Berne Union.[101] Nor was Congress unaware of the conflict,[102] but it could and did choose to ignore it. In Justice Ginsburg's apt description, Congress "punted."[103]

Creation of the World Trade Organization[104] in 1994 changed the rules of the game. The Agreement on Trade Related Aspects of Intellectual Property,[105] a component of the WTO Agreement, required all members of the WTO to implement Articles 1 through 21 and the Appendices

agency of the United Nations in 1974. The United States signed the Convention on July 14, 1967, it was ratified by the Senate on May 25, 1970, and it entered into force in the United States on August 25, 1970. *See WIPO-Administered Treaties*, WIPO, http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=ALL&start_year=ANY&end_year=ANY&search_what=C&treaty_id=1 (last visited July 11, 2013). The author has been told several times, and in no uncertain terms, that it is permissible to refer to the organization as "W"-"I"-"P"-"O," pronouncing each letter individually but pronouncing it as an acronym, "WIPO," is definitely déclassé. Oh well.

100 *U.S. Adherence to the Berne Convention: Hearings Before the Subcomm. on Patents, Copyrights and Trademarks of the Comm. on the Judiciary*, 99th Cong. 10 (1985, 1986).

101 In 1985, the United States, China, and the U.S.S.R., three-fifths of the United Nations Security Council's permanent members and quite arguably the three most powerful nations in the world at that time, were not members of the Berne Union. This may have influenced Dr. Bogsch's seeming blindness.

102 H.R. Rep. No. 100-609, at 51-52 (1998)

103 Golan v. Holder, 132 S. Ct. 873, 879 (2012).

104 Agreement Establishing the World Trade Organization (Apr. 15, 1994), 33 I.L.M. 1125, 1143 (1994) [hereinafter WTO Agreement], *also available at* http://www.wto.org/english/docs_e/legal_e/04-wto.pdf.

105 WTO Agreement, *supra* note 104, Annex 1C, Trade Related Aspects of Intellectual Property, 33 I.L.M. 1125, 1197 (1994) [hereinafter TRIPs or TRIPs Agreement], *available at* http://www.wto.org/english/docs_e/legal_e/27-trips.pdf.

of the Berne Convention except for Article 6*bis*.[106] Unlike Berne, TRIPS could be enforced through the WTO's dispute resolution mechanism[107] and violations could result in sanctions. Against a background of growing threats of actions and retaliatory nonenforcement of United States copyrights,[108] Congress enacted section 514 of the Uruguay Round Agreements Act,[109] which granted copyright protection to certain works of other Berne members in the public domain in the United States.

B. The Litigation

A constitutional challenge inevitably followed the granting of copyright protection to works in the public domain by the URAA. After bouncing through the lower courts,[110] the Supreme Court granted certiorari on the issues of whether section 514 violated either the Copyright-Patent Clause or the First Amendment.[111] Justice Ginsburg, again writing for the majority, took a familiar path, emphasizing past removals of copyrights and patents from the public domain[112] and the free speech protections embodied in the Copyright Act.

At the outset, Justice Ginsburg recited the provisions of § 514 that lessened the burden on users of the works that were removed from the public domain:[113] absolute immunity for any use of these works while they were in the public domain;[114] no liability for infringement on the part of a

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106 TRIPs, *supra* note 105, art. 9(1).

107 WTO Agreement, *supra* note 104, Annex 2, Understanding on Rules and Procedures Governing the Settlement of Disputes, 33 I.L.M. 1125, 1226 (1994), *available at* http://www.wto.org/english/docs_e/legal_e/28-dsu.pdf.

108 *Golan*, 132 S. Ct. at 880.

109 URAA, *supra* note 6, § 514 (codified at 17 U.S.C. § 104A (2006)).

110 The district court granted summary judgment upholding 514 of the statute. Golan v. Gonzales, 74 U.S.P.Q.2d (BNA), 2005 WL 914754 (2005). The Tenth Circuit upheld the district court's ruling that the § 514 did not violate the Copyright-Patent Clause but determined that removing works from the public domain "altered the traditional contours of copyright protection," which required First Amendment scrutiny. Golan v. Gonzales, 501 F.3d 1179, 1187 (10th Cir. 2007) (quoting Eldred v. Ashcroft, 537 U.S. 186, 221 (2003)). On remand, the district court held that § 514 was content-neutral but still unconstitutional because it was not sufficiently narrowly tailored to serve the government's interest in complying with the Berne Convention. Golan v. Holder, 611 F. Supp. 2d 1165 (D. Colo. 2009). The Tenth Circuit reversed, applying scrutiny appropriate for content-neutral restrictions on speech and holding that § 514 advanced an important government interest and was not substantially broader than necessary. Golan v. Holder, 609 F.3d 1076 (10th Cir. 2010).

111 Golan v. Holder, 131 S. Ct. 1600 (2011).

112 *Golan*, 132 S. Ct. at 885-87.

113 *Id.* at 882-83.

114 17 U.S.C. § 104A(d)(1)–(2) (2006).

"reliance party"[115] unless a notice of intent to enforce a restored copyright has been filed with the Copyright Office or served on the reliance party;[116] after the notice is filed, the reliance party has one year to dispose of all otherwise infringing copies of the restored work;[117] if the reliance party prepared a derivative work while the restored work was in the public domain, the reliance party can continue to use the derivative work provided reasonable compensation is paid to the owner of the restored copyright,[118] and if the parties do not agree on the compensation, the United States district courts can determine the amount.[119]

C. "[L]imited Times"

Petitioners' arguments in *Golan* paralleled if not echoed those in *Eldred*. Relying on the Constitution's "limited Times" restriction, the petitioners contended that "[r]emoving works from the public domain," "violates the 'limited [t]imes' restriction by turning a fixed and predictable period into one that can be reset or resurrected at any time, even after it expires."[120] This was rejected largely on the basis of the Court's decision in *Eldred*, i.e., that the term "limited," while it implied some constraints on the "Times" a work was protected, was by no means unalterable or inelastic.[121] A key component in Justice Ginsburg's reasoning was that the works at issue would only be protected for the life of the author plus seventy years, the same term of protection that had been held constitutional in *Eldred*.[122] As in *Eldred*, the majority opinion listed examples of Congress withdrawing copyrights and patents from the public domain.[123]

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115 In essence, a "reliance party" is someone who was using a restored work while it was in the public domain. *Id.* 104A(h)(4). The copyright in such a work is called a "restored copyright," *Id.* § 104A(h)(5), while the underlying work is called a "restored work." *Id.* § 104A(h)(6).

116 *Id.* § 104A(d)(1)–(2).

117 *Id.* § 104A(d)(2).

118 *Id.* § 104A(d)(3)(A).

119 *Id.* § 104A(d)(3)(B).

120 Brief for Petitioners at 22, Golan v. Holder, 132 S. Ct. 873 (2012), 2011 WL 2423674.

121 *Golan*, 132 S. Ct. at 884-85.

122 *Id.* at 885 ("The terms afforded works restored by § 514 are no less "limited" than those the CTEA lengthened."). *See also id.* at 882, text accompanying notes 12–13.

The opinion also made the point that the term for the restored works was economically shorter than the full life plus seventy years because there was no right to compensation for the use of the work while it was in the public domain.

123 *Golan*, 132 S. Ct. at 886-87. The statement in *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966), that "Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available," was not only said to be

D. "[T]o promote the Progress of Science"

Petitioners argued that § 514 did not "promote the Progress of Science" because removal of works from the public domain would stifle the creativity that their public availability made possible. This argument was rejected in *Golan* on the same basis it was rejected in *Eldred*:[124] the proper inquiry was whether the overall copyright regime served that purpose not whether an individual component, taken in isolation, led to the creation of a new work. Justice Ginsburg also stated that dissemination of preexisting works as well as creation of new works served the preambular purpose of the Copyright Clause.

E. The First Amendment

The First Amendment challenge to section 514 was likewise viewed through the prism of *Eldred*.[125] Much of the petitioners' argument rested on the premise that removing a work from the public domain "altered the traditional contours of copyright protection,"[126] quoting Justice Ginsburg's phrase from *Eldred*,[127] thus requiring First Amendment scrutiny. After mentioning the proximity of the Copyright-Patent Clause, the First Amendment and the first copyright act, Justice Ginsburg stated the idea/expression dichotomy and the fair use doctrine were copyright's "'built-in First Amendment accommodations'"[128] and were sufficient to resolve the free speech concerns. The majority opinion essentially defined the idea/expression dichotomy and the fair use doctrine as the only "traditional contours of copyright" that needed to be considered in adjudicating any claim that any copyright protection violated the First Amendment. Because the idea/expression and fair use doctrines were not changed or lessened by section 514, no further judicial scrutiny was necessary.[129]

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dicta but was irrelevant because it "did not speak to the constitutional limits on Congress' copyright and patent authority . . . [but instead] it 'addressed an invention's very eligibility for patent protection.'" *Id.* at 887 (quoting *Eldred*, 537 U.S. at 202, n.7).

124 *Id.* at 887-89.

125 *Id.* at 889-91.

126 Eldred v. Ashcroft, 537 U.S. 186, 221 (2003).

127 *Id. See supra* note 61 and accompanying text.

128 *Golan*, 132 S. Ct. 890 (quoting *Eldred*, 537 U.S. at 219).

129 *Id.* at 891. Petitioners' claim that they had vested rights in works in the public domain was equally unsuccessful. The majority opinion saw this as a repeat of the previously rejected claim that nothing could ever leave the public domain. *Id.* at 893.

F. The Dissent

For the most part, Justice Breyer's dissent in *Golan* was a reiteration of his dissent in *Eldred*. The crux of it was that the statute "does not encourage anyone to produce a single new work."[130] He saw "eliciting new production is, always has been, an essential precondition for American copyright protection" as a necessary conclusion from the "exclusive Right," "limited Times," and "Progress of Science" language of the Constitution.[131] After a review of the history of copyright,[132] he asked rhetorically "does the Clause empower Congress to enact a statute that withdraws works from the public domain, brings about higher prices and costs, and in doing so seriously restricts dissemination, particularly to those who need it for scholarly, educational, or cultural purposes — all *without providing any additional incentive* for the production of new material?"[133]

Justice Breyer then turned to the downside of section 514's copyright restoration, pointing out the problems created by the vast number of works eligible for restored copyright protection, the increased cost of restored works to users, the difficulty of obtaining permissions and the hampered or abandoned projects the statute caused.[134] He then segued into the First Amendment challenge, stating that he "need not decide whether the harms to that interest show a violation of the First Amendment" but "need only point to the importance of interpreting the Constitution as a single document — a document that we should not read as setting the Copyright Clause and the First Amendment at cross-purposes" so he would "need only find that the First Amendment interest is important enough to require courts to scrutinize with some care the reasons claimed to justify the Act."[135] Then considering the Copyright Clause and First Amendment issues as inexorably intertwined rather than separable, Justice Breyer concluded "that, by withdrawing material from the public domain, the statute inhibits an important preexisting flow of information is sufficient, when combined with the other features of the statute that I have discussed, to convince me that the Copyright Clause, interpreted in the

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130 *Id.* at 900. *Compare with Eldred*, 537 U.S. at 254-56 and *id.* at 258 ("In any event, the incentive-related numbers are far too small for Congress to have concluded rationally, even with respect to new works, that the extension's economic-incentive effect could justify the serious expression-related harms earlier described.").

131 *Golan*, 132 S. Ct. at 900.

132 *Id.* at 900-03.

133 *Id.* at 903.

134 *Id.* at 903-06.

135 *Id.* at 907-08.

light of the First Amendment, does not authorize Congress to enact this statute."[136]

IV. COMMENTARY

Like most Supreme Court decisions, *Golan* and *Eldred* invite conclusions, questions, criticisms, predictions, and speculations. All of these, of course, incorporate the perspectives, some would say prejudices, of the commentator, and any predictions are subject to the whims and vagaries of judicial minds and of future appointments to the bench.

A. History and Precedent

It is impossible to miss the fact that the two constantly recurring themes of Justice Ginsburg's opinion are a reliance on past history and great deference to Congress. Clearly, Justice Ginsburg relied throughout on the lack of previous challenges to copyright term enlargement and grants of protection to works in the public domain to support her conclusion that the challenged acts were constitutional. She justified this approach in *Eldred* by invoking Justice Holmes's famous aphorism that "a page of history is worth a volume of logic,"[137] in order "[t]o comprehend the scope of Congress' power under the Copyright Clause."[138] Justice Stevens' counter was that the prior term extensions had never been challenged.[139] Judge Posner's more trenchant riposte, albeit in a later law review article, was another famous quote from Holmes: "[i]t is revolting to have no better reason for a rule of law than that it was laid down in the time of Henry IV."[140]

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136 *Id.* at 912.

137 Eldred v. Ashcroft, 537 U.S. 186, 200 (2003) (quoting New York Trust Co. v. Eisner, 256 U.S. 345, 349 (1921)).

138 *Id.* at 200.

139 *Id.* at 239 ("The fact that the Court has not previously passed upon the constitutionality of retroactive copyright extensions does not insulate the present extension from constitutional challenge."). Justice Stevens also engaged in a lengthy examination of the legislative and judicial precedents, concluding they did not support or even contradicted the majority opinion's argument that they supported the constitutionality of retroactive copyright term extensions. *Id.* at 233-39. Among many other examples, the Court's decision in *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154 (2010), where the Court held the requirement of registration to maintain a suit for copyright infringement was not jurisdictional despite decades of practice and a plethora of lower court opinions to the contrary, also provides support for Justice Stevens' position.

140 Posner, *supra* note 4, at 149, n.10 and accompanying text (quoting Oliver Wendell Holmes, Jr., *The Path of the Law*, 10 HARV. L. REV. 457, 469 (1897)).

It must also be noted that one of the principal cases Justice Ginsburg relies on as precedential history, *McClurg v. Kingsland*,[141] lends questionable support to her reading of it in *Eldred* and *Golan*. In *Golan*, she read *McClurg* as "enforc[ing] an 1839 amendment that recognized a patent on an invention despite its prior use by the inventor's employer,"[142] when it, in fact, upheld the invalidation of the patent. Quoting a passage from *McClurg*, Justice Ginsburg stated "the legal regime governing a particular patent 'depend[s] on the law as it stood at the emanation of the patent, together with such changes as have been since made; for though they may be retrospective in their operation, that is not a sound objection to their validity.'"[143] In *McClurg*, plaintiff-appellants contended the jury was given improper instructions concerning acts of Congress amending the patent laws after the invention was made. The amendment could be read to add an additional period of protection to the duration of a patent that had expired under the law prior to the amendment. The Supreme Court held the jury was properly instructed about patent invalidity due to use of the invention prior to issuance of the patent under the amended laws, effectively avoiding any need to rule on the constitutionality of the amendment's retroactive effect and rendering the statement quoted by Justice Ginsburg dicta.

B. Deference to Congress

An extremely high level of deference to Congress over copyright legislation is the other theme pervading the majority opinions. But where does it end if at all? Certainly *Golan* and *Eldred* articulate almost no restrictions. We are left with the feeling that some boundary ought to exist but there is little in the opinions that would define it.[144]

In *Eldred*, Justice Ginsburg made an explicit finding that there was a rational basis for the CTEA listing the following reasons: equalizing the duration of copyright protection in the United States with that of Europe; enhancing the status of the United States in the international copyright milieu and providing United States' authors with the same term of protection in Europe as their European counterparts.[145] This clearly implies that

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141 42 U.S. (1 How.) 202 (1843).

142 Golan v. Holder, 132 S. Ct. 873, 887 (2012).

143 *Eldred*, 537 U.S. at 203 (quoting *McClurg*, 42 U.S. (1 How.) at 206).

144 Professor Lessig, who argued for the petitioners in *Eldred*, thought his most powerful argument was that Congress needed to be reined in from overabusing the Copyright-Patent Clause as the Court had limited the scope of congressional power under the Commerce Clause in United States v. Lopez, 514 U.S. 549 (1995). Lawrence Lessig, *How I Lost the Big One*, 2004 LEGAL AFFAIRS 57 (Mar./Apr. 2004).

145 *See supra* notes 31–34 and accompanying text.

Congress should have a rational basis for any future copyright term extensions or removal of works from the public domain. In *Golan*, the rational basis is even more obvious, the need to comply with treaty obligations flowing from treaties — the Berne Convention and the TRIPs Agreement — that are important to the United States.

What is provocative are the reasons the Court provided as the rational basis for a congressional action in contrast to those of Congress. Congress fundamentally premised its action on the perception that twenty years of additional protection for United States' copyrights in Europe would improve our balance of trade.[146] The *Eldred* opinion did not mention this issue.[147] Although the Court is free to use any "rational basis" it chooses to uphold a statute, whether a concern for the balance of trade is an appropriate basis for congressional action under the Copyright-Patent Clause is a legitimate question open to genuine debate. What is unacceptable, however, is the Court's apparent willingness to find the necessary rational basis for the CTEA in what seem to be unexamined cosmetic rationalizations rather than analytically confronting the question of whether improving the balance of trade is a proper justification for an enactment under the Copyright Clause.[148] The Court's ruling can be seen as stretching to accept any possible reason articulated for copyright legislation as sufficient to be a rational basis without further judicial examination. In sum, the Court's deference to Congress seems overstated to the point where it suggests that future judicial review of copyright legislation will be a rubber stamp for whatever Congress may choose to enact.

At the same time, the reluctance of the Court can be understood as an unwillingness to use *Eldred* and *Golan* as vehicles to explore the limits of Congress's power under the Copyright-Patent Clause, particularly if it is taken in conjunction with the Commerce Clause and the sharp divide on

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146 *See supra* notes 35-38 and accompanying text.

147 The closest the opinion came to the balance of trade concerns was the statement that "[b]y extending the baseline United States copyright term to life plus 70 years, Congress sought to ensure American authors would receive the same copyright protection in Europe as their European counterparts." *Eldred*, 537 U.S. at 205-06.

148 In giving its reason for holding the CTEA was a rational exercise of congressional power, the Court never mentions the balance of payments issue. *Id.* at 204-08. In addition to providing American authors with the same term of protection in Europe as European authors, *supra* note 147, the Court mentions the CTEA "may provide greater incentive for American and other authors to create and disseminate their work in the United States," *id.* at 206, and that it would "ensure stronger protection for U.S. works abroad," *id.*, and would enable the United States to be a leading player in the international copyright system which it would not be "'if the only way to promote the progress of science were to provide incentives to create new works.'" *Id.* (quoting Perlmutter, *supra* note 32, at 332.

the Court over the limits of congressional power under that Clause. There certainly is no evidence of any desire by the majority to use *Eldred* or *Golan* as the Copyright-Patent Clause's equivalent of *United States v. Lopez*.[149] Justice Breyer's dissent, on the other hand, would limit the scope of congressional power under the Copyright-Patent Clause to those enactments which would incentivize creation.[150]

C. The Scope of the Opinions

One of the more troubling aspects of the majority opinions is that they are far broader and more absolutist than necessary to justify their holdings. *Golan* gives us the most obvious example. Justice Ginsburg could easily have said section 514 of the URAA was only undoing forfeitures caused by now repealed technical formalities in the Copyright Act. This would have limited the scope of the opinion with respect to future removals of works from the public domain without changing the outcome of the case. Further, it would give the Court more freedom to determine potential future cases of such removals with greater concern for the facts of each case. This would also fit well with the historical examples of copyright terms forfeited during wartimes but restored when the wars ended.[151] Further, it would leave the way open for Congress to grant copyright protection to sound recordings fixed before February 15, 1972,[152] or to reinstate copyrights for United States authors whose copyrights had been lost to formalities. Instead the majority opinion suggests the boundary between copyright protection and the public domain is one Congress can transgress at will.

Justice Ginsburg's approach in *Eldred* is more nuanced, but still arguably too broad. Justice Ginsburg stated a concern that United States copyrights receive the same term of protection in the European Union as

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149 514 U.S. 549 (1995). Justice Stevens' dissent in *Eldred* would deny Congress the power to extend the term of existing copyrights. Also in *Eldred*, Justice Breyer, viewing the copyright as an incentive system for the creation of knowledge, argues that term extensions provide no incentive for creation and are thus constitutionally void. Although the majority rejected these challenges, they did not join debate on the limits of judicial deference to Congress under the Copyright-Patent Clause.

150 *See supra* notes 71–77 and accompanying text

151 Golan v. Holder, 132 S. Ct. 873, 887 (2012).

152 Arguably providing copyright protection for sound recordings fixed prior to February 15, 1972, does not remove anything from the public domain because such recordings have consistently been protected by state courts under a common law claim of misappropriation or by state criminal statutes. *See* ABRAMS, *supra* note 88, § 8:38 nn. 3-4. Nonetheless, providing retroactive copyright protection to these sound recordings would give protection that did not exist for four or more decades after their creation.

did European copyrights, and used this observation to declare the CTEA had a rational basis.[153] To the extent this requires any future term extension attempt to demonstrate that it has a rational basis, it is desirable. For reasons previously stated,[154] *Eldred* leaves the impression that the Court went out of its way to camouflage the underlying reasons for the CTEA with more attractive rationalizations. A more thoroughly considered analysis of Congress's actual reasons would be far more useful than the Court's apparent willingness to accept or even stretch to find statements made by Congress or congressional witnesses, however contrived, as a "rational basis" for the legislation.

Justice Ginsburg appropriately and explicitly warned that *Eldred* did not involve a succession of term extensions that could be challenged as seeking perpetual protection in twenty year increments.[155] Nonetheless, the broad brush approach taken to defining the adjective "limited" in the Copyright Clause[156] provides little or no guidance to how many times, what length of times, and for what justification can Congress extend the term of copyright protection. Given these definitions of "limited," a term of a thousand years is clearly limited. For that matter, so is a term of a million years. Although instinctively we believe these violate the Copyright Clause, yet they fit within the Court's definitions of "limited."

D. What Next?

So we come to the question of what happens when Congress passes the next copyright term extension act? Justice Ginsburg pooh-poohed the question of whether the CTEA was the beginning of perpetual copyright protection accomplished by increments.[157] Some might like to think the dissents in *Eldred* would give Congress some pause before a further extension of the copyright term, but the majority opinion does not. Certainly nothing in *Eldred* will stop copyright owners from seeking further term extensions. In 2018, the same copyrights that were extended in 1998 will be approaching expiration. It is not going out on a limb to predict that copyright term extension legislation will again be introduced. Since Mexico has lengthened its term of copyright protection to life plus 100 years,[158] this

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153 *See supra* notes 30–34 and 144–146 and accompanying text.

154 *See supra* notes 30–34 and 144–146 and accompanying text.

155 Eldred v. Ashcroft, 537 U.S. 186, 199 (2003).

156 *See supra* notes 20–23 and accompanying text.

157 *Eldred*, 537 U.S. at 209.

158 Ley Federal Del Derecho de Autor, tit. II, cap. III, art. 29 (Mex.), *available at* http://www.diputados.gob.mx/LeyesBiblio/pdf/122.pdf. A term of protection of the life of the author plus seventy-five years was amended in 2003 to increase the term to the life of the author plus 100 years. English translations of the 1996 law and the 2003 amendment are *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=128791 and http://www.wipo.int/

provides a basis for urging such legislation as that used to promote the CTEA.[159] Disney is salivating.[160]

Similarly, *Golan* does almost nothing to suggest a basis for determining when the removal of a work or works from the public domain might be unconstitutional. The instances cited in the opinion seem to suggest that the whim of Congress is sufficient.[161]

One line of thought is that the majority wanted to prevent, or at least minimize future litigation over legislation to remove other works from the public domain in situations analogous to those addressed by section 514 of the URAA. The most obvious category is sound recordings fixed prior to February 15, 1972, the first date on which they could obtain protection under the United States Copyright Act.[162] Given that these uncopyrighted sound recordings include many hugely popular works, both American and foreign,[163] the question is when, not if, such legislation will be introduced.[164] They are currently protected by state law, but that is not perceived as very satisfactory by the copyright-based industries. Moreover, if foreign works can be rescued from slipping into the public domain for lack of notice or failure to register or renew, why not American works? When such legislation is enacted and then challenged, *Golan* may prevent such questions from reaching the Supreme Court.

E. "[L]imited Times:" Is There a Viable Constitutional Boundary?

Although the petitioners in *Eldred* limited their challenge to the retroactive application of the CTEA, this position may have to be, and perhaps should be, abandoned if there is a further term extension. If you take *Eldred*'s interpretation of "limited Times" at face value,[165] it doesn't seem

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wipolex/en/text.jsp?file_id=178394 respectively. Thanks go to Professor H. Tomás Gómez-Arostegui of Lewis and Clark Law School for helping the author locate the Mexican citation.

159 *See supra* note 35 and 36 and accompanying text.

160 *See supra* note 37.

161 Golan v. Holder, 132 S. Ct. 873, 886-87 (2012).

162 *See supra* note 87.

163 To name only a few recording artists whose pre-1972 records are still selling in significant numbers: Elvis Presley (*Heartbreak Hotel* 1956, *Don't Be Cruel* 1956, *Hound Dog* 1956, *Jailhouse Rock* 1957, *In the Ghetto* 1969), The Beatles (*Revolver* 1966, *Sgt. Pepper's Lonely Hearts Club Band* 1967, *Abbey Road* 1969), Carole King (*Tapestry* 1971), The Rolling Stones (*(I Can't Get No) Satisfaction* 1965, *19th Nervous Breakdown* 1966, *Ruby Tuesday* 1967, *Sympathy for the Devil* 1968), Chuck Berry (*School Days* 1957, *Johnny B. Goode* 1958, *Sweet Little Sixteen* 1958), etc.

164 In the author's view it is close to certain this will happen, the only question is when.

165 Eldred v. Ashcroft, 537 U.S. 186, 199 (2003); *see also Golan*, 132 S. Ct. at 884-85.

feasible to argue that a term of life of the author plus 100 years is not for "limited Times."[166] For that matter, any finite term, however large, comes with *Eldred*'s reading of "limited Times." The constitutional command that protection may not exceed "limited Times" can only be read as imposing a boundary, but *Eldred* gives us no clue where that boundary is located other than it comes before perpetuity. How much is too much?

One response is that the constitutional boundary is violated when the term extension is irrelevant to the incentives to create and distribute new works provided by copyright protection. The critical question is whether new works would be created and distributed under the new term that would not be created and distributed under the prior term.[167] The argument runs as follows. The copyright device should not only facilitate creation, but must encourage the work to reach the public as well.[168] There is not much good to society, if any, from the manuscript, music, script, or other work that is never communicated to an audience. Because the dissemination of a work from its author to its reader, viewer or listener is necessary to achieve "the Progress of Science," a necessary corollary is that copyright must incentivize dissemination as well as creation. Thus the incentives must apply not only to authors and readers but also to the parties who will pay for the replication and dissemination which connects the author to the reader.

This is where the CTEA and any future term extension fail abysmally. Put crudely, there is not a motion picture studio, book publisher, record company, television producer, theatrical producer, or for that matter an author, who would create or disseminate a work because the copyright term was life of the author plus seventy years rather than life of the author plus fifty years. Even the motion picture industry, where major theatrical films can take years and many millions of dollars to create, will not undertake a project unless they believe it will show a profit in relatively few years after the films' release. In short, the copyright-based industries' calculation of risks for any project would not change whether the CTEA was struck down or not. The same applies to authors. As the financial returns

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166 *Eldred*, 537 U.S. at 199-200.

167 Justice Breyer articulates this argument in terms of the projected residual value of a copyright after the term of protection in effect prior to the CTEA, *id.* at 254-56, however this still left a very small marginal increment to the value of a copyright ab initio. A stronger statement of this position was made by Judge Posner, Posner, *supra* note 4, at 147–48, who concluded the CTEA "flunks a cost-benefit test." *Id.* at 149.

168 Although this seems a truism, at least to this author, it readily fits the majority opinion's reading of "the Progress of Science." Jessica Litman in her *Readers' Copyright* article makes the case for the need of audience access to creative works to fulfill the purpose of copyright quite eloquently. Jessica Litman, *Readers' Copyright*, 58 J. Copyright Soc'y 323 (2011).

on any new work are more or less unpredictable, the motivation from the financial incentive to create[169] is not dependent on the difference between protection for life plus fifty years and life plus seventy years.[170]

The amicus brief submitted by a group of renowned economists demonstrated that "the CTEA's term extension for new works provides only a very small economic incentive to create new works, namely much less than one percent."[171] Their calculations were based on two assumptions: "a constant stream of revenues and a 7% interest rate."[172] The assumption of a constant stream of revenues is open to serious question, as the revenue streams from the vast majority of copyrights are not constant but peak at or within a short period of time after their initial dissemination. If this is taken into account, the case for the CTEA's term extension being a needed incentive is even weaker if that is possible where the greater incentive is "less than one percent."

F. "[L]imited Times:" Removal of Works from the Public Domain

Golan leaves unanswered the question of when and under what circumstances Congress can or cannot remove works from the public domain after their statutory term of copyright expires. While the Supreme Court, at least as currently constituted, rarely seems to let precedent tie its hands, the majority opinion strongly suggests Congress has a nearly unlimited right to remove works from the public domain. While it is extremely doubtful the majority would accept wholesale or unprincipled removal of works from the public domain, the language of *Golan* seems to invite it. These concerns could have been lessened had Justice Ginsburg tied the approval of taking the subject works out of the public domain more closely to the fact these copyrights were forfeited due to now obsolete technical formalities, the treaty obligations under the Berne Convention, and the TRIPs Agreement and the Treaty Power of the Constitution.

While both decisions leave uncertainty over future copyright legislation, *Golan* may be the easier to accept notwithstanding the direct economic harm to its plaintiffs. Like it or not, we are in an increasingly global

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169 There are other incentives for creation and dissemination such as fame and personal desire, however, it is clear that the financial incentives definitely have a role.

170 The one counter-argument suggested to the author is that although the CTEA will not change the decision making, it will give the copyright owners additional income and therefore more works will be brought into circulation in the long run. This future speculation is unable to be proven or disproven at present by any economic methods. Nonetheless, the author is of the opinion that having either additional or fewer resources would not change the decision making of the copyright-based industries.

171 Economist's Brief, *supra* note 75, at 8.

172 *Id.* at 7.

copyright system and it is well within the purposes of the Copyright Clause to seek protection for United States works abroad. The URAA, in combination with TRIPs, prevents foreign countries from freely exploiting American works still in copyright that were created prior to United States protection of the works of that country. That we have to reciprocate by protecting their copyrights is unavoidable.

G. The First Amendment and Copyright

Turning to the First Amendment, after *Golan* the obvious conclusion is that any copyright statute that does not lessen the reach of the idea/expression distinction or the fair use doctrine is not subject to any other form of First Amendment scrutiny. In *Golan*, Justice Ginsburg clearly laid to rest the argument that "the traditional contours of copyright" she invoked in *Eldred* included anything more than the idea/expression dichotomy and fair use. It is now clear that First Amendment challenges to copyright legislation will not receive either heightened or intermediate scrutiny unless Congress weakens or bypasses these limits on copyright's monopoly powers.

Is this for better or for worse?[173] It clearly defines what the judicial inquiry will be in future cases when copyright and the First Amendment are in conflict. One inverse consequence of limiting First Amendment inquiries concerning copyright legislation to the idea/expression distinction and the fair use doctrine might be to increase the scope of these doctrines. It is too early to do more than speculate, but it would be no surprise if these doctrines were to expand.

H. "To [P]romote the Progress of Science" and the Soul of Copyright

The majority opinion in *Eldred* decided the incentives for further distribution of existing works during the extra twenty years of the CTEA were sufficient to satisfy any requirement that a copyright "promote the Progress of Science." This is incomplete. The downside of copyright's monopoly is the costs imposed on the public. The public will pay higher prices for access to the copyrighted works and subsequent creators will be unable to build on copyrighted works without permission until the copyright expires. Without delving into detail, it must be observed that the dissents emphasize these issues while the majority essentially ignores them.

Finally, and perhaps most importantly, *Golan* and *Eldred* can be read as establishing a definite shift in the Court's attitude towards copyright and the Copyright-Patent Clause. For most of its history the legislative

[173] Judge Posner argues that this spared the judiciary yet another plunge into a quagmire of future litigation. Posner, *supra* note 4, at 202-03.

and judicial readings of the Copyright Clause showed a consensus on the rationale embodied in the clause: rights granted to authors are to encourage the creation of intellectual works for the benefit of the public. Rhetorically, at least, the public interest in "the Progress of Science" is given precedence. Over the years the Supreme Court has said rather bluntly that the purpose of copyright is not to protect the investment of time and money or the financial returns of authors and publishers even if the works were produced at considerable effort and expense. A review of the cases finds many statements to this effect:

> The primary objective of copyright is not to reward the labor of authors, but "[t]o promote the Progress of Science and useful Arts."[174]
>
> The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims on the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts.[175]
>
> The monopoly privileges that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved.[176]
>
> The copyright law . . . makes reward to the owner a secondary consideration.[177]
>
> 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.[178]
>
> [Copyright] is a right which could not be recognized or endured for more than a limited time.[179]

Earlier Congresses evinced the same attitude. The Report accompanying the 1909 Copyright Act stated:

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[174] Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 349-50 (1991) (citations omitted).

[175] Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975) (footnotes omitted).

[176] Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984).

[177] United States v. Paramount Pictures, 334 U.S. 131, 158 (1948).

[178] Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932).

[179] White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1, 19 (1908) (Holmes, J., concurring).

In an earlier letter to Sir Frederick Pollock, Justice Holmes stated:

> I have often thought of writing about a page on copyright. The notion that such a right could exist at Common Law or be worked out by it seems to me imbecility. It would be intolerable if not limited in time and I think it would be hard to state a basis for the notion which would not lead one far afield. *Non obstant* the long-winded judgments in the old cases.

1 HOLMES-POLLOCK LETTERS 53 (Mark DeWolf Howe ed., 1941).

> The enactment of copyright legislation by Congress under the terms of the Constitution is not based upon any natural right 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 by securing to authors for limited periods the exclusive rights to their writings. . . . Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given. . . .
>
> 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.[180]

This history is in stark contrast to the approach of *Golan* and even more so of *Eldred*. These opinions downplay the importance of creating new works, essentially render the Copyright Clause's preambular statement of purpose irrelevant,[181] and require only that the copyright system as a whole arguably be perceived as providing incentives for creation. The ancillary justifications given by the Court are doubtful. The majority does not acknowledge, let alone balance, the extension of future income streams for copyright owners against the costs to the public.[182]

Whether this is a permanent shift in copyright jurisprudence or is merely a convenient rationalization of two statutes that will not affect future directions remains to be seen. Nonetheless, taking the opinions in *Eldred* and *Golan* together with the role of special interests in shaping

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[180] H.R. REP. NO. 60-2222, at 7 (1909). Similarly, the 1961 Report of the Register of Copyrights which laid the groundwork for drafting that ultimately led to the 1976 Copyright Act, declared "[a]s reflected in the Constitution, the ultimate purpose of copyright legislation is to foster the growth of learning and culture for the public welfare, and the grant of exclusive rights to authors for a limited time is a means to that end." REGISTER OF COPYRIGHTS, REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (1961), *reprinted in* HOUSE COMM. ON THE JUDICIARY, COPYRIGHT LAW REVISION PART 1—REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 3–6 (Comm. Print 1961) [hereinafter *Register's Report*].

[181] There is also the textual argument that every other clause in Article 1, Section 8 of the Constitution, which are clearly grants of power, begin with the word "To." U.S. CONST. art. I, § 8. *See generally* EDWARD C. WALTERSCHEID, THE NATURE OF THE INTELLECTUAL PROPERTY CLAUSE: A STUDY IN HISTORICAL PERSPECTIVE 2-3, (2002).

[182] There are two costs that copyright imposes on the public. First, copying, performing, or other uses of copyrighted works can be restricted by the copyright owner. Second, the creation of new works based on copyrighted works may require the permission of the copyright owner, thus preventing their creation.

copyright legislation,[183] the trend seems marked: copyright owners rather than the public are now the primary beneficiaries of the copyright system. The battle over the soul of copyright will be continued.

[183] *See supra* notes 36–38 and accompanying text.

STATUTORY DAMAGES: A RARITY IN COPYRIGHT LAWS INTERNATIONALLY, BUT FOR HOW LONG?

by PAMELA SAMUELSON,* PHIL HILL,** & TARA WHEATLAND***

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INTRODUCTION

One innovation that the United States has contributed to copyright laws in the international arena is the availability of statutory damages as a remedy for copyright owners whose works have been infringed. Under U.S. law, successful plaintiffs are entitled to ask for the extraordinary remedy[1] of statutory damages, in lieu of actual damages or an accounting of defendant's profits, at any point up to the entry of final judgment.[2] Statutory damages are extraordinary mainly because they allow successful plaintiffs to recover substantial monetary damages without any proof that (1) the plaintiff suffered any actual harm from the infringement, or (2) the defendant profited from the infringement. These damages can be awarded in whatever amount the judge or jury deems "just" in a range between $750 and $30,000 per infringed work, and up to $150,000 per work if infringement is willful.[3] Statutory damages have often been criticized as "arbitrary, inconsistent, unprincipled, and sometimes grossly excessive."[4] U.S. courts have failed to develop guidelines to ensure that these awards actually are just, and many times they are not.[5] Virtually all of the law review literature in the United States has criticized the U.S. statutory damage regime.[6] And yet, the United States has insisted upon exporting this

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[1] H.R. REP. NO. 94-1476, at 158 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5774 (calling statutory damages and attorney's fees "special or 'extraordinary' remedies").

[2] Copyright Act of 1976, 17 U.S.C. § 504(c) (2006). Successful plaintiffs may also obtain injunctive relief, orders for impoundment and destruction of infringing copies, and an award of attorney fees and costs. *Id.* §§ 502-03, 505.

[3] *Id.* § 504(c)(1)–(2). If the infringement was innocent, the court can reduce the minimum award.

[4] *See, e.g.*, Pamela Samuelson & Tara Wheatland, *Copyright Statutory Damages: A Remedy In Need of Reform*, 51 WM. & MARY L. REV. 439, 441 (2009); *see also* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 14.04[E][1][a] (2012) ("[T]he truth is that statutory damages fluctuate wildly.").

[5] Samuelson & Wheatland, *supra* note 4, at 442-43, 480-91.

[6] *See, e.g.*, Stephanie Berg, *Remedying the Statutory Damages Remedy for Secondary Copyright Infringement Liability: Balancing Copyright and Innovation in the Digital Age*, 56 J. COPYRIGHT SOC'Y 265 (2009); Sheila B. Scheuerman, *Due Process Forgotten: The Problem of Statutory Damages and Class Actions*, 74 MO. L. REV. 103 (2009); J. Cam Barker, Note, *Grossly*

extraordinary remedy to other nations through bilateral and plurilateral treaties, as well as other mechanisms.

While all countries with copyright laws allow plaintiffs to be compensated for actual harm arising from infringement, and many allow the disgorgement of defendants' profits attributable to infringement, most countries in the world — including many developed countries with strong copyright industries such as England, France, Germany, and Australia — do not provide statutory damage awards for copyright infringement. Additionally, although punishment seems to have become a common justification for domestic awards of statutory damages,[7] most countries focus their civil remedy regimes on compensation, not punishment. Both the existence of statutory damages and their evolving role as a punitive measure make the United States an outlier in the international arena.

American copyright professionals may be so accustomed to the current regime of statutory damages that it may be surprising to learn that very few countries in the world have anything comparable. Including the United States, only twenty-four out of the 179 World Intellectual Property Organization (WIPO) member states in our survey have statutory damages.[8] According to the International Monetary Fund (IMF), the vast majority of these countries have developing or emerging economies and are not known for having strong copyright industries.[9]

The United States was the first country to adopt range-based statutory damages for copyright infringement, and for many years it was the only country in the world that had them.[10] Several countries that have adopted statutory damages in recent years have done so under the pres-

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Excessive Penalties in the Battle Against Illegal File-Sharing: The Troubling Effects of Aggregating Statutory Damages for Copyright Infringement, 83 TEX. L. REV. 525 (2004).

7 Samuelson & Wheatland, *supra* note 4, at 461-63.

8 *See infra* Part I.B.

9 *See id.*

10 Our research suggests that the first countries to adopt copyright statutory damages provisions similar to the U.S. provision were Canada and Liberia in 1997. *See* Proceedings of the Standing Senate Committee on Transport and Communications (Apr. 14, 1997) (statement of Jeffrey Richstone), *available at* http://www.parl.gc.ca/35/2/parlbus/commbus/senate/Com-e/tran-e/13cv-e.htm?Language=E&Parl=35&Ses=2&comm_id=19 ("There is a new provision that we borrowed from the United States legislation called statutory damages."); JOHN C. MCKEOWN, FOX ON CANADIAN LAW OF COPYRIGHT AND INDUSTRIAL DESIGNS § 24:16(a) (4th ed. 2003) ("The section is similar in a number of respects to pre-existing U.S. provisions and reference will no doubt be made to U.S. case law by Canadian courts in the future."); An Act Adopting a New Copyright Law of Liberia, 25 Liberia Code of Laws of 1956, ch. 2, § 2.42(IV) (1997), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=5194.

sure or influence of the United States. The United States encourages and frequently mandates that other countries adopt statutory damages through bilateral and regional trade agreements, and the Special 301 review process. Statutory damages have also been a key concern in recent plurilateral negotiations. Even after countries adopt statutory damages, they sometimes face continued criticism from the United States for placing sensible limitations on statutory damages not present under U.S. law.

This Article demonstrates the rarity of statutory damages and explores the contrast between U.S. statutory damages provisions and those of other countries, where they exist. It argues that the current method of proliferating statutory damages is troubling because it inhibits the freedom of other countries to decide for themselves whether and how to impose statutory damages in a way that meshes with their civil legal regimes. Such measures also deprive countries, including the United States, of the benefit of statutory experimentations that eventually may lead to a more precise calibration of the balance between effective and just outcomes. Finally, trade agreement provisions may constrain ways in which the United States may modify its domestic regime, although they do not totally foreclose meaningful reform. Part I explains the methodology and findings of our global survey of statutory damages provisions. Part II examines various U.S. efforts to spread statutory damages around the world through bilateral and regional trade agreements. It also explains how increasingly specific requirements in those trade agreements restrict the ways that other countries can tailor the remedy to suit their interests. Part III examines another form of U.S. pressure under Special 301 procedures. Part IV highlights the ways in which some countries have succeeded in providing some limits in their statutory damage provisions that are not present in U.S. law. Part V examines the emergence of statutory damages requirements in recent multilateral trade agreements. Given the United States' current and potential treaty obligations regarding its own domestic regime of statutory damages, Part VI explores reforms that can be implemented while maintaining compliance with treaty obligations.

I. GLOBAL SURVEY

A. Methodology

In locating each nation's copyright laws, we relied mostly on WIPO's Collection of Laws for Electronic Access.[11] As of February 19, 2013, we

[11] *WIPO Lex*, WIPO, http://www.wipo.int/clea/en (last visited Feb. 19, 2013). Other valuable resources included: INTERNATIONAL COPYRIGHT LAW AND PRACTICE (Paul Edward Geller ed., 2012); *Copyright Watch*, ELECTRONIC FRONTIER FOUNDATION, http://copyright-watch.org/ (last visited Feb. 19, 2013); and *Collection of National Copyright Laws*, UNESCO, http://portal.

were able to survey the copyright laws of 179 out of the 185 WIPO member states.[12] For ease of presentation, full citation to sources for each country's statutory damages provision is provided *infra* Appendix A.

For the purposes of this survey, we define a copyright statutory damages provision as one which permits a copyright owner to recover a civil monetary award within a fixed range of amounts, without requiring proof of actual damages or defendant's profits, and which applies to copyright infringement generally.[13] Also included are provisions that set the range by reference to a "minimum salary" or "minimum living standard," which is established by the legislature and codified separately from the copyright statute.[14]

This survey excludes any *criminal* provisions that allow imposition of a fine (usually within a statutory range, but payable to the government), typically accompanying or substituting for the penalty of imprisonment.[15] It also excludes several provisions from various countries that provide some "statutory" tailoring of monetary recovery, but which apply only to

unesco.org/culture/en/ev.php-URL_ID=14076&URL_DO=DO_TOPIC&URL_SECTION=201.html (last visited Feb. 19, 2013).

12 Six member states were inaccessible, either because they could not be found or because of translation difficulties: Cuba, Equatorial Guinea, Gabon, Guinea, Honduras, and Mauritania.

13 This remedy is sometimes referred to as "pre-established damages." *E.g.*, Agreement on Trade Related Aspects of Intellectual Property Rights art. 45(2), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 108 Stat. 4809, 869 U.N.T.S. 299 [hereinafter "TRIPs"], *available at* http://www.wto.org/english/docs_e/legal_e/27-trips.pdf; Morocco, art. 62; *Which Kind of Damages Are Available in IP disputes?*, World Intellectual Property Organization, http://www.wipo.int/enforcement/en/faq/judiciary/faq08.html#pre (last visited Feb. 17, 2013).

14 *E.g.*, Kazakhstan, art. 49(1)(6) ("minimum salary"); Ukraine, art. 52(2)(d) (same); Lithuania, art. 83(4)(1) ("minimum living standards").

15 Criminal fines are usually limited to a narrower class of infringers — willful and/or for-profit defendants — and are also subject to the stricter procedural limits of the criminal justice system. *See, e.g.*, Law No. 24/82 of July 7, 1982 on Copyright and Neighbouring Rights, art. 101 (Congo), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=642 ("knowing" infringers may be liable for a fine not more than 60,000 CFA francs for the first offense and 100,000 CFA francs or imprisonment of not more than three months, or both, for each subsequent offense); Law No. 17.616 of January 10, 2003 amending Law on Copyright art. 18 (Uru.), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=3978 (allowing, in addition to compensation, a fine of up to ten times the value of the infringed product).

infringements of moral rights,[16] or are strictly limited to a multiple of a proven quantity of actual damages and/or profits.[17]

B. Findings

Statutory damages are an uncommon remedy in copyright laws around the world. Including the United States, only twenty-four of the 179 WIPO member states surveyed (or 13.4%) allow recovery of statutory damages for copyright infringement.[18] By having statutory damages, the United States is mostly in strange company.

Several features of the group of countries with statutory damage regimes are worth noting. First, countries with "emerging and developing economies" dominate the list.[19] According to IMF, nineteen of the twenty-four countries with statutory damages have emerging and developing economies.[20] Second, only five WIPO member states including the

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[16] *E.g.*, Copyright and Neighboring Rights Protection Proclamation (No. 410/2004) § 43(5) (Eth.), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=5306 [hereinafter "Ethiopia Copyright Law"]. Statutory damages make sense in moral rights cases because infringements of moral rights are in fact hard to assign a particular dollar amount.

[17] A multiplier-based exemplary damages provision, separate from an award of actual damages, is a preferable alternative to an award of statutory damages because it accomplishes the goals of punishment and deterrence without the drawback of being unmoored from the copyright owner's actual harm suffered and/or the unjust enrichment of the infringer. Copyright and Related Rights Law art. 156 (2010) (Bosn. & Herz.), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=5932 (for intentional or grossly negligent infringement, allowing up to three times "stipulated remuneration or adequate customary remuneration"); Intellectual Property Code of the Philippines (Republic Act No. 8293/1998) § 76(4), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=3432 (allowing up to three times actual damages); Law No. 83 of February 4, 1994 on Copyright and Neighboring Rights art. 79.1 (Pol.), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=3500 (in lieu of restitution of profits, allowing two to three times equitable compensation). Indeed, this type of award meshes well with Due Process jurisprudence in the United States, which tests constitutionality, in part, by examining the ratio of punishment to compensation. *See* Samuelson & Wheatland, *supra* note 4, at 474-80, 503.

[18] These countries are: Azerbaijan, Bahamas, Bahrain, Belarus, Bulgaria, Canada, China, Costa Rica, Dominican Republican, Israel, Kazakhstan, Kyrgyzstan, Liberia, Lithuania, Malaysia, Morocco, Republic of Korea, Republic of Moldova, Russian Federation, Singapore, Sri Lanka, Ukraine, the United States, and Vietnam.

[19] Int'l Monetary Fund, World Economic Outlook 182-83, (2012), *available at* http://www.imf.org/external/pubs/ft/weo/2012/01/pdf/text.pdf.

[20] These countries are: Azerbaijan, Bahamas, Bahrain, Belarus, Bulgaria, China, Costa Rica, Dominican Republic, Kazakhstan, Kyrgyzstan, Liberia, Lithua-

United States have both an "advanced economy"[21] and statutory damages for copyright infringement, which represents less than one-sixth of the advanced economies in the WIPO survey.[22] The other twenty-eight advanced economies do not have statutory damages.[23] Third, over half of the countries with statutory damages have populations less than 10 million.[24] Fourth, one-third of the countries with statutory damages are post-Soviet states.[25] Fifth, only two European Union member states have statutory damages.[26] Finally, for the most part, countries that have statutory damages are not known for having substantial copyright industries.

By contrast, most of the countries with large and successful copyright industries, including the Netherlands, the United Kingdom, Australia, Germany, and France, do not have statutory damages. Recent reports estimate that core copyright industries represent 6.36% of U.S. gross domestic product (GDP),[27] 7.3% of GDP in the United Kingdom,[28] and 10.3% of GDP in Australia, yet only the United States provides statutory dam-

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nia, Malaysia, Morocco, Republic of Moldova, Russian Federation, Sri Lanka, Ukraine, and Vietnam.

21 INT'L MONETARY FUND, *supra* note 19, at 180.

22 These countries are: Canada, Israel, Republic of Korea, Singapore, and the United States.

23 The twenty-eight WIPO member states with advanced economies that do not provide statutory damages are: Australia, Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

Two of the advanced economies on the IMF's list are not WIPO member states: Hong Kong and Taiwan. INT'L MONETARY FUND, *supra* note 19, at 180. Hong Kong does not have statutory damages, while Taiwan does. Copyright Act art. 88 (last amended 2010) (Taiwan), *available at* http://www.tipo.gov.tw/en/AllInOne_Show.aspx?path=2557&guid=26944d88-de19-4d63-b89f-864d2bdb2dac&lang=en-us [hereinafter "Taiwan Copyright Act"]. This Article includes a few details on Taiwan's statutory damage provision, *infra* Part IV, even though Taiwan is not a WIPO member state.

24 WIKIPEDIA, *List of World Countries by Population*, http://enwikipedia.org/wiki/List_of_countries_by_population (last visited Feb. 19, 2013). In ascending order of total population, those countries are: Bahamas, Bahrain, Lithuania, Republic of Moldova, Liberia, Costa Rica, Singapore, Kyrgyzstan, Bulgaria, Israel, Azerbaijan, Dominican Republic, and Belarus.

25 WIKIPEDIA, *Post-Soviet States*, http://en.wikipedia.org/wiki/Post-Soviet_states (last visited Feb. 19, 2013). These countries are: Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Lithuania, Republic of Moldova, Russian Federation, and Ukraine.

26 These countries are Bulgaria and Lithuania, also formerly parts of the Soviet bloc and atypical members of the EU.

27 STEPHEN F. SIWEK, COPYRIGHT INDUSTRIES IN THE U.S. ECONOMY 15 (2011), *available at* http://www.iipa.com/copyright_us_economy.html.

ages.[29] Even France, which is well-known for its strong protection of copyright and authors' rights,[30] does not have a statutory damages regime. Presumably, these countries deem their copyright remedies sufficient to protect their valuable and productive creative industries without statutory damages.

II. SPREADING STATUTORY DAMAGES THROUGH TRADE AGREEMENTS

Due to U.S. pressure and influence, the number of countries with statutory damages has been increasing over recent years. Although statutory damages are not required by any international multilateral agreements dealing with copyright, the United States has been including language encouraging or mandating the adoption of statutory damages as part of its bilateral and regional trade agreements.[31] While the statutory damages provisions in these agreements have come to mirror the U.S. regime with increasing detail, they have yet to include the features under U.S. law intended to limit arbitrary and excessive awards. In so doing, the United States has tried to limit other countries' freedom to decide for themselves whether to adopt statutory damages at all and, if so, how to structure and implement them.

For the trade agreements surveyed in this Part, we relied on information provided through the United States Trade Representative and the

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[28] ANDREW GOWERS, GOWERS REVIEW OF INTELLECTUAL PROPERTY 3 (Nov. 2006), *available at* http://www.hm-treasury.gov.uk/d/pbr06_gowers_report_755.pdf.

[29] PRICE WATERHOUSE COOPERS, MAKING THE INTANGIBLE TANGIBLE: THE ECONOMIC CONTRIBUTION OF AUSTRALIA'S COPYRIGHT INDUSTRIES 3 (2008), *available at* http://www.copyright.com.au/get-information/assets/documents/Making%20the%20intangible%20tangible.pdf.

[30] *See* Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America*, 64 TUL. L. REV. 991, 991-93 (1990); Jean-Luc Piotraut, *An Authors' Rights-Based Copyright Law: The Fairness and Morality of French and American Law Compared*, 24 CARDOZO ARTS & ENT. L.J. 549, 551-52 (2006).

[31] Even in countries where no trade agreement with the United States mandates statutory damages, there is little doubt that direct or indirect influence from the United States was a factor in their adoption. The United States-pioneered range-based statutory damages for copyright infringement and statutory damages provisions in other countries frequently mirror much of the language and structure of the U.S. provision. For an exposition of the myriad ways in which one country's laws can be directly and indirectly influenced by another country, see Katerina Linos, *Diffusion Through Democracy*, 55 AM. J. POLI. SCI. 678, 681-89 (2011), and sources cited therein.

Trade Compliance Center websites.[32] For ease of presentation, full citation to each agreement is provided *infra* Appendix B.

A. Survey of Bilateral and Regional Agreements

At least twenty-two of the WIPO member states have signed bilateral or regional trade agreements with the United States that either mandate or encourage the imposition of statutory damages for copyright infringement.[33] All of these agreements entered into force in the last twenty years and all but four entered into force in 2004 or later.[34]

Eighteen of the twenty-two member states have emerging or developing economies.[35] The four countries with advanced economies are Canada, Australia, Singapore, and South Korea.[36] Notably, Australia's agreement gave Australia a choice between imposing pre-established damages or exemplary damages, and it chose the latter.[37] As for the other three, when they implemented their statutory damage regime, they each adopted limitations not present in the U.S. provision.[38]

In nineteen of the twenty-two agreements, statutory damages are *mandatory*. In other words, the countries *must* enact a law providing statutory damages in order to comply with the agreement.[39] Even though agreements make statutory damages mandatory for nineteen countries, only seven countries have actually implemented statutory damages.[40] At least six of these seven countries implemented notable limitations not present in the United States.[41] The remaining twelve countries with

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[32] *Trade Agreements*, U.S. TRADE REPRESENTATIVE, http://www.ustr.gov/trade-agreements (last visited Feb. 11, 2013); *Trade Compliance Center*, U.S. DEP'T OF COMMERCE, http://tcc.export.gov/ (last visited Feb. 11, 2013).

[33] The twenty-two countries with such agreements are Australia, Bahrain, Cambodia, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Laos, Nicaragua, Mexico, Morocco, Oman, Panama, Peru, Republic of Korea, Singapore, Trinidad & Tobago, and Vietnam.

[34] Agreements with Trinidad & Tobago, Canada, Mexico, and Vietnam entered into force before 2004.

[35] *See supra* note 19.

[36] *See supra* note 21.

[37] U.S.-Australia, art. 17.11(7)(b); Brad Sherman & James Lahore, *Australia*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, AUS § 8[4][a][ii] (Paul Edward Geller ed., 2012) (discussing additional damages).

[38] *See infra* Part IV.

[39] The provision is "permissive" or optional for only three countries: Australia, Canada, and Mexico.

[40] Those seven countries are: Bahrain, Costa Rica, Dominican Republic, Korea, Morocco, Singapore, and Vietnam.

[41] *See infra* Part IV. Our information on Costa Rica comes from an IIPA report, which confirms statutory damages but provides little detail on the provision itself. INT'L INTELLECTUAL PROP. ALLIANCE, 2013 SPECIAL 301 REPORT

mandatory language do not appear to have such provisions yet.[42] At least three countries have adopted statutory damages as a direct result of their respective trade agreements.[43]

Taken together, these trade agreements evince a concerted U.S. effort to propagate statutory damages across the globe. Of course, diplomatic efforts are not conceived in a political vacuum. This strategy is both prompted and approved by business interests within the United States. For example, in its report to the U.S. government on the then-pending U.S.-Colombia Free Trade Agreement, the Industry Trade Advisory Committee on Intellectual Property Rights (ITAC-15)[44] — whose members almost exclusively hail from copyright-oriented businesses — noted, "It is a major goal of industry to see an effective statutory damages regime established in every country."[45] The International Intellectual Property Alliance (IIPA) — a coalition of companies and industry groups primarily repre-

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ON COPYRIGHT PROTECTION AND ENFORCEMENT 53 (2013) [hereinafter "2013 IIPA REPORT"], *available at* http://www.iipa.com/2013_SPEC301_TOC.htm.

[42] Our research did not uncover a reliable translation for Honduras.

[43] *See* INT'L INTELLECTUAL PROP. ALLIANCE, 2012 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 60 (2012) [hereinafter "2012 IIPA REPORT"] (Costa Rica "also responded to a number of matters needed for CAFTA implementation, including . . . pre-established (or statutory) damages in civil judicial proceedings"); Dominican Republic, *infra* Appendix A (enacting amendments providing, inter alia, statutory damages in Law No. 424-06, Implementation of the Dominican Republic-Central America-United States Free Trade Agreement); Jay (Young-June) Yang & Chang-Hwan Shin, *Korea*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, KOR § 1[3] (Paul Edward Geller ed., 2012) (noting that statutory damages, inter alia, will become effective when the U.S.-Korea Free Trade Agreement becomes effective).

[44] The Industry Trade Advisory Committees are bodies organized under the Secretary of Commerce and the U.S. Trade Representative (USTR), which "provide . . . detailed policy and technical advice, information, and recommendations to the Secretary and the USTR regarding trade barriers, negotiation of trade agreements, and implementation of existing trade agreements affecting its subject area." U.S. DEP'T OF COMMERCE & U.S. TRADE REPRESENTATIVE, CHARTER OF THE INDUSTRY TRADE ADVISORY COMMITTEE ON INTELLECTUAL PROPERTY RIGHTS 1 (2010), *available at* http://www.trade.gov/itac/committees/Charters/Intellectual_Property_Rights_ITAC.pdf. ITAC-15 is responsible for the subject area of intellectual property rights.

[45] INDUS. TRADE ADVISORY COMM. ON INTELLECTUAL PROP. RIGHTS (ITAC-15), THE U.S.-COLOMBIA TRADE PROMOTION AGREEMENT (TPA): THE INTELLECTUAL PROPERTY PROVISIONS 21 (2006), *available at* http://www.ustr.gov/archive/assets/Trade_Agreements/Bilateral/Colombia_FTA/Reports/asset_upload_file605_9835.pdf.

senting the U.S. content industry — also recommends that trade agreements include statutory damages provisions.[46]

B. Evolution of Statutory Damages in Bilateral and Regional Trade Agreements

The wording of the statutory damages provisions within the various bilateral trade agreements has shifted over the years. The provisions began with broad, open-ended language permitting a number of variations on the theme of pre-established damages. Gradually, the provisions came to embody very specific requirements that countries enact laws essentially tracking the U.S. provision.

Among the first mentions of statutory damages is in the 1994 Intellectual Property Rights Agreement with Trinidad & Tobago, and its language is typical of the early, open-ended requirements:

> [A] Party shall, at least with respect to works protected by copyright or neighboring rights, authorize the judicial authorities, at their discretion, to order the payment of pre-established damages.[47]

The "shall" language *requires* statutory damages, but leaves to the courts the decision over whether to award them in a particular case. The provision makes no further demands.

Gradually, the United States has incorporated into these agreements more specific requirements that track the U.S. provision and its recent domestic applications. For example, the 2004 U.S.-Singapore FTA and seven subsequent trade agreements added the requirement that statutory damages be available at the sole election of the right holder.[48] With increasing

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[46] *See, e.g.*, INT'L INTELLECTUAL PROP. ALLIANCE, POSITION PAPER OF THE INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE, FOR THE AMERICAS BUSINESS FORUM (ABF) VIII, – WORKSHOP ON INTELLECTUAL PROPERTY RIGHTS, MIAMI, FL, U.S.A. 2 (2003), *available at* http://www.iipa.com/rbi/2003_Aug29_FTAA_ABF_Miami_Position_Paper.pdf (recommending that such provisions be incorporated into national law).

[47] U.S.-Trinidad & Tobago, art. 23(3). *See also* U.S.-Vietnam, ch. 2, art. 12(3), U.S.-Cambodia art. XX(2)(E). NAFTA, also enacted in 1994, was permissive — it *authorized* Canada and Mexico to enact pre-established damages but did not *require* them to do so. NAFTA art. 1715(4) ("[A] Party *may*, at least with respect to copyrighted works and sound recordings, authorize the judicial authorities to order . . . payment of pre-established damages . . . even where the infringer did not know or had no reasonable grounds to know that it was engaged in an infringing activity." (emphasis added)).

[48] *Compare* U.S.-Singapore, art. 16.9(5) ("[C]ivil remedies . . . shall include at least: . . . the opportunity for the right holder to elect between actual damages it suffered (plus any profits attributable to the prohibited activity not taken into account in computing the actual damages) or pre-established damages[.]"), *with* 17 U.S.C. § 504(c)(1) (providing that the copyright owner may elect statutory damages as an alternative to actual damages and

frequency the provisions also specify the purposes that statutory damages are to serve. From the 2004 U.S.-Singapore FTA onward, almost every trade agreement with a statutory damages provision has included substantially the same purposive requirement that "pre-established damages shall be in an amount sufficiently high to constitute a deterrent to future infringements and with the intent to compensate the right holder for the harm caused by the infringement."[49] Although recent trade agreements require some form of deterrence, the type of deterrence is undefined. Part IV.A, *infra*, discusses the various manifestations of deterrence and how other countries have disambiguated them to craft purposive limitations on statutory damages that would still satisfy the deterrence obligation.

The following language is typical of the most recent trade agreement provisions, which mandate a regime of statutory, or pre-established, damages:

> In civil judicial proceedings, each Party shall, at least with respect to works protected by copyright or related rights and trademark counterfeiting, establish or maintain pre-established damages, which shall be available on the election of the right holder as an alternative to actual damages. Such pre-established damages shall be set out in domestic law and determined by the judicial authorities, taking into account the aims of the intellectual property system, in an amount sufficient to compensate the right holder for the harm caused by the infringement and constitute a deterrent to future infringements.[50]

This language contains three central elements: mandatory adoption, election at the sole discretion of the right holder, and amounts sufficient to compensate the copyright owner and deter future infringement.

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profits at any time before final judgment is entered). *See also* U.S.-Australia, art. 17.11(7)(a) (if statutory damages are chosen, they must be available at the election of the right holder); U.S.-Bahrain, art. 14.10(7); U.S.-Colombia, art. 16.11(8); U.S.-Morocco, art. 15.11(7); U.S.-Oman, art. 15.10(7); U.S.-Peru, art. 16.11(8); U.S.-Korea, art. 18.10(6).

[49] *E.g.*, U.S.-Singapore, art. 19.9(9). Interestingly, although these provisions embrace extra-compensatory purposes, they still appear narrower than the current goals condoned in the United States. *See* Samuelson & Wheatland, *supra* note 4; *see also infra* Part IV.A. The Laos, Chile, and Vietnam agreements are the only ones enacted since 1994 that do not follow this formulation. Neither the Laos nor Vietnam agreements specify a purpose. The Chile agreement uniquely provides for the establishment of pre-established damages "that the judicial authorities deem reasonable in light of the goals of the intellectual property system and the objectives set forth in this Chapter." U.S.-Chile, art. 17.11(9).

[50] U.S.-Colombia, art. 16.11(8); *see also* U.S.-Bahrain, art. 14.10(7); U.S.-Morocco, art. 15.11(7); U.S.-Panama, art. 15.11(8); U.S.-Peru, art. 16.11(8); U.S.-Oman, art. 15.10(7); U.S.-Singapore art. 16.9(9); U.S.-Korea, art. 18.10(6).

Although treaty provisions mandate U.S.-style statutory damages with increasing specificity, they mandate *only* those specifics that broaden statutory damages and fail to include even the modest restrictions present in U.S. law that limit statutory damages. For example, while recent provisions require statutory damages to be available at the sole election of the rights holder and be aimed at deterrence, they do not require that reduced awards be available for innocent infringers; or that damages be remitted in cases of educational institutions, libraries, and museums with reasonable claims of fair use; or that statutory damages be unavailable where the works in question were not promptly registered — all limitations that exist in U.S. law.[51] Thus, the United States propagates a version of statutory damages that is more unbounded than its own law.

III. SPREADING STATUTORY DAMAGES THROUGH SPECIAL 301 PROCEDURES

Section 301 of the U.S. Trade Act enables another form of cross-border pressure. That provision allows the United States to address unilaterally certain foreign trading practices.[52] Section 301 allows the United States to take actions regardless of whether an international agreement exists or has been violated, although it is particularly damning when a country fails to comply with its treaty obligations.

Section 301 directs the U.S. Trade Representative (USTR) to identify countries that deny "adequate and effective protection of intellectual property rights" or deny "fair and equitable market access to United States persons that rely upon intellectual property protection."[53] The provision further requires the USTR to name as "priority foreign countries" those countries whose acts, practices, or policies "most onerous[ly] or egregious[ly]" deny such protection and market access, "have the greatest adverse impact (actual or potential) on the relevant United States products," and are not entering into good faith negotiations or making significant progress in bilateral or multilateral negotiations."[54] The USTR carries out these obligations with a process known as "Special 301," in which the USTR publishes an annual report that identifies such countries and places them on either a "Watch List" or a "Priority Watch List."[55] Being singled out in the Special 301 Report opens a country to pressure

51 17 U.S.C. § 504(c)(2) (2006).

52 Trade Act of 1974 § 301, 19 U.S.C. § 2411 (2006).

53 *Id.* § 2242(a)(1)(A)–(B).

54 *Id.* § 2242(b)(1)(A)–(C).

55 Ruth L. Okedeji, *Back to Bilateralism? Pendulum Swings in International Intellectual Property Protection*, 1 U. OTTAWA L. & TECH. J. 125, 134 (2003).

via a number of mechanisms, including trade sanctions and political pressure.[56]

Although any party may submit comments or petition the USTR to investigate a particular country,[57] a single entity, the IIPA, has dominated the field for copyright law.[58] Every year, the IIPA submits a voluminous report detailing the shortcomings of the copyright laws in various countries and recommends to the USTR countries that the IIPA believes should be placed on each of the lists.[59] The USTR lacks the resources to investigate extensively whether a particular country should be placed on a watch list, and thus relies heavily on the extremely detailed investigations presented by the IIPA,[60] which frequently include discussions of statutory damages.[61]

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[56] Michael D. Birnhack, *Trading Copyright: Global Pressure on Local Culture* 9, *in* THE DEVELOPMENT AGENDA: GLOBAL INTELLECTUAL PROPERTY AND DEVELOPING COUNTRIES 371 (Neil Weinstock Netanel ed., 2007), *available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1020774; Okedeji, *supra* note 55 at 134-35. Surprisingly, a 1994 amendment to the Trade Act allows the USTR to find a country's IP protections inadequate even where that country is compliant with TRIPs. Birnhack, *supra*, at 9 n.43.

[57] 19 U.S.C. § 2412 (2006).

[58] The USTR primarily bases its Special 301 Reports on submissions by the IIPA and PhRMA, an organization representing biotech and pharmaceutical companies, whose comments focus on issues relating to medicines. James Love, *USTR's New Hearings on 301 List*, KNOWLEDGE ECOLOGY INT'L (Jan. 12, 2010, 9:10 PM), http://keionline.org/node/745.

[59] *See Country Reports*, INT'L INTELLECTUAL PROP. ALLIANCE, http://www.iipa.com/countryreports.html (last visited Feb. 17, 2013); Love, *supra* note 58; Birnhack, *supra* note 56, at 391.

[60] Birnhack, *supra* note 56, at 391; DUNCAN MATTHEWS, GLOBALISING INTELLECTUAL PROPERTY: THE TRIPS AGREEMENT 25-27 (2002); MICHAEL P. RYAN, KNOWLEDGE DIPLOMACY: GLOBAL COMPETITION AND THE POLITICS OF INTELLECTUAL PROPERTY 80 (1998). Although the USTR's Special 301 Reports do not explicitly cite the IIPA's submissions, "they do address issues raised in the IIPA reports, echoing its complaints and occasionally its language." Birnhack, *supra* note 56, at 391.

[61] Although the IIPA offers many complaints about statutory damages, only Israel has been criticized specifically about statutory damages in the official USTR Special 301 Reports. *See* RONALD KIRK, 2012 SPECIAL 301 REPORT 37 (2012), *available at* http://www.ustr.gov/sites/default/files/2012%20Special%20301%20Report_0.pdf (encouraging Israel to "amend its copyright law to provide for statutory damages," even though Israel has had statutory damages at least since 2001); RONALD KIRK, 2011 SPECIAL 301 REPORT 30 (2011), *available at* http://www.ustr.gov/webfm_send/2849 (same). The USTR has criticized China's civil damages regime generally as "inadequate." RONALD KIRK, 2010 SPECIAL 301 REPORT 21 (2010), *available at* http://www.ustr.gov/webfm_send/1906.

The IIPA often points out countries that do not provide statutory damages as a remedy.[62] The IIPA also makes special note when a country has failed to satisfy its obligations under a trade agreement to provide such damages.[63] The IIPA also pushes back on some of the countries that have adopted statutory damages because of limitations not present in the U.S. regime. For example, the IIPA has targeted the statutory minimum and maximum amounts in various laws as insufficiently high to deter infringement.[64] It criticized Singapore for giving judges discretion to award low, or no, statutory damages.[65] It criticized Israel on similar grounds, describing as "regrettable" the 2007 Israeli law that entrusts courts with the decision to award statutory damages and removes the minimum statutory

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62 The 2013 IIPA Report calls out four countries for, inter alia, their lack of statutory damage provisions and recommends that they be placed on the "Priority Watch List." 2013 IIPA REPORT, *supra* note 41 at 14, 19-20 (Argentina); *id.* at 22, 25-26 (Chile); *id.* at 87 (India); *id.* at 87 (Indonesia). The IIPA similarly criticizes five countries and recommends that they be placed on the "Watch List." *Id.* at 158 n.18 (Egypt); *id.* at 192 (Kuwait); *id.* at 197 (Lebanon); *id.* at 261 (Thailand); *id.* at 283 (United Arab Emirates). Curiously, the report also recommends that Ukraine adopt statutory damages, *id.* at 11, even though it already has them, *see supra* note 14. It also recommends that Ukraine be designated a "Priority Foreign Country" — a designation which appears in the statute, but neither the IIPA nor the USTR has ever used in their reports.

63 *E.g.*, 2013 IIPA REPORT, *supra* note 41 at 22 (discussing Chile's failure to "fully satisfy FTA obligations with respect to . . . the establishment of statutory damages").

64 *See, e.g.*, *id.* at 129 (criticizing aspects of Canada's statutory damage reforms that reduce the available range for non-commercial infringements); *id.* at 36 (highlighting China's "need to significantly increase statutory damages"); *id.* at 177 (criticizing Israel's lack of a minimum statutory recovery). The Philippines earned a "Special Mention," in part, because their proposed amendment adopting statutory damages provided a "low" minimum of U.S. $1,150. *Id.* at 335.

65 The 2005 report on Singapore also criticized the absence of a minimum recovery and questioned whether the maximum award amounts are high enough. The IIPA's full comments were as follows:

> Although the USSFTA Article 16.9.9 requires that Singapore provide right holders with an option for "pre-established" damages, amended section 119 of the Act creates a system in which the court may, in all cases in which statutory damages are elected, award merely nominal, or even zero, damages. This frustrates the goals of predictability and deterrence which statutory damages aim to achieve. The $200,000 (US $122,000) ceiling on statutory damages in a single lawsuit should also be increased in order to achieve deterrence.

INT'L INTELLECTUAL PROP. ALLIANCE, 2005 SPECIAL 301 REPORT DISPUTE SETTLEMENT 2, *available at* http://www.iipa.com/pdf/IIPA%20301%20FTA%20DISPUTE%20SETTLEMENT%20SINGAPORE.pdf.

amount.[66] It also questions Israel's provision that "infringements carried out as part of a set of activities shall be deemed as a single infringement."[67] A final example is the IIPA's 2009 disapproval of South Korea's then-proposed law limiting statutory damages to situations in which the right holder "cannot easily provide the amount of damages involved."[68]

Puzzlingly, the IIPA also criticizes countries for implementing limitations on statutory damages that *are* present in the United States. For example, in 2009 the IIPA recommended review of South Korea's "prior registration requirement" for the availability of statutory damages[69] — a requirement that is by no means common, but which has existed in U.S. law since the 1976 Act.[70] In addition, when Israel was preparing its comprehensive copyright revision, the IIPA criticized a draft amendment that would apply statutory damages "per title, not per copy and/or per infringing act."[71] This complaint is odd given the fact that U.S. statutory damages are applied per work, i.e., per title.[72] Thus, IIPA's contributions to the Special 301 process, like the trade agreements, reflect an escalation of statutory damages beyond the regime currently in force in the United States.

IV. LIMITATIONS ON STATUTORY DAMAGES ABROAD

The list of countries with statutory damages is growing due to the influence of the United States. Countries targeted by the United States have little leeway to assess whether and to what extent statutory damages, or specific features thereof, are compatible with their existing legal framework and norms of civil remedies — in copyright law and beyond.[73] Still,

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66 INT'L INTELLECTUAL PROP. ALLIANCE, 2010 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 207-08 (2010), *available at* http://www.iipa.com/rbc/2010/2010SPEC301ISRAEL.pdf. The IIPA does regard the increase in the statutory maximum as favorable. *Id.* at 207.

67 *Id.*

68 INT'L INTELLECTUAL PROP. ALLIANCE, 2009 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 298 (2009), *available at* http://www.iipa.com/rbc/2009/2009SPEC301SOUTHKOREA.pdf.

69 *Id.*

70 17 U.S.C. § 412 (2006).

71 INT'L INTELLECTUAL PROP. ALLIANCE, 2001 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 121 (2001), *available at* http://www.iipa.com/rbc/2001/2001SPEC301ISRAEL.pdf.

72 *See* 17 U.S.C. § 504(c) (2006).

73 *See, e.g.*, PEDRO ROFFE, BILATERAL AGREEMENTS AND A TRIPS-PLUS WORLD: THE CHILE-USA FREE TRADE AGREEMENT 44 (2004), *available at* http://www.quno.org/geneva/pdf/economic/Issues/Bilateral-Agreements-and-TRIPS-plus-English.pdf ("In the Chilean system, damages are only supposed to compensate for the losses caused by the injury. So, theoretically, damages may never exceed the actual prejudice suffered by the right

many countries that provide or plan to provide statutory damages do so with concerted efforts to limit negative aspects of the remedy. While often crafted in the image of the U.S. regime, other countries' modifications evince efforts to ensure reasonableness and proportionality in awarding statutory damages. In fact, many of these limits directly address some of the very problems that have arisen in the United States under § 504(c).[74] The more the United States imposes detailed treaty obligations relating to statutory damages, however, the less freedom countries will have to tailor their provisions. Further, if the United States succeeds in promulgating an ossified form of statutory damages, then the United States will miss the opportunity to learn from the experiments of other countries that might more precisely calibrate the balance between effective and just administration of statutory damages.

This Part explores some of the limits on statutory damages that appear in countries around the world, contrasts them with the lack of such limits in the U.S. provision, and discusses how such limits are constrained by the more recent treaty language. Innovations include: (1) limiting the purposes that statutory damage awards may serve, (2) adopting statutory guidelines for awarding of statutory damages, (3) tailoring the amounts to specific types of infringement, (4) limiting the situations in which statutory damages are available, (5) disallowing minimum recovery, and (6) placing limits on aggregation.

Those who are interested in well-balanced copyright laws should take note of these limits. First, they are evidence of serious resistance to adopting the U.S. approach to statutory damages. Recognizing this resistance, the United States should ensure that if it continues to mandate statutory damages in other countries, its trade policy permits those countries to continue to innovate. Second, some of these innovations may serve as model approaches for the United States to ameliorating many of the problems associated with its own regime.

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holder. The obligation of statutory damages alters drastically the Chilean general system of compensatory damages upon which IPRs had traditionally relied."); *see also infra* Part IV.A (purposive limitations).

74 For example, the Canadian government created a website to announce the Copyright Modernization Act; in that site's FAQ, the government asks and answers: "Will the Bill allow record labels to sue individuals and groups for large amounts, like in the U.S.? This Bill ensures that Canadians will not face disproportionate penalties for minor infringements of copyright by distinguishing between commercial and non-commercial infringement." *Questions and Answers*, GOV'T OF CANADA (Nov. 29, 2011), *available at* http://balancedcopyright.gc.ca/eic/site/crp-prda.nsf/eng/h_rp01153.html#record. For a more detailed analysis of some of the problems that have arisen in the application of the statutory damages provision in the United States, *see* Samuelson & Wheatland, *supra* note 4, at 480-91.

A. Purposive Limitations

United States case law shows that opening the door to extra-compensatory purposes for statutory damages can be problematic. Domestically, statutory damages started with compensatory and modest deterrent goals in mind, but today large awards are frequently made or supported on extra-compensatory even punitive rationales.[75] While there is support for the proposition that only the statutory minimum should be available under U.S. law absent some proof of damages or lost profits,[76] many court decisions have overlooked or ignored it. Statutory awards are often crafted or justified, even in the absence of evidence, as some combination of (1) a rough approximation of the compensation due for actual harm and/or profits lost,[77] (2) retribution for the defendant's reprehensible conduct,[78]

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[75] *See, e.g.*, On Davis v. Gap, Inc., 246 F.3d 152, 172 (2d Cir. 2001) ("The purpose of punitive damages — to punish and prevent malicious conduct — is generally achieved under the Copyright Act through the provisions of 17 U.S.C. § 504(c)(2), which allow increases to an award of statutory damages in cases of willful infringement."); Nat'l Football League v. PrimeTime 24 Joint Venture, 131 F. Supp. 2d 458, 478 n.17 (S.D.N.Y. 2001) (noting that statutory damages are "partly punitive"). For more cases demonstrating the punitive nature of some awards of statutory damages, *see* Samuelson & Wheatland, *supra* note 4, at 460 n.89 and accompanying text.

[76] *Compare* H.R. Rep. No. 94-1476, at 161 (1976) ("[T]he plaintiff in an infringement suit is not obligated to submit proof of damages and profits and may rely on the provision for *minimum* statutory damages." (emphasis added)), Video Views, Inc. v. Studio 21, Ltd., 925 F.2d 1010, 1016-17 (7th Cir. 1991) ("If a copyright owner seeks only 'minimum' statutory damages, the record on damages need not be developed at all. If a greater amount of statutory damages is sought, the district court may make the appropriate award when the evidentiary record adequately supports that determination."), *and* Peer Int'l Corp. v. Luna Records, Inc., 887 F. Supp. 560, 568 (S.D.N.Y. 1995) (Sotomayor, J.) ("Statutory damages should bear some relationship to the actual damages suffered by copyright infringement."), *with* New Form, Inc. v. Tekila Films, Inc., 357 Fed. App'x 10, 11-12 (9th Cir. 2009) ("There is no required nexus between actual and statutory damages under 17 U.S.C. § 504(c)."), *and* Superior Form Builders, Inc. v. Dan Chase Taxidermy Supply Co., 74 F.3d 488, 496-97 (4th Cir. 1996). *Cf.* L.A. Westermann Co. v. Dispatch Printing Co., 249 U.S. 100, 108-09 (1919) (discussing statutory damages under the 1909 Copyright Act: "[T]he *minimum amount* appears to us to have been fixed because of the inherent difficulty of always proving by satisfactory evidence what the amount is which has been actually sustained." (emphasis added)); Brady v. Daly, 175 U.S. 154, 157 (1899) (discussing statutory damages under the 1831 Copyright Act: "In the face of the difficulty of determining the amount of such damages in all cases, the statute provides a minimum sum for a recovery in any case, leaving it open for a larger recovery *upon proof of greater damage in those cases where such proof can be made.*" (emphasis added)).

[77] In justifying the 1999 amendments which increased the statutory maxima, the bill's primary sponsor noted, "[i]n most cases, courts attempt to do justice

(3) a deterrent sufficiently large to discourage the defendant in a particular case from infringing again in the future,[79] and (4) a general deterrent. The general deterrence rationale can be further separated into (1) the general deterrent value of an award that punishes a defendant fairly, in proportion to his own conduct, in such a way that other similarly situated potential defendants would fear being punished, and (2) punishing a defendant with an award beyond what the defendant's conduct individually merits in order to set an example that will deter the public at large.[80] This

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by fixing the statutory damages at a level that approximates actual damages and defendant's profits." 145 Cong. Rec. 13,785 (1999) (remarks of Sen. Hatch); *accord* H.R. REP. No. 94-1476, at 161 (1976); *see also* Scholz Design, Inc. v. New Horizons Dev., LLC, No. 3:08cv01465, 2009 WL 1043870, at *2 (D. Conn. Apr. 13, 2009) (awarding $50,000 to approximate Plaintiff's lost profits); Pret-A-Printee, Ltd. v. Allton Knitting Mills, Inc., No. 81 Civ. 3770, 1982 WL 1788 (S.D.N.Y. 1982 Sept. 16, 1982).

78 *See, e.g.*, Broad. Music, Inc. v. Spring Mount Area Bavarian Resort, Ltd., 555 F. Supp. 2d 537, 545 (E.D. Penn. 2008) (justifying statutory damages above plaintiff's request because, during the relevant time, "Defendants were on repeated notice of their infringement, were continually offered a simple and straightforward opportunity to terminate their infringement, and opted instead to flatly ignore Plaintiffs' attempts to resolve this dispute."); *cf.* United States v. Halper, 490 U.S. 435, 448 (1989) ("[A] civil sanction that cannot fairly be said solely to serve a remedial purpose, but rather can only be explained as also serving either retributive or deterrent purposes, is punishment, as we have come to understand the term.").

79 *See, e.g.*, Pedrosillo Music, Inc. v. Radio Musical, Inc., 815 F. Supp. 511, 517 (D.P.R. 1993) (awarding less than $10,000 "would not deter [this] defendant from continuing to violate the copyright laws."); Int'l Korwin Corp. v. Kowalczyk, 855 F.2d 375, 383 (7th Cir. 1988) (increased statutory damages may be necessary in a particular case to prove to a defendant that it "costs less to obey the copyright laws than to violate them[.]"); *cf.* Melvin Halpern, *The Sound Recording Act of 1971: An End to Piracy on the High ©'s?*, 40 GEO. WASH. L. REV. 964, 992 (1972) (noting inadequacy of statutory damages under 1909 Act to deter the same defendant from continuing the same infringing acts after being held liable). This purpose is sometimes called "specific deterrence." *See* Yurman Design, Inc. v. PAJ, Inc., 93 F. Supp. 2d 449 (S.D.N.Y. 2000) (sustaining jury award "as both a specific and general deterrent to future infringement").

80 The distinction appears slight, but is important. All remedies have some general deterrent value because, so the argument goes, a decision against one defendant sends a message to other similarly situated potential defendants that they are equally at risk. *See* Mitchell Polinsky & Steven Shavell, *Punitive Damages: An Economic Analysis*, 111 HARV. L. REV. 869, 877 (1998) (defining general deterrence as "the effect that the prospect of having to pay damages will have on the behavior of similarly situated parties in the future (and not just on the party at hand)."). Thus, an award that embodies compensation, retribution, and/or specific deterrence provides general deterrent value without augmenting further the remedy imposed on the defendant at bar. *Cf.* Sure-Tan, Inc. v. NLRB, 467 U.S. 883, 904 n.13 (1984)

list demonstrates the varying degrees to which an award of statutory damages can become unmoored from the specific harms at issue in a given infringement case.

Many countries do not accept the idea that civil damages are an appropriate vehicle for extra-compensatory or punitive purposes.[81] This in-

(recognizing that compensatory remedies for discriminatory discharges under the National Labor Relations Act, such as reinstatement and backpay, provide "deterrence against unfair labor practices" in addition to "meaningful relief for illegally discharged employees").

When the desire for general deterrence is a separate and additional component of the award against the defendant at bar, the situation is starkly different. The award ceases to be a reflection of the controversy between the two parties — severing the connection between the conduct at issue and the award imposed — and instead becomes about the conduct of non-parties, i.e., strangers to the litigation. *See, e.g.*, Sony BMG Music Entm't v. Tenenbaum, 660 F.3d 487, 504 (1st Cir. 2011) (approving a jury instruction providing a non-exclusive list of factors to consider including "the need to deter this defendant *and other potential infringers*" (emphasis added)); Fitzgerald Publ'g Co., Inc. v. Baylor Publ'g Co., Inc., 807 F.2d 1110, 1117 (2d Cir. 1986) (noting that courts may consider the deterrent effect on others besides the defendant); Viacom Int'l Inc. v. Fanzine Int'l, Inc., No. 98CIV.7448(RCC), 85974, 2001 WL 930248, at *5 (S.D.N.Y. Aug. 16, 2001) (concluding that "a substantial award is necessary to deter" the defendant specifically and justifying it as an award that "will serve to deter other potential infringers"); Disney Enters, Inc. v. San Jose Party Rental, No. C 10-00511 CRB, 2010 WL 3894190, at *2 (N.D. Cal. Oct. 1, 2010) (reducing statutory damages down to an amount the court found "sufficient to deter other potential infringers."); *cf.* Phillip Morris USA v. Williams, 549 U.S. 346, 353 (2007) ("[T]he Constitution's Due Process Clause forbids a State to use a punitive damages award to punish a defendant for injury that it inflicts upon nonparties or those whom they directly represent, i.e., injury that it inflicts upon those who are, essentially, strangers to the litigation.").

Apart from unmooring the civil remedy from the conduct at bar, there is also worry about double counting. *See* State Farm Mut. Auto. Ins. Co. v. Campbell, 538 U.S. 408, 423 (2003) (Breyer, J., concurring) ("Larger damages might also 'double count' by including in the punitive damages award some of the compensatory, or punitive damages that subsequent plaintiffs would also recover . . . ."). The same "double counting" concern is undoubtedly present where statutory damages serve the same purpose.

[81] *See, e.g.*, Alberto Bercovitz & German Bercovitz Milagros del Corral, *Spain*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, SPA § 8[4][a][iii] (Paul Edward Geller ed., 2012) ("Spanish civil law in principle does not allow punitive damages."); Adam Liptak, *Foreign Courts Wary of U.S. Punitive Damages*, N.Y. TIMES, Mar. 26, 2008), at A1 (citing Italian court which explains, "[P]rivate lawsuits brought by injured people should have only one goal — compensation for a loss."). Many countries do not have punitive damages at all in the civil system. Liptak *supra* ("Most of the rest of the world views the idea of punitive damages with alarm."). Some countries have refused to enforce punitive damage awards from the U.S. courts. *Id.*

ternational aversion to punitive civil damages is the source of some of the discomfort with the U.S. statutory damage provision, particularly in light of the increasing prevalence of the punitive rationale for statutory damages in the United States. Even WIPO acknowledges that in the international arena "[t]he concept of statutory damages as a remedy is subject to some debate because a number of legal systems see them as too close conceptually to punitive damages."[82] Of course this sentiment is not exclusive to foreign jurisdictions.[83]

Existing statutes abroad reflect this aversion to treating statutory damages as punitive or extra-compensatory. For example, some countries adopting statutory damages expressly limit the remedy to compensation.[84] Some countries address specific deterrence with court orders requiring

(citing Italy and Germany). In contrast, many countries provide criminal penalties, including fines, which explicitly serve punitive goals. This view is reflected in their copyright laws. Although some countries have "exemplary damages," most rely on actual damages and profits for monetary remedies. *See* Lionel Bently & William R. Cornish, *United Kingdom*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, UK § 8[4][a][iii] (Paul Edward Geller ed., 2012) (noting that even in the United Kingdom, where additional damages are available, "their award seems to be the exception rather than the rule").

82 WORLD INTELLECTUAL PROPERTY ORGANIZATION, *supra* note 13. WIPO goes on to say that many countries objecting to statutory damages do so "based on the principle that any punishment requires pre-established *criminal* provisions" under the *nulla poena sine lege* principle. *Id.* (emphasis added). Tellingly, in discussing intellectual property reforms in Taiwan, the IIPA notes that revisions to the Taiwanese Patent Act removed the provision on punitive damages, and seeks to ensure that pre-established damages under the Taiwanese Copyright Act do not suffer the same fate. *See* 2013 IIPA REPORT, *supra* note 41, at 345 n.14.

83 *See* St. Louis I.M. & S.R. Co. v. Williams, 251 U.S. 63, 64 (1919) (characterizing statutory damages as "essentially penal" and "primarily intended to punish"); *see also* BMW of N. Am v. Gore, 517 U.S. 559, 575 (1996) (describing *Williams*, a case involving *statutory* damages, as holding that a "*punitive* award may not be wholly disproportioned to the offense" (emphasis added)); *see generally* Scheuerman, *supra* note 6; Samuelson & Wheatland, *supra* note 4; *cf.* Webloyalty.com, Inc. v. Consumer Innovations, LLC, 388 F. Supp. 2d 435, 443 (D. Del. 2005) (finding that a $25,000 award balanced the need, on the one hand, to punish "unsupportable" conduct and deter infringement, and, on the other hand, to ensure that a statutory award "do[es] not amount to a windfall for Webloyalty in a case where no actual damages have been shown.").

84 *See* Morocco, art. 62 (setting amount "as deemed equitable by the court to compensate for the prejudice suffered"); Bahrain, art. 64(2); Ukraine, art. 52(2)(d); *see also infra* notes 123–128 and accompanying text (discussing countries where statutory damages are available only where actual damages and/or lost profits cannot be assessed).

that the infringer pay a specified amount if he or she infringes again.[85] Rather than holding the defendant liable in the case at bar for additional sums — which represent the court's hypothesis about the amount of money necessary to deter the defendant's potential future infringements not at bar — such a court order creates a specific deterrent against future misconduct that will be applied only if the defendant actually engages in the misconduct again. Even if that sum is never applied, the court order functions as a constant reminder of the consequences of recidivism.[86]

In trade agreements dealing with statutory damages, some countries were able to secure purposive limitations in which the "[p]arties understand that the damages set forth in this paragraph do not constitute punitive damages."[87] This limitation should help prevent some of the excesses under U.S. law by ensuring that courts do not rely on punitive goals to

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[85] *See, e.g.*, Copyright Act (Act No. 8/2011) § 72(5) (Sierra Leone), *available at* http://www.sierralii.org/sl/legislation/act/2011/8 ("Where there is a danger that an act of infringement may be continued, the court shall (a) expressly order that the act shall not be committed; and (b) fix a fine which is twice the original fine, which shall be paid if the order is not respected."); Copyright Act (Act No. 12 of 2002) § 28(4) (Tonga), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=5270 ("Where there is a danger that acts of infringement may continue, the Court shall order that no further acts be committed and fix a fine not exceeding $20,000 which shall be due if the order is not respected."); Copyright (Amendment) (Act No. 5/2008) § 38(6) (Trin. & Tobago), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=6642 ("Where there is a danger that acts of infringement may be continued, the Court shall have the authority to order that such acts not be committed and the Court shall fix a fine of five thousand dollars for each day on which the infringement is continued, which fine shall be paid if the order is not respected.").

[86] These fines appear to go to the state rather than the copyright owner. If the defendant infringes again, the plaintiff is still made whole for the infringements at issue through ordinary mechanisms. In other words, although a standing court order punishes recidivism, that punishment does not parlay into an additional monetary recovery for the plaintiff.

[87] U.S.-Peru, art. 16.11(8), 16.11(8) n.2; *see also* U.S.-Colombia, art. 16.11(8), 16.11(8) n.2. Interestingly, in both the Peru and Colombia agreements, this clarifying language appears in a footnote to a provision stating that pre-established damages shall be "in an amount sufficient to compensate the right holder . . . and constitute a deterrent to future infringements." These clarifying footnotes suggest some international understanding that condoning statutory damages to effect deterrence does not necessarily entail condoning punitive measures. This gives credence to reading the treaties' "deterrence" mandate as requiring statutory damages that provide general deterrent value, but not requiring that the award contain additional sums that constitute general deterrence. *See supra* note 80. Notably, despite this clarifying language and language mandating adoption, neither country has implemented a statutory damages regime.

craft or justify large damage awards.[88] The fact that the limitation exists at all reveals some countries' fundamental discomfort with the U.S. brand of statutory damages.

Language in more recent bilateral trade agreements seems to foreclose this option by requiring countries to provide statutory damages in an amount sufficient to compensate *and* to serve as a deterrent to future infringements.[89] The type of deterrence required, however, is undefined and U.S. law contemplates several means of generating deterrence. First, some areas of U.S. law regard purely make-whole damages as deterrent in nature;[90] thus an award that approximates actual damages alone could satisfy the deterrent requirement. Second, some areas of U.S. law regard disgorgement of profits as a general and/or specific deterrent;[91] thus, an award that approximates lost profits could suffice. Third, the language could require imposing a statutory award in an amount that serves as a specific deterrent, discouraging the defendant at bar from infringing again in the future. Indeed, William Patry forcefully argues in his treatise that, under the U.S. copyright regime, "[d]eterrence is *only* individual: the particular defendant in the dock needs to be deterred by an award substantial enough so that *he* knows it is more costly to infringe than to negotiate."[92] But even if statutory damages are limited to specific deterrence, there is

88 *See generally* Samuelson & Wheatland, *supra* note 4.

89 *See supra* note 50 and accompanying text (quoting language).

90 *See supra* note 80 (discussing *Sure-Tan*'s treatment of make-whole remedies under labor law as a deterrent against unfair labor practices).

91 *See, e.g.*, Masters v. UHS of Delaware, Inc., 631 F.3d 464, 473 (8th Cir. 2011) (in trademark action under the Lanham Act, noting "[d]isgorgement exists to deter would-be infringers . . . ."); Official Comm. of Unsecured Creditors of WorldCom, Inc. v. Sec. & Exch. Comm'n, 467 F.3d 73, 81 (2d Cir. 2006) ("[T]he primary purpose of disgorgement orders is to deter violations of the securities laws by depriving violators of their ill-gotten gains." (quoting Sec. & Exch. Comm'n v. Fischbach Corp., 133 F.3d 170, 175 (2d Cir. 1997)); BASF Corp. v. Old World Trading Co., Inc., 41 F.3d 1081, 1096 (7th Cir. 1994) (noting that a disgorgement remedy in Lanham Act case "may overcompensate for a plaintiff's actual injury and create a windfall judgment"; however, a court "may consider the need to deter further violations to protect the public at large." (quoting George Basche Co. v. Blue Coral, Inc., 968 F.2d 1532, 1540 (2d Cir. 1992)); Sec. & Exch. Comm'n v. First City Fin. Corp., 890 F.2d 1215, 1230 (D.C. Cir. 1989) (noting for SEC violation that "[d]isgorgement is an equitable remedy designed to deprive a wrongdoer of his unjust enrichment and to deter others from violating the securities laws."); JAMES T. O'REILLY, 1 FOOD AND DRUG ADMINISTRATION, § 7:32 (2012) ("Disgorgement . . . deters violations of the law by making illegal activity unprofitable").

92 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 22.181 (2013) (emphasis added). Patry proceeds to describe a court adopting a general deterrence theory as an outlier.

still general deterrent value in announcing to similarly situated potential defendants that they too are vulnerable to such deterrence. The same could be said of defendant-specific retribution for reprehensible conduct.

Construed broadly, however, the treaty language could require imposing a statutory award that serves as a general deterrent against infringement broadly, beyond the conduct at issue in a given case.[93] Such a rationale sanctions an award wholly out of proportion to the conduct at bar. Because the treaty language is susceptible to all of these readings, countries bound by such trade agreements have opened the door, perhaps unintentionally, to disproportionate awards.

B. Statutory Guidelines

Among the most straightforward innovations are guidelines, memorialized in a statute, that assist courts in awarding an appropriate amount of statutory damages. The United States has few statutorily set guidelines. Section 504(c) provides that for ordinary infringement, damages may be awarded in any amount between $750 and $30,000 per infringement, at the discretion of the court, with adjustments down to $200 or up to $150,000 if the infringement is innocent or willful, respectively.[94] The statute provides no other guidance as to where within this range the award should be set, other than to say they should be "as the court considers just."[95]

In the absence of statutory guidelines, U.S. courts have also failed to develop any sophisticated jurisprudence on the proper considerations for setting a statutory award. Although courts have developed lists of non-exhaustive "factors to consider,"[96] the ultimate award amount is left to the

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[93] *See supra* note 80 (discussing general deterrence rationales).

[94] 17 U.S.C. § 504(c) (2006).

[95] *Id.* The fact that § 504(c) says "as the court considers just" indicates that Congress did not believe that any and every award within § 504(c)'s range would be "just" as applied to any and every infringement. Otherwise, that language would be superfluous. Instead, Congress recognized that a within-range amount might be "just" as applied to some conduct, but not others. Although Congress committed the determination of what is "just" to the court's discretion in the first instance, any judicial determination is still subject to review.

[96] These factors include: "the expenses saved and profits reaped by the defendants in connection with the infringements, the revenues lost by the plaintiffs as a result of the defendants' conduct, and the infringers' state of mind whether willful, knowing, or merely innocent." Boz Scaggs Music v. KND Corp., 491 F. Supp. 908, 914 (D. Conn. 1980). *See also* Sony BMG Music Entm't v. Tenenbaum, 660 F.3d 487, 503-04 (1st Cir. 2011) (approving a jury instruction providing a non-exclusive list of factors to consider including "the nature of the infringement," "the value of the copyright," and "the need to deter this defendant *and other potential infringers*" (emphasis ad-

discretion of the court.[97] Further, there is no requirement that these factors be addressed at all, much less that they be given serious weight, or that the court make specific findings on the factors, or that there exists any evidence to consider when evaluating the factors.[98] Factors are often merely listed by rote, and the award announced with no elaboration on why it is supported by facts pertaining to those relevant factors.[99] These problems are exacerbated when juries are tasked with setting the statutory award, as they lack the ability to assess comparable cases.[100] The lack of guidance in the statute and lack of any robust jurisprudence on how to award statutory damages in the United States has resulted in awards that are arbitrary and inconsistent. Sometimes very similar or even identical fact patterns result in drastically different awards.[101] It is also worth not-

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ded)); Nat'l Football League v. PrimeTime 24 Joint Venture, 131 F. Supp. 2d 458, 472-82 (S.D.N.Y. 2001) (reviewing factors used in various courts).

97 Nintendo of Am., Inc. v. Dragon Pac. Int'l, 40 F.3d 1007, 1010 (9th Cir. 1994) ("The district court has wide discretion in setting the amount of statutory damages under the Copyright Act."); Harris v. Emus Records Corp., 734 F.2d 1329, 1335 (9th Cir. 1984) ("The court has wide discretion in determining the amount of statutory damages to be awarded, constrained only by the specified maxima and minima.").

98 Los Angeles News Serv. v. Reuters Television Int'l, 149 F.3d 987, 996 (9th Cir. 1998) ("[A] plaintiff may recover statutory damages 'whether or not there is adequate evidence of the actual damages suffered by plaintiff or of the profits reaped by defendant.'") (quoting Harris v. Emus Records Corp., 734 F.2d 1329, 1335 (9th Cir. 1984)). The legislative history of the 1976 Act is no more illuminating than the statute itself, stating only that "there is nothing in section 504 to prevent a court from taking account of evidence concerning actual damages and profits in making an award of statutory damages within the range set out in subsection (c)." H.R. REP. No. 94-1476, at 161 (1976); S. REP. No. 94-473, 143-44 (1975).

99 Peer Int'l Corp. v. Luna Records, Inc., 887 F. Supp. 560 (S.D.N.Y. 1995).

100 After the Supreme Court decided that the Seventh Amendment requires the right to a jury trial on statutory damages, David Nimmer wrote, "It is daunting, to say the least, to imagine how a judge could craft jury instructions that replace the type of analysis the court itself would undertake" because the setting of statutory damages "often involves extensive analysis of precedent so as to create a statutory-damages regime consistent across a spectrum of cases[;] . . . [i]t is not clear how a jury ever can perform this type of analysis." David Nimmer & Jason Sheesby, *After* Feltner, *How Will Juries Decide Damages?*, NAT'L L.J., Feb. 8, 1999, at C19.

101 Three examples will illustrate the point. In one series of cases, the same plaintiff recording company sued several different entities for continuing to make and sell records after their statutory license was terminated, and in three different suits, obtained three different statutory damages awards. Peer Int'l Corp. v. Luna Records, Inc., 887 F. Supp. 560, 569 (S.D.N.Y. 1995) ($10,000 per work); Peer Int'l Corp. v. Max Music & Entm't, Inc., No. 03 Civ. 0996KMWDF, 2004 WL 1542253 (S.D.N.Y. July 9, 2004) ($30,000 per work); Peer Int'l Corp. v. Pausa Records, Inc., 909 F.2d 1332 (9th Cir.

ing that, like punitive damages, statutory damage awards are increasing at a staggering rate.[102]

Several countries, including Canada and Israel, have statutorily codified guidelines for applying statutory damages.[103] At best, guidelines can help provide consistency and certainty in and across awards; at minimum, they can help constrain the factors that enter the analysis. Israel, for example, recently amended its statutory damages provision, inter alia, to include the following list of factors:

(1) The scope of the infringement;
(2) The duration during which the infringement continued;
(3) The severity of the infringement;
(4) The actual injury caused to the claimant according to the assessment of the court;
(5) The benefit derived by the defendant from the infringement, according to the assessment of the court;
(6) The character of the defendant's activity;

1990) ($50,000 per work). In another case, several recording companies brought suit against an individual file-sharer and the first jury awarded statutory damages of $9,250 per song for a total award of $220,000; after a mistrial on unrelated grounds (although the court noted concerns about the large damage award), a second jury, on the same facts, awarded $80,000 per song for a total award of $1.92 million; the judge remitted the award down to $2,250 per song for a total of $54,000; when the plaintiffs opted for a third trial, it resulted in a $1.5 million judgment. Capitol Records, Inc. v. Thomas-Rasset, 692 F.3d 899, 901-02 (8th Cir. 2012). A similar fate befell Elvin Feltner who, after a judge set a statutory award, sought and obtained a ruling from the United States Supreme Court that he was entitled to a jury trial on the issue of statutory damages; on remand, a jury awarded more than three times the original judge-made award, producing an award over $31 million. Columbia Pictures Television, Inc. v. Krypton Broad., Inc., 259 F.3d 1186 (9th Cir. 2001) (recounting facts and procedural history, and affirming jury award).

102 According to Nimmer, the largest statutory award as of 1990 was $4 million, then $9 million in 1997, finally topping out at $53.4 million in 2000. 4 NIMMER & NIMMER, *supra* note 4, § 14.04.

103 *See also* Lithuania, art. 83(4)(1) (setting damages by taking into account factors relevant to the case at bar, including "culpability of the infringer, his property status, causes of unlawful actions and other circumstances relevant to the case, as well as the criteria of good faith, reasonableness and justice"); Malaysia, § 37(8); Singapore, § 119(5). Both Malaysia and Singapore require courts to consider eight factors, six of which clearly relate exclusively to the case at bar. However, both include two closing factors that seem more expansive: (1) the need to deter other similar infringements and (2) all other relevant matters. While it is a matter of interpretation, based on the other factors, these final two factors may be similarly limited to deterrence of similar infringements by the defendant at bar and other matters relevant to the case at bar.

(7) The nature of the relationship between the defendant and the claimant;
(8) Good faith of the defendant.[104]

While these factors are not exhaustive,[105] their statutory enumeration places them in higher regard than non-enumerated factors and does not suggest to courts that they must or should consider harms not at issue or harms to strangers to the litigation. Importantly, the factors refer to "*the* infringement," "*the* defendant," and "*the* claimant," which suggests that any additional considerations should be similarly cabined to the parties and conduct at bar.[106] Thus, these factors suggest the impropriety of a general deterrent rationale.

Canada lists the following factors to consider in determining the appropriate amount statutory damages:

(a) the good faith or bad faith of the defendant;
(b) the conduct of the parties before and during the proceedings;
(c) the need to deter other infringements of the copyright in question; and,
(d) in the case of infringements for non-commercial purposes, the need for an award to be proportionate to the infringements, in consideration of the hardship the award may cause to the defendant, whether the infringement was for private purposes or not, and the impact of the infringements on the plaintiff.[107]

While the generally applicable factors (a)–(c) are not nearly as detailed as in Israel, they provide some guidance.[108] The text again appears to focus on the parties and conduct at bar. Although, factor (c) apparently brings additional infringements not at issue into the court's considerations, it does so only to a limited extent. It only empowers the court to consider

104 Israel, § 56(b).

105 *Id.* ("[T]he court may consider, *inter alia*, the following considerations . . . .").

106 Interestingly, although the IIPA has lodged many complaints about Israel's copyright statute, including complaints about statutory damages provision, it has not complained that these factors limit courts' ability to invoke a broad general deterrence rationale in individual cases. The IIPA has repeatedly complained that the statutory maximum and minimum — not the awards set within those limits — are insufficient to "have a deterrent impact on piracy." *See, e.g.*, INT'L INTELLECTUAL PROP. ALLIANCE, 2008 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 223 (2008), *available at* http://www.iipa.com/rbc/2008/2008SPEC301ISRAEL.pdf. In this regard, the deterrent sought may be only the threat embodied in the statute, similar to criminal charges. *Cf.* Richard A Oppel Jr., *Sentencing Shift Gives New Leverage to Prosecutors*, NEW YORK TIMES (Sept. 25, 2011), at A1.

107 Canada, § 38.1(5). The final factor was added in a recent comprehensive revision in 2012.

108 Factor (d) is a manifestation of case-specific equity considerations that will be discussed further in the next section.

other infringements of the very copyright at bar. The text is ambiguous as to whether the court may consider the need to deter *others* from infringing the copyright at issue, or if the court is limited to deterring the defendant at bar from infringing that copyright again in the future. If the former, then the factor is broad, but not as broad as it could be — it does not empower the court to consider the need to deter infringement generally. If the latter, then the factor is narrow. The court can only consider the need to deter *this* defendant from infringing *this* copyright, nothing more.

C. Tailoring to Type

The U.S. copyright statutory damages regime is so unique and ripe for arbitrariness, in part, because of its ostensibly equal application to all infringements of any exclusive right, to any type of copyrighted work, in any type of media.[109] By contrast, some countries have attempted to tailor awards of statutory damages to the type of infringement involved in the case.

Some countries recognize that different types of infringement, or infringement of different exclusive rights, might justify tailored treatment under the remedies scheme. For example, Azerbaijan generally allows statutory damages between 110 and 55,000 manats, but the range is reduced (between 220 and 5,500 manats) for infringement of integrated cir-

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[109] Statutory damage provisions exist for numerous other types of civil offenses in the United States, but these provisions typically apply to one narrow type of conduct, and/or provide a sum certain or a very narrow range of amounts. *See, e.g.*, 15 U.S.C. § 1116(d) (2006) (between $1,000 and $200,000 per counterfeit trademark, up to $2 million per willful use); *id.* 1125(d) (between $1,000 and $100,000 for registering, trafficking, or using a domain name with a bad faith intent to profit); *id.* § 1640(a)(2)(A) (twice lender's finance charges, between $100 and $5,000 for lender's failure to disclose credit terms; in a class action the lesser of $500,000 or 1% of defendant's net worth); *id.* § 1681n(a) (between $100 and $1,000 for willful failures to comply with the Fair and Accurate Credit Transaction Act and up to $1,000 for obtaining a consumer report without a permissible purpose); *id.* § 1692k(a) ($1,000 per violation of regulations of debt collectors; for class actions, authorizing the lesser of $500,000 or 1% of debt collectors net worth); *id.* § 1693 (similar scenario under the Electronic Fund Transfer Act); 18 *id.* § 2707(c) (actual damages with a floor of $1,000 per violation of electronic privacy, additional punitive damages available); 25 *id.* § 305e ($1000 per day for displaying Indian artifacts in manner that falsely suggests they were made by Indians); 47 *id.* § 227(b)(3)(B) ($500 per violation for sending junk faxes); 29 *id.* § 2104(a)(3) ($500 per day for an employer's failure to timely notify its local government of a plant closing and layoffs of more than fifty employees); 47 *id.* § 551(f)(2)(A) (greater of $100 per day or $1,000 for cable service providers who violate privacy or disclosure requirements); 47 *id.* § 605(e) ($1,000 to $10,000 for satellite and cable privacy, $10,000 to $100,000 for willful violations for commercial purposes).

cuit topographies.[110] Many countries allow statutory damages *only* for violations of moral rights, not for infringement of economic rights.[111] In Vietnam, statutory damages are sometimes available, but a minimum recovery only exists for moral rights violations.[112]

Canada provides several category-specific limitations. For example, where the prevailing plaintiff in an infringement suit is a collecting society, it may recover only (1) actual damages and profits, or (2) statutory damages between three and ten times the royalty fixed by the Canadian Copyright Board, as the court considers just.[113] Canada's most innovative limitations are in the context of non-commercial infringements. Whereas infringement for commercial purposes can bear statutory liability between 500 CAD$ and 20,000 CAD$ per work, infringement for non-commercial purposes bears liability between 100 CAD$ and 5,000 CAD$ for *all* works involved in the proceedings.[114] In setting the amount of statutory damages for non-commercial infringements, courts are instructed to consider, inter alia, "the need for an award to be proportionate to the infringements, in consideration of the hardship the award may cause to the defendant . . . ."[115] These considerations place non-commercial infringers in a special category for the purposes of statutory damages and treat the defendant's motives and susceptibility to financial hardship as mitigating factors.

Furthermore, once a plaintiff receives statutory damages for non-commercial infringements from a defendant, neither that plaintiff nor any other can recover statutory damages from that same defendant for any

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110 *Compare* Azerbaijan, art. 45(2), *with* Law of the Republic of Azerbaijan on Legal Protection of Topographies of Integrated Circuits, art. 13.4.2 (2008) (authorizing payment between 220 and 5,500 Manats), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=9166.

111 Ethiopia Copyright Law, *supra* note 16, § 33(4); Copyright (Amendment) Act No. IX of 2009, §§ 44(1), 44(4) (Malta), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=8168. In some ways, the case for applying statutory damages to violations of moral rights is stronger than the case for applying them to violations of economic rights: Moral rights are less susceptible to a monetary valuation, and thus a substitute remedy to avoid denying recovery altogether seems appropriate.

112 *Compare* Vietnam, art. 205(1)(c) (authorizing an amount not to exceed 500 million VND "[w]here it is impossible to determine the level of compensation on the basis" of actual damage); *with id.* art. 205(2) (authorizing between 5 million to 50 million VND for "spiritual damage").

113 Canada, § 38.1(4).

114 *Id.* § 38.1(1). Persons who provide Internet or digital services primarily for the purposes of enabling copyright infringement are liable for infringement if an infringement actually occurs using those services. *Id.* § 27(2.3). Such persons are deemed commercial for the purposes of statutory damages if a work was actually infringed as a result of that service. *Id.* § 38.1(1.11).

115 *Id.* § 38.1(5)(d).

other non-commercial infringements that occurred prior to filing suit.[116] These innovations encourage plaintiffs to join suit, share litigation costs in what is likely a low return suit, and bring all potential claims at once. This arrangement compares favorably to many of the file-sharing suits in the United States in which multiple plaintiffs brought suit against many thousands of non-commercial home users for only a small subset of the possible infringements available to them.[117] Seeking remedy for only a subset of the possible infringements provides a dual advantage. First, plaintiffs can claim magnanimity for not seeking damages for all the infringements they could. Second, they can invoke those infringements not at bar to justify an award that is higher when considering only the subset of infringements at bar.[118] The Canadian system addresses these concerns.

Importantly, electing statutory damages under the Canadian regime does not prejudice the copyright owner's ability to collect exemplary or punitive damages.[119] In this fashion, Canada excises the punitive functions from statutory damages.

D. Availability Limitations

Some countries employ a stronger version of tailoring to type by limiting the situations in which statutory damages are available. Such limits recognize that although statutory damages may be justified in some cases, in many cases — perhaps most — the plaintiff can be made whole, and the defendant can be deterred, without resorting to an extraordinary remedy.

Under present U.S. law, a plaintiff can elect to receive an award of statutory damages at any time before final judgment, without needing to demonstrate that the ordinary remedies of damages, profits, and attorney's fees are insufficient.[120] As long as the registration requirement is

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116 *Id.* § 38.1(1.12)–(1.2).

117 *See, e.g.*, Sony BMG Music Entm't v. Tenenbaum, 660 F.3d 487, 490 (1st Cir. 2011) ("Sony pursued claims against Tenenbaum for only thirty copyrighted works, even though it presented evidence that Tenenbaum illegally downloaded and distributed thousands of copyrighted materials.").

118 Sony BMG Music Ent'mt v. Tenenbaum, No. 07-11446-RWZ, 2012 WL 3639053, at *2 (D. Mass. Aug. 23, 2012) (rejecting remittitur, citing evidence that Tenenbaum downloaded and distributed "thousands of copyrighted works" even though the suit concerned only 30 of those works).

119 Canada § 38.1(7).

120 17 U.S.C. § 504(c)(1) (2006). Prompt registration of the copyright in the work at issue is the only barrier to the recovery of statutory damages. 17 U.S.C. § 412 (2006). However, this requirement is intended not as a limit on the availability of statutory damages, but as an inducement to prompt registration of one's copyright interest. Blanch v. Koons, 329 F. Supp. 2d 568, 570 n.1 (S.D.N.Y. 2004) ("If punitive damages [were] available to a plaintiff who did not timely register [his] work, the statutory purpose of encouraging

met, a defendant has no ability to challenge the plaintiff's election of statutory damages, or to require the plaintiff to present evidence on actual damages or lost profits.[121]

Notwithstanding the fact that actual damages have been assessed in innumerable infringement cases, U.S. authorities frequently note the difficulties of proving actual harm as a justification for administering often-substantial statutory awards.[122] Because statutory damages are suscepti-

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copyright registration [would be] frustrated."). As far as we can tell, no other country yet uses registration as a condition to the awarding of statutory damages, perhaps recognizing that doing so would unfairly deny a remedy (which is itself designed to combat unfairness) to parties who lack the sophistication and familiarity with copyright law to register their works at an early stage. *See* Samuelson & Wheatland, *supra* note 4, at 454-55; *see generally* John Tehranian, *The Emperor Has No Copyright: Registration, Cultural Hierarchy and the Myth of American Copyright Militancy*, 24 BERKELEY TECH. L.J. 1397 (2009).

121 This was not always the rule under U.S. law. Statutory damages were originally intended primarily as an alternative remedy that would allow plaintiffs to be compensated for their injuries even in cases where damages were difficult to quantify with the numeric precision courts require for actual damages awards generally. Damage to intellectual property is inherently more difficult to quantify than, for example, expectation damages for breach of contract. Additionally, copyright infringers do not generally keep accurate records of their activities that would provide a basis for assessing damages. *See* Halpern, *supra* note 79, at 992 (describing a notorious commercial bootlegger whose business records consisted of "a carton of some 1,000 or more miscellaneous, disorganized and unexplained pieces of paper" piled in a heap). Thus, there may be a sizable difference between, on the one hand, the actual damages suffered and profits lost and, on the other hand, those that could be proven in court. In these cases, it was appropriate to relax the copyright plaintiff's evidentiary requirements. In the early years of the U.S. statutory damages provision, the availability of statutory damages depended on whether a judge determined that the amount of actual damages (or defendant's profits) either could not be proved or was not easily ascertainable. 4 NIMMER & NIMMER, *supra* note 4, § 14.04[F][1][d] ("Where both the elements of actual damages and defendant's profits were ascertained it seems clear that, under the 1909 Act, generally neither plaintiff nor defendant might demand an award based upon an 'in lieu' measure." (citations omitted)). When Congress revised the law in 1976, plaintiffs acquired the unilateral right to elect to receive an award of statutory damages, in lieu of actual damages and profits. There is no explanation in the legislative history for this fundamental change in the statutory damages model. Some speculate that the change arose, in part, because of the confusing and contradictory case law that had developed around whether and when statutory damages were mandatory or permissive. 4 *id.* § 14.04[F][1]. Whatever the reason, this change has likely led to the awarding of statutory damages in more cases than Congress originally intended.

122 *See, e.g.*, F.W. Woolworth Co. v. Contemporary Arts, Inc., 344 U.S. 228, 231 (1952) (noting that statutory damages "give the owner of a copyright some

ble to imprecision, arbitrariness, and excessiveness, however, it may be good policy to limit their availability to cases in which they represent a plaintiff's only real option to obtain meaningful monetary relief. Bulgaria,[123] China,[124] Dominican Republic,[125] Republic of Korea,[126] Taiwan,[127] and Vietnam[128] all recognize that damages may be difficult to prove, but permit statutory damages only if such difficulties are actually shown to exist.

There is also considerable disagreement as to whether a judge's approval should be necessary to receive statutory damages. Some countries have adopted the present U.S. model of making statutory damages available solely at the election of the plaintiff.[129] Indeed, recent trade agreement language mandates that countries make statutory damages so available.[130] Nevertheless, several countries follow the former U.S. rule, allowing resort to statutory damages only if a judge has deemed them appropriate.[131] Recent changes in Moldova appear to reflect this tension.

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recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits") (quoting Douglas v. Cunningham, 294 U.S. 207, 209 (1935)); Lowry's Reports, Inc. v. Legg Mason, Inc., 302 F.Supp.2d at 460 ("Statutory damages exist in part because of the difficulties in proving — and providing compensation for — actual harm in copyright infringement actions."); *see also* STAFF OF U.S. COPYRIGHT OFFICE, 87TH CONG., REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 102 (Comm. Print 1961) ("The value of a copyright is, by its nature, difficult to establish, and the loss caused by an infringement is equally hard to determine. As a result, actual damages are often conjectural, and may be impossible or prohibitively expensive to prove.").

123 Bulgaria, art. 94(a) (allowing statutory damages where "there is no sufficient data about" the amount).

124 China, art. 49 (allowing statutory damages where "unlawful gains of the infringer cannot be determined").

125 Dominican Republic, art. 177 ¶ III (allowing statutory damages where it is "impossible to place a value on the actual injury").

126 Yang & Shin, *supra* note 43, § 8[4][a] (noting availability in Korea only where it is "difficult to assess damages under any of the methods" of calculating actual damages and lost profits).

127 Taiwan Copyright Act, *supra* note 23, art. 88(2) (allowing statutory damages only where it is difficult to prove actual damages).

128 Vietnam, art. 205(1)(c) (allowing statutory damages "[w]here it is impossible to determine the level of compensation on the bases" of actual harm).

129 Bahamas § 41(3)(b); Bahrain, art. 64(2); Belarus, art. 56(2)–(3); Bulgaria, art. 94a; Canada ,§ 38.1(1); Kazakhstan, art. 49(1); Kyrgyzstan, art. 49(6); Liberia, § 2.42(IV)(1); Lithuania, art. 83(4)(1); Morocco, art. 62; Russian Federation, art. 1301; Singapore, § 119(2)(d); Sri Lanka, § 170(10).

130 *See supra* note 50 and accompanying text.

131 Azerbaijan, art. 45(2) ("[B]esides the general means of civil-legal enforcement, [a court] shall have the right to issue a resolution on" statutory damages, in

Whereas the Moldovan laws had previously given the copyright owner the ability to elect statutory damages among other remedies, recent amendments have taken away that ability, leaving the decision to the courts.[132]

Some countries make statutory damages categorically unavailable in cases involving specified institutional actors. Like the United States, Canada and Liberia make statutory damages unavailable in certain limited circumstances involving educational institutions, libraries, archives, museums, and public broadcasters.[133] In these countries, such remission is available only if the defendant had reasonable grounds for believing that his or her use constituted fair use. A similar but stronger dispensation exists in the Bahamas, which requires a court to remit statutory damages in any case where such an institutional actor "*believed* that his use . . . was fair dealing," without requiring that the defendant demonstrate the reasonableness of that belief.[134]

E. No Minimum Recovery

In some cases, even the statutory minimum can seem disproportionately large in relation to the conduct at bar. Although there are provisions in U.S. law that allow or require deviation below the statutory minimum in certain cases, awards below the ordinary minimum of $750 are extremely rare. In order to prove innocent infringement, which would allow a court to award as little as $200 per infringed work, a defendant must demonstrate that "he was not aware and had no reason to believe that his acts constituted an infringement of copyright."[135] Another safety valve in the U.S. law, the provision for remission of statutory damages against certain

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place of damages or profits.); China, art. 49; Dominican Republic, art. 177 ¶ III; Israel, § 56(a) ("[T]he court *may*, at the claimant's request, award to the claimant, in respect of each infringement, damages without proof of injury . . . ." (emphasis added)); Korea, art. 125-2, *cited in* Yang & Shin, *supra* note 43; Ukraine, art. 52(2)(d); Vietnam, art. 205(c)–(d). Though not a WIPO member, Taiwan also leaves election to the discretion of the court. Taiwan Copyright Law, *supra* note 23, art. 88(2).

We have insufficient information on Costa Rica. According to the IIPA, Malaysia's copyright law is unclear as to whether electing statutory damages is the copyright owner's prerogative. 2013 IIPA REPORT, *supra* note 41, at 310.

132 *Compare* Moldova, art. 63(2) (2010), *with* Moldova, art. 38(2) (1993).

133 17 U.S.C. § 504(c)(2) (2006); Canada, § 38.1(6)(a), (b); Liberia, § 2.42(IV)(2).

134 Bahamas, § 41(3)(d) (emphasis added).

135 4 NIMMER & NIMMER, *supra* note 4, § 14.04[B][2]. This provision of § 504(c)(2) has only very rarely been applied. Warner Bros., Inc. v. Dae Rim Trading, Inc., 677 F. Supp. 740, 769–70 (S.D.N.Y. 1988) ($100 per infringed work); D.C. Comics, Inc. v. Mini Gift Shop, 912 F.2d 29, 35-36 (2d Cir. 1990) ($200 per infringed work).

defendants who believed their use to be fair, has never once been applied.[136]

Perhaps recognizing that establishing a minimum amount of statutory damages can produce unfair or excessive awards under certain circumstances, China,[137] Israel,[138] Lithuania,[139] Republic of Korea,[140] Singapore,[141] and Vietnam,[142] provide no minimum recovery, only an upper limit on the award amount. In fact, when statutory damages first appeared in Lithuania in 2003, the statute provided a minimum recovery, but this statutory minimum was removed in 2008.[143] This approach leaves the decision of whether to award statutory damages to the discretion of the judicial authorities. Courts can thus award very low amounts or even no statutory damages in cases where they deem this appropriate.[144]

F. Anti-Aggregation Measures

Some countries designed their statutory damages regimes to recognize and account for the unfairness that can result from aggregating a large number of statutory damages awards, even at the statutory minimum. In the United States, the problems with arbitrariness and excessiveness in

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136 PATRY, *supra* note 92, § 22:176.

137 China, art. 49 (authorizing up to 500,000 RMB Yuan).

138 Israel, § 56(a) (authorizing an amount not to exceed NIS 100,000).

139 Lithuania, art. 83(4)(1) (authorizing up to 1,000 times the minimum living standards).

140 Yang & Shin, *supra* note 43 (noting statute authorizes up to 10 million won, 50 million if infringed with intent to profit).

141 Singapore, art. 119(2)(d) (authorizing not more than $10,000 per work, but no more than $200,000 in total without additional proof of actual loss).

142 Vietnam, art. 205(1)(c) (authorizing an amount not to exceed 500 million VND "[w]here it is impossible to determine the level of compensation on the basis" of actual damage). Moral rights violations provide a minimum recovery. *Id.* art. 205(2) (authorizing between 5 million to 50 million VND for "spiritual damage").

143 *Compare* No. IX-1355, Law Amending the Law on Copyright and Related Rights art. 79(6) (2003) (Lith.) (providing a range between 10 and 1,000 times minimum living standards), *with* Lithuania, art. 83(4)(1) (authorizing up to 1,000 times minimum living standards).

144 A court's ability to award no statutory damages is similar to leaving to judges the decision of whether resort to statutory damages is appropriate. *See supra* notes 129–131 and accompanying text (discussing court approval as an availability limitation). Allowing a court to award no statutory damages does additional work in jurisdictions where the plaintiff, not the court, elects to pursue statutory damages. *E.g.*, Lithuania, art. 83(4)(1); Singapore, art. 119(d). This is an intriguing way around current treaty language that requires statutory damages to be available solely at the election of the copyright owner. *See supra* note 50 and accompanying text (discussing modern treaty language regarding statutory damages).

statutory damage awards have manifested most acutely in cases where numerous works are infringed, and multiple awards of statutory damages are aggregated. For example, in *UMG Recordings, Inc. v. MP3.com, Inc.*, despite the complete absence of any evidence of harm to plaintiffs or profits by defendants, a judge was willing to multiply an already-high statutory damage award of $25,000 per work by the 4,700 works at issue in the case, producing a staggering potential liability of over $118 million.[145] Potential for extremely high aggregated statutory damage awards is ever-present in today's world, particularly in cases involving secondary liability and digital technology, such as the litigation over Napster,[146] LimeWire,[147] and the Google Book Search project.[148] In cases of this type, potential liability for statutory damages can "run into the hundreds of millions or even billions of dollars."[149] In the LimeWire case, the plaintiffs reportedly requested an amount of statutory damages that was more than the combined GDP of the entire world.[150] Advances in digital technology have also exposed pri-

145 No. 00 Civ. 472 (JSR), 2000 WL 1262568, at *1, *6 (S.D.N.Y. Sept. 6, 2000).

146 *In re* Napster, Inc., No. C MDL-00-1369 MPH, 2005 WL 1287611, at *10 (N.D. Cal. June 1, 2005) (noting the risk of grossly excessive aggregated statutory damages).

147 Motion for Preliminary Injunction, 2-3, Arista Records, LLC v. LimeWire, LLC, June 4, 2010.

148 *See* Class Action Complaint at 2, Author's Guild v. Google Inc., No. 05 CV 8136 (S.D.N.Y. Sept. 20, 2005). Even at the statutory minimum of $750 per book scanned, Google potentially faces $4.5 billion in liability. *See* Samuelson & Wheatland, *supra* note 4, 490-91. The damages are even more massively aggregated in the litigation over the Google Book Search project because the suit is a class action. Some U.S. courts have noted the potential for Due Process violations where statutory damages are aggregated in a class action suit. *See, e.g.*, Murray v. GMAC Mortg. Corp., 434 F.3d 948, 954 (7th Cir. 2006) (allowing class certification, notwithstanding potentially excessive statutory damages, because excessive awards may be reduced on constitutional grounds); Parker v. Time Warner Entm't Co., 331 F.3d 13, 22 (2d Cir. 2003); *In re* Napster, Inc., No. C MDL-00-1369 MPH, 2005 WL 1287611, at *10 (N.D. Cal. June 1, 2005) (noting the risk of a grossly excessive aggregated statutory damage award). *See also* Scheuerman, *supra* note 6, at 104; *see generally* Barker, *supra* note 6.

149 Motion for Preliminary Injunction, at 2-3, Arista v. LimeWire, June 4, 2010.

150 Plaintiffs in the LimeWire lawsuit allegedly requested up to $75 *trillion* in statutory damages, which is more money than the GDP of the entire world combined as of 2011. *See* Sarah Jacobsson Purewal, *RIAA Thinks LimeWire Owes $75 Trillion in Damages*, PCWorld (Mar. 26, 2011). http://www.pcworld.com/article/223431/riaa_thinks_limewire_owes_75_trillion_in_damages.html.

vate individuals to massive statutory damage awards, exemplified by the recording industry's lawsuits against individual filesharers.[151]

Countries have adopted several approaches to avoid these problems. Canadian law authorizes a court to award less than the minimum statutory award, even absent proof of innocent infringement, where there is more than one work in a single medium and aggregating even the minimum amount would result in an award that is "grossly out of proportion to the infringement."[152] Israeli law treats all infringements undertaken as part of a "set of activities" as a single infringement for the purposes of statutory damages.[153] Malaysia's law sets a cap of 500,000 MYR for the aggregate award.[154] Singapore's law places a S$200,000 cap on the total, aggregated statutory award absent any evidence that the plaintiff's actual loss exceeded that amount.[155]

V. *STATUTORY DAMAGES IN PLURILATERAL TRADE AGREEMENTS*

Global intellectual property policy cycles between bilateralism and multilateralism.[156] The pendulum has swung back and forth several times already: frustration with the efforts at negotiating a multilateral agreement at WIPO led to the United States' efforts to negotiate NAFTA, one of the first regional agreements to include intellectual property provisions, and

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151 *See, e.g.*, Barker, *supra* note 6, at 559 ("[M]assively aggregated awards of even the minimum statutory damages for illegal file-sharing will impose huge penalties . . . .").

152 Canada, § 38.1(2). Although the term "single medium" is the subject of some controversy, in 2006 a court used the "special case" exception, a component of which is the "single medium" requirement, to impose a statutory award below the minimum on a defendant that operated a website that allowed subscribers to watch various programs owned and produced by the plaintiffs. Telewizja Polsat Canada, Inc. v. Radiopol, Inc., 2006 FC 584 (Lemieux, J., May 10, 2006). The reduction applied to all 2,009 works at issue, at least some of which were unrelated, indicating that "single medium" is broader in scope than the U.S. "one work rule" in § 504(c)(1) which treats only parts of a compilation or derivative work as one work. *See also* Ysolde Gendreau & David Vaver, *Canada*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE CAN § 8[4][a][ii][b] (Paul Edward Geller ed., 2012) (offering a multimedia CD-ROM as an example of a "single medium").

153 Israel, § 56(c).

154 Malaysia, § 37(1)(d) (allowing "statutory damages of not more than twenty-five thousand ringgit for each work, but not more than five hundred thousand ringgit in the aggregate").

155 Singapore, art. 119.2.

156 Bryan Mercurio, *TRIPS-Plus Provisions in FTAs: Recent Trends*, *in* REGIONAL TRADE AGREEMENTS AND THE WTO LEGAL SYSTEM, 215-37 (Lorand Bartels, Federico Ortino eds., 2006); Okedeji, *supra* note 55, at 128-29.

numerous other bilateral agreements besides.[157] In the same year as NAFTA, the multilateral TRIPs agreement set an international baseline for intellectual property protection, and there was an expectation that claims of inadequate intellectual property protection would be handled through the World Trade Organization's dispute resolution system rather than bilateral agreements.[158] But as numerous scholars have reported, some developed countries, most notably the United States and some European nations, turned back to bilateral agreements to press countries to adopt protections stronger than those mandated by the multinational agreements.[159] Now there appears to be a movement back toward multilateralism.

Although statutory damages are fairly new to the global scene, they have become a featured topic in multilateral trade negotiations over the past few years. While TRIPs provides that a country *may* adopt a system of pre-established damages, the United States in recent multilateral trade negotiations, like the recent bilateral agreements, has pushed for mandatory pre-established damages on substantially the same terms as required in the recent treaty language discussed in Part II.

A. TRIPs

Much like the bilateral agreements discussed in Part II, when statutory damages first became a topic of discussion in international negotiations, they were permissive rather than mandatory. In 1994, TRIPs became the first multilateral agreement to address the topic of damages in any detail. Under Article 45, each member country's judicial authorities "have the authority" to order infringers to pay damages "adequate to compensate" and to order payment of attorney's fees; additionally, "[i]n appropriate cases, Members *may* authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity."[160] Thus, Article 45 permits but does not require statutory damages. It also allows member states to treat disgorgement of profits and pre-established damages as alternatives. Additionally, it places some limit on when either remedy is available — whereas compensation and attorney's fees can be awarded in any case, disgorgement of profits and statutory damages may only be awarded in "appropriate cases." TRIPs does not define "appropriate cases"; rather, this language exemplifies the general "flexibility" incorporated into TRIPs

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157 Mercurio, *supra* note 156, at 218.

158 *See, e.g., id.* at 218-19; Okedeji, *supra* note 55, at 128-29.

159 *See, e.g.*, Mercurio, *supra* note 156, at 218-19; Okedeji, *supra* note 55, at 128-29.

160 TRIPs, *supra* note 13, art. 45 (emphasis added).

— allowing each member state the freedom to tailor certain aspects of its TRIPs obligations to its domestic concerns.[161] At the very least, limiting the availability of statutory damages to "appropriate cases" indicates that, unlike compensatory damages and attorney's fees, which must be available in all cases, statutory damages are intended to be available in something less than all cases. Thus, even with TRIPs' policy of flexibility, the treatment of statutory damages is somewhat more constrained than the other remedies.

After TRIPs, international intellectual property policy turned away from multilateralism toward bilateral agreements of the type discussed in Part II. These "TRIPs-plus" standards have been criticized because they incorporate provisions reducing or eliminating some of the flexibility embodied in TRIPs.[162] The U.S.-led exportation of statutory damages through bilateral agreements is one manifestation.

B. ACTA

After a period of bilateralism in the wake of TRIPs, the pendulum has started swinging back in a more multilateral direction with negotiations on the Anti-Counterfeiting Trade Agreement (ACTA) and Trans-Pacific Partnership (TPP). ACTA is in fact a plurilateral agreement, negotiated by a number of countries including the United States, the European Community, Japan, Australia, and Canada, on the topic of intellectual property enforcement.[163] Negotiations around ACTA were fraught with

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161 *See* ARNAND GROVER, REPORT OF THE SPECIAL RAPPORTEUR ON THE RIGHT OF EVERYONE TO THE ENJOYMENT OF THE HIGHEST ATTAINABLE STANDARD OF PHYSICAL AND MENTAL HEALTH 96 (2009) (U.N. Doc. A/HRC/11/12) ("Flexibilities were included in TRIPS to allow States to take into consideration their economic and development needs. States need to take steps to facilitate the use of TRIPS flexibilities."); *see generally* Henning Grosse Ruse-Khan, *The International Law Relation Between TRIPS and Subsequent TRIPS-plus Free Trade Agreements: Towards Safeguarding TRIPS Flexibilities?*, 18 J. INTELL. PROP. L. 325 (2011).

162 *See* Ruse-Khan, *supra* note 161, at 328.

163 As some have noted, this agreement is properly termed "plurilateral" because it included numerous parties but is still closed to voluntary additions to the negotiating table. *See, e.g.*, Catherine Saez, *ACTA A Sign Of Weakness In Multilateral System, Intellectual Property Watch, WIPO Head Says*, IP-WATCH (June 30, 2010), http://www.ip-watch.org/weblog/2010/06/30/acta-a-sign-of-weakness-in-multilateral-system-wipo-head-says. Some have speculated that countries that wish to change the international landscape of intellectual property law are frustrated with WIPO and have turned to a solution somewhere between the multilateralism of WIPO and the bilateralism/regionalism of numerous individual agreements. Michael Geist, *The ACTA Threat to the Future of WIPO*, INTELLECTUAL PROPERTY WATCH (Apr. 14, 2009), http://www.ip-watch.org/weblog/2009/04/14/the-acta-threat-to-the-future-of-wipo.

controversy, not least because the United States and the other countries invited to the table attempted to negotiate the treaty in secret.[164]

Early drafts included a provision mandating statutory damages.[165] The United States in particular pushed statutory damages, over the objections of some of the other participating countries.[166] In the final version, however, statutory damages were presented as just one among three alternative remedies, at least one of which *must* be imposed.[167] The other options are additional or exemplary damages and evidentiary presumptions regarding actual damages sufficient to compensate the right holder.

Perhaps harking back to earlier bilateral trade agreements, other provisions in ACTA explicitly instruct that the chosen remedies be sufficient to "constitute a deterrent to further infringements."[168] Notably, ACTA's definition of "deterrence" suggests a less expansive version of deterrence than the kind sometimes endorsed by courts in the United States.[169] A country can satisfy its ACTA obligations by implementing only the evidentiary presumptions regarding the amount of damages sufficient to compensate for the infringement.[170] In that regime, it is difficult to see how such an explicitly compensatory remedy, targeted at the infringements at bar,

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164 Eric Pfanner, *In Secret, Nations Work Toward Crackdown on Piracy*, N.Y. TIMES (Feb. 8, 2010), http://www.nytimes.com/2010/02/08/technology/08piracy.html; Nate Anderson, *Secret ACTA Treaty Can't Be Shown to Public, Just 42 Lawyers*, ARS TECHNICA (Oct. 15, 2009), http://arstechnica.com/tech-policy/news/2009/10/these-42-people-are-shaping-us-internet-enforcement-policy.ars.

165 Michael Geist, *The ACTA Internet Chapter: Putting the Pieces Together*, MICHAEL GEIST (Nov. 3, 2009), http://www.michaelgeist.ca/content/view/4510/125. According to Geist, parts of the treaty appear to have been based on a trade agreement signed with South Korea, which included a provision mandating statutory damages.

166 A leaked draft dated January 18, 2010, indicated that the United States and Japan wished the treaty language to read that countries "shall" impose either pre-established damages or an alternative presumption for determining damages, while the EC, Canada, and New Zealand would provide that countries "may" impose such remedies. Michael Geist, *Putting Together the ACTA Puzzle: Privacy, P2P Major Targets*, MICHAEL GEIST (Feb. 3, 2009), http://www.michaelgeist.ca/content/view/3660/125/ (noting that some countries other than the United States would like the imposition of statutory damages to be optional).

167 ACTA, art. 9(3). This structure, presenting an alternative to the imposition of statutory damages, is similar to the relevant provision in the U.S.-Australia trade agreement which requires either a system pre-established damages or a system of additional/exemplary damages. U.S.-Australia, art. 7.

168 ACTA, art. 6(1); *see also id.* art. 27(1) (providing same as applied to "Enforcement in the Digital Environment").

169 *See supra* Part IV.A.

170 ACTA, art. 9(3)(b). Such presumptions include various ways of calculating damages, including the quantity of infringing goods multiplied by profits per

can qualify as the expansive form of general deterrence against the public at large.

Eight countries signed on to ACTA on October 1, 2011.[171] Thereafter, Mexico and twenty-two members of the European Union signed on; however, ACTA was rejected by the European Parliament in July 2012, which effectively blocked the EU from joining the agreement.[172] Officially, ACTA is not in force and will not be effective until six states ratify it.[173] To date, only Japan has ratified the treaty.[174]

C. TPP

With ACTA negotiations closed, the focus has shifted to the Trans-Pacific Partnership. In many respects, the TPP has been subject to the same criticisms of secrecy and overreach that were levied against ACTA.[175] In fact, House Oversight Committee Chairman Darrell Issa leaked one of the more recent draft versions of the TPP, in part, as a reaction against the secretive process.[176] Political intrigue aside, the text of the TPP appears to escalate the push for statutory damages.

Under one version of the TPP, parties are required to "establish or maintain a system that provides for pre-established damages," which are available upon the election of the right holder and in an amount "sufficiently high to constitute a deterrent to future infringements and to com-

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unit, a reasonable royalty, and a lump sum based on royalties or fees that would be due if the infringer had asked for authorization. *Id.* n.3.

171 *Anti-Counterfeiting Trade Agreement (ACTA)*, UNITED STATES TRADE REPRESENTATIVE, http://www.ustr.gov/acta (last visited Feb. 17, 2013).

172 *Signing by Mexico on the Anti-Counterfeiting Trade Agreement (ACTA)*, MINISTRY OF FOREIGN AFFAIRS OF JAPAN (July 12, 2012), http://www.mofa.go.jp/policy/economy/i_property/acta1207.html; *ACTA Controversial Anti-Piracy Agreement Rejected by EU*, BBC NEWS, July 4, 2012, http://www.bbc.co.uk/news/technology-18704192.

173 ACTA art. 40.

174 Press Release, International Trademark Association, Japan Ratifies ACTA (Sept. 6, 2012), *available at* http://www.inta.org/Press/Pages/JapanRatifiesACTA.aspx.

175 *See, e.g.*, *Trans Pacific Partnership Agreement*, ELECTRONIC FRONTIER FOUNDATION, https://www.eff.org/issues/tpp (last visited Feb. 17, 2013).

176 Zach Carter, *Darrell Issa Questions Obama On Trans-Pacific Partnership, Leaks Key Text of Trade Deal*, HUFFINGTON POST (May 16, 2012), http://www.huffingtonpost.com/2012/05/16/darrell-issa-trans-pacific-partnership-trade-deal_n_1521035.html (quoting Issa: "While the Obama administration speaks publicly about protecting open Internet and delivering open government, they continue pushing secretive agreements like ACTA and TPP that exclude the public and could undermine individual privacy rights and stifle innovation . . . . They need to explain this apparent inconsistency.").

pensate fully the right holder for the harm caused by the infringement."[177] This version embodies all the central elements from the most recent bilateral trade agreements: a mandatory system of pre-established damages, discretionary resort solely in the hands of the right holder, and an amount high enough to constitute compensation and deterrence.

VI. REFORMING THE DOMESTIC REGIME WHILE SATISFYING INTERNATIONAL OBLIGATIONS

So far, this Article has focused on the ways in which the United States advocates or imposes statutory damages on other countries. However, when the United States enters into a treaty, it creates a mutual obligation that binds the United States to the same requirements as its counterparty. Thus, when considering reforms of the domestic regime one must remain cognizant of U.S. obligations to foreign countries. This Part will summarize U.S. obligations with regard to statutory damages and suggest reforms — informed by the practices in other countries — that will maintain compliance with the various trade agreements.

A. Domestic Obligations

Prior to TRIPs, no multilateral agreement mandated or suggested statutory damages. As discussed in Part V.A., TRIPs permits but does not require statutory damages. Member countries *may* empower the judicial authorities, "in appropriate cases," to order recovery of *either or both* the infringer's profits and/or pre-established damages.[178] The United States already allows recovery of the infringer's profits[179] and thus, even if the United States were to jettison statutory damages altogether, it would still be TRIPs-compliant and among those countries that exceed TRIPs' minimum requirement of actual damages. Even while maintaining a system of statutory damages, TRIPs provides great latitude to define what circumstances and procedures make an "appropriate case" for statutory damages.

Whereas countries including the United States have freedom under TRIPs to limit or reject statutory damages, the United States has obliged itself to impose much more stringent requirements via bilateral/regional trade agreements. As shown in Part II.B, the most recent of these agreements require the United States to maintain a system of pre-established damages, available solely at the election of the rights holder, and in an

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[177] Trans-Pac. P'ship, Intellectual Property Rights Chapter art. 12(4) (Feb. 10, 2011) (draft), *available at* http://keionline.org/sites/default/files/tpp-10feb2011-us-text-ipr-chapter.pdf.

[178] *See supra* notes 160–161 and accompanying text.

[179] 17 U.S.C. § 504(a)(1), (b) (2006).

amount sufficient to compensate the copyright owner and deter future infringement.

Notably, ACTA's and TPP's requirements with regard to statutory damages, as they exist now, would significantly alter the obligations of foreign countries; however, if either agreement enters into force, they would not augment the United States' obligations. Rather, current U.S. bilateral trade agreements already embody the requirements of ACTA and TPP.

B. Possible Reforms

Consistent with current obligations, the United States has great freedom to modify the statutory damages regime. First, nothing in the treaty language precludes the United States from creating statutory guidelines that will help ensure just and consistent application of statutory damages. Indeed, in several venues the Register of Copyrights has recently called for Congress to create such guidance.[180] Second, so long as statutory awards are still sufficient to compensate and deter, no treaty language prevents the United States from establishing different statutory damage amounts for different kinds of conduct, or from mitigating statutory damages in cases where there are numerous infringements and the aggregated statutory award presents a significant risk of excessiveness.

Of course, the latter two examples require examining the type of deterrence that would suffice under our international treaties. The treaty language does not mandate any particular form of deterrence other than that it be sufficient to "deter future infringements." As discussed in Part IV.A *supra*, U.S. laws regard as deterrence make-whole remedies, disgorgement, and conduct-specific retribution in addition to specific deterrence and general deterrence. This article has noted some instances suggesting that our "deterrence" requirement can be satisfied with something less than general deterrence of the public and infringement writ large.[181] In that case, the United States could implement purposive limitations that exclude general deterrence from consideration, but endorse the deterrent value of, for example, an award of statutory damages that roughly approximates make-whole damages and disgorgement of profits.

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[180] *See The Register's Call for Updates to U.S. Copyright Law*, U.S. COPYRIGHT OFFICE (Mar. 20, 2013) (statement of Maria A. Pallante), *available at* http://www.copyright.gov/regstat/2013/regstat03202013.html; Maria A. Pallante, *The Next Great Copyright Act*, 37 COLUM. J.L. & ARTS 315 (2013).

[181] *See supra* notes 169–170 and accompanying text (discussing how ACTA's deterrence requirement is imposed on both statutory damages and evidentiary presumptions about the amount of damages sufficient to compensate the copyright owner); *see also supra* notes 87–88 and accompanying text (discussing bilateral treaties in which the language explicitly provides that statutory damages "do not constitute punitive damages").

Nothing prevents the United States from addressing specific deterrence through a standing court order rather than through augmentation of the statutory award. Similarly, nothing stops the United States from creating a separate recovery for punitive damages, as in Canada, that reflects defendant-specific retribution for willful misconduct and/or specific deterrence if the statutory award is deemed insufficient to deter the defendant at bar from repeated infringement. Even general deterrence could be effectuated in a separate punitive damages award. In such a system, courts could easily scrutinize excessiveness under the ordinary Due Process standards for excessive punitive damages, with the statutory award substituting as the compensatory baseline rather than a determination of actual damages.[182]

The remaining limitations are more difficult to apply in light of our domestic obligations, but still provide viable reforms. First, the United States is foreclosed from certain forms of availability limitations; namely, the present bilateral treaty language requires that statutory damages be available at the election of the rights holder. Thus, it would seem that the United States could not revert to a system in which, in all cases, the court must approve resort to statutory damages. However, the free trade agreement with Korea contains this election requirement,[183] yet Korea allows the rights holder to elect statutory damages only after sufficiently proving difficulty in assessing actual damages and lost profits.[184] Indeed, the IIPA objected on these grounds, among others, most recently in 2009, and recommended that Korea be placed on the "Watch List" for Special 301 purposes.[185] However, contrary to IIPA's recommendation, the USTR removed Korea from the Watch List in 2009,[186] and since that time, Korea has not changed its proof requirement, nor has the IIPA included Korea in its reports to the USTR, nor has the USTR added Korea back to the Special 301 Watch List. Further, the United States, among others, categorically disallows statutory damages in certain circumstances involving educational institutions, libraries, archives, museums, and public broadcasters. Thus, there is at least some freedom to enact availability limitations; otherwise U.S. law *already* violates the obligation to make statutory damages available solely at the election of the rights holder.

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182 *See, e.g.*, State Farm Mut. Auto. Ins. Co. v. Campbell, 538 U.S. 408 (2003); BMW of N. Am. v. Gore, 517 U.S. 559 (1996).

183 U.S.-Korea, art. 18.10(6).

184 *See supra*, note 126.

185 Int'l Intellectual Prop. Alliance, 2009 Special 301 Report on Copyright Protection and Enforcement 298 (2009), *available at* http://www.iipa.com/rbc/2009/2009SPEC301SOUTHKOREA.pdf.

186 Ronald Kirk, 2009 Special 301 Report 1, 10 (2009), *available at* http://www.ustr.gov/sites/default/files/Full%20Version%20of%20the%202009%20SPECIAL%20301%20REPORT.pdf.

Second, disallowing a minimum recovery seems antithetical to the goals of compensation and deterrence, particularly in cases where statutory damages are meant to provide the copyright holder "some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits."[187] However, the treaty language does not mandate any minimum recovery. Moreover, it is useful to distinguish cases in which there is a "proof problem" from cases in which there is minimal or no harm. Where a proof problem exists, i.e., where it is difficult to ascribe a dollar amount with the specificity necessary to recover actual damages and profits under § 504(b), statutory damages, including a presumptive minimum, can be valuable. But where the harm from infringement is non-existent, there is no need to order compensation for the copyright owner, and deterrence may be wholly unnecessary or sufficiently addressed with a standing order or a modest award. Where the harm is minimal, the amount of compensation necessary will be minimal, as may be the amount of deterrence necessary. Thus, although U.S. law currently requires a minimum recovery, domestic obligations under the international treaties can be met without a minimum recovery because, in at least some cases, the amount of statutory damages sufficient to compensate and deter an infringer in a particular case may be zero or some nominal amount far below the existing statutory minimum.

Two variations on the minimum recovery are also consonant with current treaty obligations. First, nothing in the treaty language prevents the United States from treating the minimum recovery as a rebuttable presumption. Under such a regime, the statutory minimum would not be mandatory, rather the burden would be on the defendant to demonstrate that the necessary compensatory and deterrent amounts are well below the presumptive minimum recovery.[188] Second, nothing in the treaty language prevents the United States from reinvigorating the proposition in the House Report from the 1976 Copyright Act, which was followed in several cases since, that the minimum amount be presumptively sufficient absent cogent evidence from the copyright holder that actual harm, though imprecisely quantified, necessarily exceeds that amount.[189]

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[187] F.W. Woolworth Co. v. Contemporary Arts, Inc., 344 U.S. 228, 231 (1952).

[188] This suggestion is similar to one of ACTA's alternatives to statutory damages, namely, creating evidentiary presumptions about the amounts sufficient to compensate the copyright owner. *See supra* note 170 and accompanying text.

[189] *See supra* note 76 and accompanying text; Morley Music Co. v. Dick Stacey's Plaza Motel, Inc., 725 F.2d 1, 3 (1st Cir. 1983) ("Although there need not be the kind of hearing required if factual damages were the issue . . . there must, we think, be either some hearing or sufficient affidavits to give the trial judge an *adequate reference base for his judgment.*" (emphasis added)); Cohen v. United States, 105 Fed. Cl. 733, 758 (2012) (endorsing, in an alter-

CONCLUSION

The United States' particular approach to statutory damages is an unparalleled civil remedy. Although today there are very few other countries in the world with statutory damages, that may change if the United States continues mandating or encouraging their implementation. Despite U.S. pressure on other countries to adopt statutory damages as broad and untethered as ours, many countries have either resisted adoption or established sensible limits to their statutory damages regime that help prevent some of the arbitrary, unfair, and excessive awards that have occurred in the United States. Future countries adopting statutory damages, voluntarily or not, should consider including some of these limits.

In light of the innovations abroad that seek to curtail the pernicious effects of statutory damages, the United States should consider revisions to its own regime. Several alterations may make statutory damages unnecessary. For example, adjusting the relevant legal standard for proving damages can ameliorate the injustice that is said to result when a plaintiff is unable to prove their damages to a sufficient degree of certainty. Disgorging defendants' profits, awarding attorney fees to successful plaintiffs, or perhaps permitting recovery of a modest multiple over actual damages can achieve deterrence. If punitive damages are necessary to punish and deter, they should not be inextricably intertwined into a unitary award of statutory damages that does not delineate compensatory amounts from extra-compensatory amounts. Instead, punitive damages should be awarded separately from compensation and disgorgement remedies. Once separated, the proportionality between compensation and punishment can be assessed under ordinary Due Process standards.

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native holding, the *Video Views* rule, "[E]ven if a plaintiff were permitted to elect a range of statutory damages, in order to receive more than the minimum award, the plaintiff must support that request with sufficient evidence."); New Line Cinema Corp. v. Russ Berrie & Co., 161 F. Supp. 2d 293, 303 (S.D.N.Y. 2001) (rejecting New Line's argument that "because [the] infringement was 'willful,' [the court] should use the discretion conferred on [it] by § 504(c)(1) to increase any award up to $100,000; instead, holding that "statutory damages should be commensurate with actual damages incurred" and that "the proper departure point" was the evidence of actual damages); *see also* Brady v. Daly, 175 U.S. 154, 157 (1899) (construing the 1856 Copyright Act, "In the face of the difficulty of determining the amount of [actual] damages in all cases, the statute provides *a minimum sum* for a recovery in any case, leaving it open for a larger recovery *upon proof of greater damage* in those cases where such proof can be made." (emphasis added)); L.A. Westermann Co. v. Dispatch Printing Co., 249 U.S. 100, 108-09 (1919) (quoting favorably *Brady* when construing the 1909 Copyright Act, adding "[t]he *minimum amount* appears to us to have been fixed because of the inherent difficulty of always proving by satisfactory evidence what the amount is which has been actually sustained." (emphasis added)).

Short of jettisoning statutory damages altogether, which international treaty obligations preclude, statutory damages might be altered to mirror provisions in other areas of U.S. law (and some of the infringement-specific provisions in other national copyright laws), providing a fixed or narrow-range of pre-established damages for specific types of infringement, such as playing music on a jukebox without paying the statutory license fees, or peer-to-peer filesharing of music or movies. We might also learn from the limitations imposed in other countries. For example, if statutory damages must be available, it would not defeat their purpose to require a plaintiff seeking more than the statutory minimum to satisfy a threshold showing that actual harm, though difficult to quantify with precision, nevertheless exceeds the minimum amount. Nor does it diminish the efficacy of statutory damages to craft mechanisms that address aggregation concerns.

Instead of exporting our statutory damages provisions to the rest of the world, the United States should permit every country to independently assess the validity of statutory damages for its own system of justice and, if it chooses to adopt statutory damages, to craft limitations it deems appropriate. The United States should regard the law of statutory damages as a presently imperfect, on-going experiment. Ultimately, we should acknowledge that even if we have something to teach the rest of the world about the creation and application of statutory damages, we have as much, if not more, to learn from them about innovative limits that make statutory damages more just and effective.

APPENDIX A: INTERNATIONAL STATUTORY DAMAGES PROVISIONS

1. Azerbaijan

Law of the Republic of Azerbaijan on Copyright and Related Rights (as last amended by Law No. 1079-IIIQD of Sept. 30, 2010), art. 45(2)(1), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=9165.

2. Bahamas

Copyright Act (2000), ch. 323, Sec. 41(3)–(4), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=8921.

3. Bahrain

Act relating to the Protection of Copyright and Neighbouring Rights (No. 22/2006), art. 64(2)–(3), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=7311.

4. Belarus

Law on Copyright and Related Rights (No. 262-3/2011), art. 56(2)–(3) (Belr.) (translation on file), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=10100 (repealing Law on Copyright and Related Rights (No. 370-XIII/1996), art. 40(2), http://www.wipo.int/wipolex/en/details.jsp?id=6670.

5. Bulgaria

Law on Copyright and Neighboring Rights (as amended in 2011), art. 94a, *available at* http://www.wipo.int/wipolex/en/details.jsp?id=10463.

6. Canada

Copyright Act (R.S.C., 1985, c. C-42), art 38.1 (1985), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=12796.

7. China

Copyright Law of the People's Republic of China (as last amended on Feb. 26, 2010), art. 49, *available at* http://www.wipo.int/wipolex/en/details.jsp?id=6062.

8. Costa Rica

See INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE, 2013 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 53, *available at* http://www.iipa.com/2013_SPEC301_TOC.htm.

9. Dominican Republic

Law No. 424-06 on Implementation of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 177 ¶ 3 (2006), *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=276136 (amending Law No. 65-00 on Copyright (2000).

10. Israel

Copyright Act of 2007, art. 56, *available at* http://www.wipo.int/wipolex/en/details.jsp?id=11509.

11. Kazakhstan

Law on Copyright and Neighboring Rights, art. 49(1) (1996), *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=200036.

12. Kyrgyzstan

Law of the Kyrgyz Republic on Copyright and Related Rights (as last amended by Law No. 197 of August 5, 2008), art. 49(6), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=2732.

13. Liberia

Copyright Law of the Republic of Liberia § 2.42(IV) (1997), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=5194.

14. Lithuania

Law on Copyright and Related Rights No. VIII-1185 of May 18, 1999, art. 83(4)(1), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=7374 (as amended on 19 Jan. 2010 by Law No. XI-656), art. 83(4)(1) (1999).

15. Malaysia

Copyright Amendment Act 2012, art. 37(1)(d), (8), *available at* http://www.federalgazette.agc.gov.my/outputaktap/20120209_A1420_BI_JW001763%20Act%20A1420-BI.pdf (amending Copyright Act 1987).

16. Morocco

Law No. 2-00 on Copyright and Related Rights (promulgated by Dahir No. 1-00-20 of 9 Kaada 1420 (15 February 2000), art. 62, *available at* http://www.wipo.int/wipolex/en/details.jsp?id=2985.

17. Republic of Korea

Jay (Young-June) Yang & Chang-Hwan Shin, *Korea*, *in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, KOR § 8[4][a] (Paul Edward Geller ed., 2012) (discussing Korean statutory damages provision).

18. Republic of Moldova

Law No. 139 of July 2, 2010 on Copyright and Neighbouring Rights, art. 63, *available at* http://www.wipo.int/wipolex/en/details.jsp?id=9795 (translation on file), *amending* Law No. 293-XIII of November 23, 1994 on Copyright and Neighbouring Rights, art. 38, *available at* http://www.wipo.int/wipolex/en/details.jsp?id=3027.

19. Russian Federation

Civil Code of the Russian Federation, art 1301 (2011), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=12785.

20. Singapore

Copyright Act (Chapter 63) § 119(2)(d) (1987), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=6132.

21. Sri Lanka

Intellectual Property Act (No. 36/2003), § 170(10), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=6705.

22. Ukraine

Law on Copyright and Related Rights, art. 52(2)(d) (2003), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=5115.

23. Vietnam

Law No. 50/2005/QH11 on Intellectual Property, art. 205(1)(c)–(d), *available at* http://www.wipo.int/wipolex/en/details.jsp?id=5005.

APPENDIX B: BILATERAL AND REGIONAL TRADE AGREEMENTS INVOLVING STATUTORY DAMAGES

1. U.S.-Australia

Free Trade Agreement, U.S.-Austl., art. 17.11(7)(a), (b), May 18, 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/australia/asset_upload_file148_5168.pdf (entered into force Jan. 1, 2005).

2. U.S.-Bahrain

Free Trade Agreement, U.S.-Bahr., art. 14.10(7), *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/bahrain/asset_upload_file211_6293.pdf (entered into force Jan. 11, 2006).

3. U.S.-Cambodia

Trade Relations & Intellectual Property Rights Agreement, U.S.-Cambodia, art. XX(2)(E), Dec. 30, 2003, *available at* http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/exp_002794.asp (entered into force Jan. 1, 2004).

4. U.S.-Canada (NAFTA)

North American Free Trade Agreement art. 1715(4), U.S.-Can.-Mex., Dec. 17, 1992, 32 I.L.M. 289 (1993), *available at* http://www.ustr.gov/trade-agreements/free-trade-agreements/north-american-free-trade-agreement-nafta (entered into force Jan. 1, 1994).

5. U.S.-Chile

Free Trade Agreement, U.S.-Chile, art 17.11(9), Dec. 30, 2003, *available at* http://www.ustr.gov/Trade_Agreements/Bilateral/Chile_FTA/Final_Texts/Section_Index.html (entered into force Jan. 1, 2004).

6. U.S.-Colombia

Trade Promotion Agreement, U.S.-Colom., art. 16.11(8), Nov. 22, 2006, *available at* http://www.ustr.gov/webfm_send/1336 (entered into force May 15, 2012).

7. U.S.-Costa Rica (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force Jan. 1, 2009).

8. U.S.-Dominican Republic (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force Mar. 1, 2007).

9. U.S.-El Salvador (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force 2006).

10. U.S.-Guatemala (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force 2006).

11. U.S-Honduras (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force 2006).

12. U.S.-Laos

Bilateral Trade Relations Agreement, U.S.-Laos, ch. II, art. 45, *available at* http://tcc.export.gov/static/Laos_Chapter2.pdf (entered into force 2005).

13. U.S.-Mexico (NAFTA)

North American Free Trade Agreement, Art. 1715(4), U.S.-Can.-Mex., Dec. 17, 1992, 32 I.L.M. 289 (1993), *available at* http://www.ustr.gov/trade-agreements/free-trade-agreements/north-american-free-trade-agreement-nafta (entered into force Jan. 1, 1994).

14. U.S.-Morocco

Free Trade Agreement, U.S.-Morocco, art. 15.11(7), *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/morocco/asset_upload_file797_3849.pdf (entered into force Jan. 1, 2006).

15. U.S.-Nicaragua (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://

www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force 2006).

16. U.S.-Oman

Free Trade Agreement, U.S.-Oman, art. 15.10(7), Jan. 19, 2006, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/oman/asset_upload_file715_8809.pdf (entered into force Jan. 1. 2009).

17. U.S.-Panama

Trade Promotion Agreement, U.S.-Pan. art. 15.11(8), June 28, 2007, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/panama/asset_upload_file131_10350.pdf; Peru, United States-Peru Trade Promotion Agreement, art. 16.11 (8), *available at* http://www.ustr.gov/Trade_Agreements/Bilateral/Peru_TPA/Final_Texts/Section_Index.html (entered into force Oct. 31, 2012).

18. U.S.-Peru

Trade Promotion Agreement, U.S.-Peru, art. 16.11(8), Apr. 12, 2006, *available at* http://www.ustr.gov/trade-agreements/free-trade-agreements/peru-tpa (entered into force Feb. 1, 2009).

19. U.S.-Republic of Korea

Free Trade Agreement, U.S.-Korea art. 18.10(6), Mar. 6, 2012, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file273_12717.pdf (entered into force Mar. 15, 2012).

20. U.S.-Singapore

Free Trade Agreement, U.S.-Sing., art. 16.9(9), Dec. 30, 2003, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/singapore/asset_upload_file708_4036.pdf; Korea, United States-Korea Free Trade Agreement, art 18.10(6), *available at* http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Republic_of_Korea_FTA/Final_Text/asset_upload_file273_12717.pdf. (entered into force Jan. 1, 2004).

21. U.S.-Trinidad & Tobago

Intellectual Property Rights Agreement, U.S.- Trin. & Tobago, art. 23(3) (1994), *available at* http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/exp_005407.asp.

22. U.S.-Vietnam

Agreement on Trade Relations, U.S.-Viet., State Dept. No. 02-9, 2001 WL 1792868, ch. 2, art. 12(3) (2000), *available at* http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/TA_VietnamBilateral_Chapter2.asp (entered into force Dec. 10, 2001).

BEYOND THE UNREALISTIC SOLUTION FOR DEVELOPMENT PROVIDED BY THE APPENDIX OF THE BERNE CONVENTION ON COPYRIGHT

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I. INTRODUCTION

The standards of copyright protection promoted by the Berne Convention are highly problematic for developing countries because these countries need to ensure a wide dissemination of works for teaching, scholarship, and research purposes. In order to accommodate these needs and to promote accession to this Convention, the 1971 Paris Act of the Berne Convention included an Appendix that allowed developing countries to issue compulsory licenses for translating and/or reproducing foreign works into languages of general use in their territories.

The increasing number of developing countries that have become parties to the Berne Convention may suggest that the mechanism provided by the Appendix meets some of the aforementioned needs. Reviewing domestic copyright legislation of those countries shows, however, that their laws do not rely on the provisions of the Appendix and have rather developed idiosyncratic solutions. Moreover, the Appendix does not address the needs of linguistic and cultural minorities in both developed and developing countries. It is also arguable whether the Appendix applies to online works. A new instrument should resolve these limitations by providing real solutions for the needs of developing countries and linguistic minorities. This paper proposes what issues should be included in that new instrument.

Section one of this article provides background information on the needs of developing countries and shows how the Appendix of the Berne Convention tried to meet them. Section two analyzes the main limitations of the mechanism of compulsory licensing adopted by the Appendix. Although the mere fact that the Appendix does not comply with its very purpose should be enough to warrant a new instrument, section three discusses two additional reasons in favor of adopting a new instrument to meet the needs of developing countries. In particular, this section focuses on general welfare and the economic benefits for authors and right holders. Finally, section four outlines the issues that should be included in a new instrument that effectively meets development needs.

II. THE BERNE CONVENTION'S APPENDIX

In 1886, European countries agreed to provide a common minimum legal standard of protection for copyrighted works through the adoption of

the Berne Convention for the Protection of Literary and Artistic Works.[1] Even though some non-European countries were parties to the Convention, they became so under their colonial status. The actual parties in interest were France, Germany, Italy, Spain, and the United Kingdom. As a result, the Convention reflects the interests of these latter countries in achieving an adequate level of protection, particularly with respect to their potential colonial markets. Since then, the Convention has undergone successive revisions. The Berlin revision of 1908[2] is the most significant because it dispensed with formalities by adopting a system of automatic protection and set forth a minimum term of protection — the life of the author plus fifty years post mortem.[3]

The newly independent countries of the Americas also adopted their own system for protecting copyrights. Since 1889, through the Treaty of Montevideo and successive instruments,[4] countries in the Americas created more flexible system of protection to better suit their needs. The Inter-American system left domestic laws to determine the length of the term of protection and required registration of works for copyright protection.[5] Works that did not comply with these formalities were abandoned to the public domain. In addition, as a general policy, countries of the Americas refused European countries entry into the Inter-American system, effectively denying protection to works by their former colonizers.[6] A more relaxed standard of protection and the refusal to protect European works are both signs of "differing interests regarding printed works."[7] Countries in the Americas rejected European hegemony and claimed legal obstacles to adopt the European copyright model. In reality, however, these countries were convinced that this model was inconvenient for culture-importing countries.[8]

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1 Berne Convention for the Protection of Literary and Artistic Works, Sep. 9, 1886, 25 U.S.T. 1341, 828 U.N.T.S. 221 (as revised in Paris, France, Jul. 24, 1971) [hereinafter Berne Convention].

2 *Id.* (as revised at Berlin, Germany, Nov. 13, 1908).

3 *Id.* art. 7 (as revised at Brussels, Belgium, Jun. 26, 1948) (this period became mandatory in the 1948 Brussels Act).

4 Montevideo Copyright Convention on Literary and Artistic Property, Jan. 11, 1889, 171 C.T.S. 453.

5 *See* Inter-American Convention on the Rights of the Author in Literary, Scientific and Artistic Works, Jun. 22, 1946, O.A.S.T.S. No. 39 (showing that only in 1946 did the Inter-American System abolish the formalities).

6 *See* Ulrich Uchtenhagen, *Acerca de la Historia de las Convenciones de Derechos de Autor Latinoamericanas*, *in* La Protección de los Derechos de Autor en el Sistema Interamericano 71, 78-80 (1998).

7 *Id.*

8 *See* Delia Lipszyc, *Esquema de la Protección Internacional del Derecho de Autor por las Convenciones del Sistema Interamericano*, *in* La Protección de los Derechos de Autor en el Sistema Interamericano, *supra*

After World War II, the progressive decolonization of Africa and Asia diminished the efficacy of the Berne Convention. The Convention's "colonial clause" was supposed to provide continuity of copyright protection in decolonized territories. The clause, however, was insufficient to meet this goal because it still required the new former colonies to either ratify or withdraw from the Convention.[9] Since the high standards of the Convention did not meet the expectations of these new developing countries, they had little incentive to become parties.

At that time, and still today, developing countries need to disseminate knowledge on a wide basis. The artificial scarcity created by copyright law prevents the achievement of this goal. The high prices of works published overseas hamper the implementation of public policies for the extensive use of copyrighted works to promote educational, cultural, and technical development. Public purchases and voluntary licensing have not met those needs because the fees charged are unreasonable in the context of limited economic resources in developing countries. To become parties to the Berne Convention, developing countries required appropriate flexibilities for satisfying those needs.[10]

Although the Berne Convention does offer some flexibilities, these run short of meeting the needs of developing countries. For instance, the Convention allows access to copyrighted works through exceptions and limitations. Established in domestic legislations, exceptions and limitations dispense with the requirements of consent from and/or payment to the rights holders. These exceptions, however, are severely limited by the so-called *Berne three-step test* which establishes that exceptions must be (1) limited to special cases, (2) do not conflict with normal exploitation of the work, and (3) do not unreasonably prejudice the legitimate interests of the author.[11] This test prevents the extensive use of works by countries be-

note 6, at 20; *see also* ARCADIO PLAZAS, ESTUDIOS SOBRE DERECHO DE AUTOR: REFORMA LEGAL COLOMBIANA [STUDY ON AUTHORS' RIGHTS: LEGAL REFORM IN COLOMBIA] 102-03 (1984) (referring to a general "isolationism" of Latin-American countries in relation to their international commitments on copyright).

9 Berne Convention, *supra* note 1, art. 31.

10 *See* Irwin A. Olian, Jr., *International Copyrights and the Needs of Developing Countries: The Awakening at Stockholm and Paris*, 7 CORNELL INT'L L.J. 81, 88-95 (1974) (describing the needs of developing countries by the time of the adoption of the Paris Act of the Berne Convention). *See generally* PETER DRAHOS AND JOHN BRAITHWAITE, INFORMATION FEUDALISM: WHO OWNS THE KNOWLEDGE ECONOMY? 74-79 (2002) (describing historical and current challenges and limitations that developing countries face for accessing works in compliance with international instruments on copyright).

11 *See* Berne Convention, *supra* note 1, art. 9(2) (permitting the reproduction of works under the expressed circumstances); *see also* Agreement on Trade-Related Aspects of Intellectual Property Rights art. 13, Apr. 15, 1994, Mar-

cause, even if the policy rationale is more altruistic and urgent than providing mere entertainment in small restaurants,[12] the test arguably disallows massive use of copyrighted works with regards to education.

Another flexibility provided by the Berne Convention to all its parties is the so-called "ten-year regime" clause, an optional early lapsing of protection for some works. The provision allows a State party to end the protection of the exclusive right of translation if a given work is not available in a language of general use in the said country within ten years from the work's first publication.[13] As a result, the work enters into the public domain in that country and anyone is allowed to exploit it. This result may facilitate meeting the needs of developing countries because it enables the massive use of works for educational purposes. The "ten-year regime" flexibility, however, is not satisfactory for several reasons. First, this provision intends to entice countries to become part of the Berne Convention, not to meet the needs of developing countries. Countries are, in fact, only allowed to enjoy this exception by making a reservation when they become party to the Convention.[14] Second, nothing in the Convention prevents countries from retaliating against authors from countries that have implemented this provision.[15] Third, the mechanism provided by the "ten-year regime" is incompatible with special provisions in the Appendix that allow developing countries to issue compulsory licenses.[16] Last but not

rakesh Agreement Establishing the World Trade Organization, Annex 1C, 33 I.L.M 1197, 1869 U.N.T.S. 299 [hereinafter TRIPs Agreement] (adopting a similar test, but extending its scope beyond reproduction and requiring not unreasonably prejudicing the legitimate interests of the rights holder).

12 *See* WORLD TRADE ORGANIZATION, UNITED STATES – SECTION 110(5) OF THE US COPYRIGHT ACT: PANEL REPORT (2000) (document WT/DS160/R), *available at* http://www.wto.org/english/news_e/news00_e/1234da.pdf (deciding that this section infringes on the Berne-three step test when it releases restaurants and other businesses that play music for the public from paying royalties to the original artists under specific conditions).

13 *See* Berne Convention, *supra* note 1, art. 30(2)(b) (setting special provisions on translation rights for acceding countries), Appendix, art. V (establishing that acceding developing countries can choose between the ten year regime and the compulsory licensing system set forth in the Appendix, but cannot combine those choices).

14 *See* WORLD INTELLECTUAL PROPERTY ORGANIZATION [WIPO], GUIDE TO THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS (PARIS ACT, 1971) 172 (1978) [hereinafter WIPO GUIDE] (affirming that the ten-year regime is an available irrevocable choice that must be made at the time of ratifying or acceding to the Convention).

15 See Berne Convention, *supra* note 1, art. 30(2)(b) (stating that "any country has the right to apply, in relation to the right of translation of works whose country of origin is a country availing itself of such a reservation, a protection which is equivalent to the protection granted by the latter country").

16 *See* Berne Convention, *supra* note 1, Appendix, art. V.

least, this flexibility delays access to works for a significant amount of time. Although a delay may not be a serious problem in social sciences and philosophy, it is unacceptable in other fields, such as technology, computer science, epidemiology, oncology, and medicine. As a result of those limitations, countries that become parties to the Berne Convention have rarely made the aforementioned reservation and, therefore, this exception has become useless.[17]

In 1952, under UNESCO sponsorship, the Universal Copyright Convention was adopted to overcome the gap between the needs of developing countries and the protection promoted by the European nations.[18] This Convention provided a bridge to the higher standards of the Berne Convention by adopting some flexibilities, including exceptions, limitations, and a shorter term of protection.[19] The bridge, however, was one-way because it did not allow movement from the Berne Convention to the Universal Convention.[20] This solution was unsatisfactory because it did not encourage developing countries to join the Berne Convention standards and, at the same time, it did not prevent the few developing countries that were already parties from withdrawing from the Berne Convention. Therefore, working out a different solution became imperative.

A first attempt at agreeing on a mechanism to insert flexibilities into the Berne Convention was the 1967 Stockholm Act.[21] The flexibilities included in this protocol were based on the expiration of copyright protection for foreign works that were not translated into the relevant language of a given developing country.[22] The lack of ratification of the protocol,

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[17] *See Berne Convention Contracting Parties and Notifications*, WIPO, http://www.wipo.int/treaties/en/ip/berne/index.html (last visited Nov. 26, 2011) [hereinafter *Contracting Parties*] (showing that since the adoption of the 1971 Paris Act of the Berne Convention only a few countries have reserved the right to lapse protection for non-translated works: Slovenia and some successors of the former Socialist Federal Republic of Yugoslavia, namely, Bosnia and Herzegovina, Croatia, and Serbia).

[18] *See* UNIVERSAL COPYRIGHT CONVENTION, APPENDIX DECLARATION RELATING TO ARTICLE XVII AND RESOLUTION CONCERNING ARTICLE XI, SEP. 6, 1952, 68 STAT. 1030, 216 U.N.T.S. 132 [HEREINAFTER UCC].

[19] *See* DELIA LIPSZYC, COPYRIGHT AND NEIGHBOURING RIGHTS 604-05, 751 (1999) (referring to the Universal Copyright Convention as a first step in the process of accessing to the Berne Convention); RICARDO ANTEQUERA, EL NUEVO DERECHO DE AUTOR EN VENEZUELA 572 (1994) (referring to the Universal Copyright Convention as a bridge to the Berne Convention).

[20] *See id.*; UCC *supra* note 18, APPENDIX DECLARATION ON ARTICLE XVII.

[21] Berne Convention, *supra* note 1 (as revised at Stockholm, July 14, 1967).

[22] For background, analysis, and aftermaths of the Stockholm Act of the Berne Convention, see SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886–1986, 590-630 (1987);

particularly by developed countries, quickly evidenced the Act's uselessness.[23] A second attempt concluded with the simultaneous adoption of almost identical modifications by the Universal Copyright Convention and their inclusion in the Appendix of the Berne Convention via the 1971 Paris Act.[24] Ever since, both international instruments have provided developing countries with a mechanism of flexibilities that allows issuing compulsory licenses for translating and/or reproducing published copyrighted works, as explained below.[25]

The Appendix compulsory licensing system is specifically designed for developing countries. Countries interested in implementing the system need to qualify as developing countries according to the practices of the United Nations, and periodically notify the Director General of the World Intellectual Property Organization (WIPO).[26] In addition, even if the Appendix provisions were self-executing,[27] countries still need to incorporate several provisions into domestic law. For instance, rules determining the competent authority to issue licenses, application procedures, and safeguards for right holders, among others. Overall, to be fully operative, the mechanism adopted by the Appendix requires notifying the Director General of WIPO and implementing measures into domestic law.[28]

The competent authority of a given developing country may issue non-exclusive non-transferable compulsory licenses for[29] (a) translating a

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SAM RICKETSON & JANE C. GINSBURG, INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS: THE BERNE CONVENTION AND BEYOND 881–924 (2006); *see generally* CARLOS MOUCHET, EL DERECHO DE AUTOR INTERNACIONAL EN UNA ENCRUCIJADA (1969); Ndéné Ndiaye, *The Berne Convention and Developing Countries*, 11 COLUM.-VLA J.L. & ARTS 47 (1986).

23 *See* DRAHOS & BRAITHWAITE, *supra* note 10, at 77.

24 *See* Eugen Ulmer, *The Revisions of the Copyright Conventions*, 2 INT'L REV. INTELL. PROP. & COMPETITION L. 345, 347 (1971) (stating that "with isolated exceptions and apart from the arrangement of the two systems, the substantive provisions common to both Conventions (rules governing exception to the rights of translation and reproduction) were drafted in identical terms").

25 *But see* Olian, *supra* note 10, at 109 (arguing that, in fact, even though the Convention introduced a regime for compulsory licensing in favor of developing countries, the Paris Act's ultimate goal was unifying the systems of the Berne Convention and the Universal Copyright Convention rather than designing a solution for developing countries).

26 Berne Convention, *supra* note 1, Appendix, art. I(1), (2).

27 *See* Berne Convention, *supra* note 1, art. 36(1) (setting forth that whether the provisions of Convention are self-executing is a determination of domestic law).

28 *See* PLAZAS, *supra* note 8, at 166.

29 Additionally, the Appendix set forth a compulsory license for broadcasting in developing countries on the underlying idea that those countries might take advantage of providing education through the broadcasting system. How-

work into a language of general use in the country and publishing it in printed or other analogous form, for teaching, scholarship, or research purposes;[30] and/or (b) reproducing a published work in printed or other analogous form for use in connection with systematic instructional activities.[31] For translation, there is a waiting period that varies depending on the language of the original work. For reproduction, the waiting period depends on whether the work is technical or not.

The Appendix adopts several safeguards in favor of right holders. In addition to the aforementioned requirements for obtaining a license for translating and/or reproducing a protected work, a potential licensee must be a national of the country that issues the license. Before obtaining a compulsory license, the potential licensee must find the right holder and try to obtain a voluntary license from her/him. After the compulsory license has been issued, works must indicate in each copy that they are available under the Appendix provisions. Additional regulations must ensure the quality of the translation, accuracy of the reproduction, and payment of a fair compensation consistent with royalty standards regarding freely negotiated licenses between persons in the two relevant countries. Except in some limited circumstances, exporting the work is prohibited. If the work becomes available at a reasonable price through the rights holder or if the country that issued the license no longer qualifies as a developing country, the compulsory license must cease, but existing copies may be distributed until their stock is exhausted.[32]

The Appendix proscribes Convention Members from retaliating against countries that issue compulsory licenses.[33] This guarantee was unanimously agreed upon to prevent countries from resorting to the breach of their own obligations under the Convention in order to inhibit other countries from issuing these licenses.[34] Therefore, unlike the ten-year regime clause, right holders whose countries of origin have issued compulsory licenses should not fear lesser protection in other countries

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ever, this licensing is not analyzed for purposes of this paper, which focuses on the translation and reproduction of printed material rather than on its broadcast.

30 *See* Berne Convention, *supra* note 1, Appendix, art. II.

31 *See id.* Appendix, art. III.

32 *See id.* Appendix, arts. I(4), II(6), III(6).

33 *See id.* Appendix, art. I(6)(a); *see also* UNESCO Conference for Revision of the Universal Copyright Convention, Paris, 1973, REPORT OF THE GENERAL REPPORTEUR [sic] OF THE UNIVERSAL COPYRIGHT CONVENTION ¶¶ 58–59 [hereinafter REVISION OF THE UNIVERSAL COPYRIGHT CONVENTION 1973] (explaining a similar implicit provision in relation with the compulsory licensing system granted by the Universal Copyright Convention).

34 *See* Ulmer, *supra* note 24, at 356.

whose authors have been affected by the compulsory licenses issued by the right holder's own country.[35]

In sum, the Appendix of the Berne Convention intends to provide a solution for developing countries. The Appendix authorizes developing countries to issue non-exclusive and non-transferable licenses to translate and/or reproduce works published in printed or analogous forms for satisfying domestic educational and research needs. Issuing these licenses is subject to the condition that right holders receive fair compensation. In this sense, the Appendix enables developing countries to ensure a wider dissemination of knowledge through textbooks, manuals, etc. for teaching, scholarship or research purposes.[36]

III. LIMITATIONS OF THE APPENDIX MECHANISM

After some years in force, the Appendix apparently achieved its political goal of making the Convention more appealing to developing countries, which have adhered to it under the promise of benefiting from the provisions especially tailored for them. In 1970, the year before the adoption of the Appendix, there were only fifty-eight signatory countries to the Convention. Of these, twenty-one were OECD members (all-OECD members except the United States), and twenty-eight were European countries. Notably, after the adoption of the Appendix, as shown in figure 1, the number of parties has continuously increased through the years and expanded across the world. Today, the Convention has 164 Members.[37] This success may suggest the Appendix of the Berne Convention provided an effective solution for developing countries. Such a conclusion is inaccurate for the reasons explained below.

Developing countries have become parties to the Berne Convention because of the TRIPs Agreement. Until 1990, only eighty-three countries were parties to the Convention. The number has since then doubled due to the negotiations of what would become the World Trade Organization, which requires its members to join the Berne Convention. Therefore, a significant number of countries may have joined the Convention not because they agree with its standards but because they wish access markets

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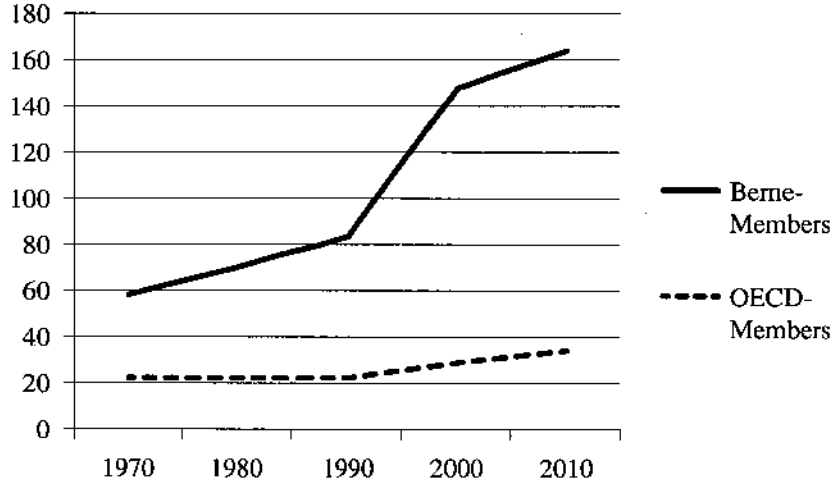
[35] *See* WIPO DIPLOMATIC CONFERENCE FOR THE REVISION OF THE BERNE CONVENTION PARIS, JULY 5-24, 1971, GENERAL REPORT OF PARIS CONFERENCE ¶ 28 [hereinafter GENERAL REPORT OF PARIS CONFERENCE 1971] (noting that this guarantee is without prejudice of the right of any country to apply the comparison of terms clause, also known as the rule of the shorter term).

[36] *See* WIPO GUIDE, *supra* note 14, at 153.

[37] *Contracting Parties*, *supra* note 17.

for their agricultural goods.[38] Regardless of the reason for joining the Convention, when analyzing the real application and challenges of the Appendix, it becomes clear that the Appendix does not create a mechanism that developing countries can use to address the problems associated with their stage of development.

Figure 1: Berne Convention and OECD Members, 1970–2010



SOURCE: WIPO and OECD websites, 2011.

The Appendix of the Berne Convention does not work because it does not meet the needs of developing countries. Instead, the Appendix comes across as an obsolete, inappropriate, bureaucratic, and extremely limited attempt to provide an air valve for developing countries. The following pages describe and analyze some objections to the provisions of the Appendix in order to inform a proposal for amending it, which is also discussed below.

A. The Appendix Does Not Work for Developing Countries

The assumption that developing countries already have a solution contrasts with the actual (non-)use of the Appendix and the relevant domestic copyright laws. First, only a handful of countries have notified the Director General of the WIPO of their interest in the Appendix provisions. Second, several countries that have introduced in their domestic

[38] *See* Peter Yu, *TRIPs and Its Discontents*, 10 MARQ. INTELL. PROP. L. REV. 369, 371-79 (2006) (describing the four different narratives used to explain the origins of the TRIPs Agreement and why developing countries became parties).

law similar mechanisms to that of the Appendix have not notified the Director General of the WIPO of such adoption because of the mechanism's uselessness. Instead, countries have adopted idiosyncratic solutions into their domestic law to mitigate the limitations of the mechanism provided by the Berne Convention.

A small number of developing countries have availed themselves to use the flexibilities provided by the Appendix. As was mentioned before, countries must periodically notify the Director General of the WIPO which, in turn, allows them to issue compulsory licenses according to the Appendix.[39] In fact, as of 2011, the WIPO's online registry of notifications states that only fifteen of the 164 parties of the Convention have availed themselves to enjoy the benefit of these compulsory licenses.[40] Most of these are from Asia and the Middle East,[41] plus one African and one Latin American country.[42] Most of these countries are newcomers to the international copyright forum that joined the Convention in the context of becoming parties to TRIPS and intended to benefit from the Appendix flexibilities.

Notifying WIPO, does not by itself make the compulsory licensing mechanism functional for a developing country. The mechanism must be properly implemented into domestic law. Several countries that have notified WIPO have yet to implement compulsory licensing for translation and/or reproduction into their domestic law. This is the case of Mongolia,[43] Oman,[44] Philippines,[45] Samoa,[46] Sri Lanka,[47] Uzbekistan,[48]

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[39] Berne Convention, *supra* note 1, Appendix, art. I (1) and (2) (requiring the renewal of self-availing by notification to the Director General of the WIPO each 10 years).

[40] *See* Notifications on the Berne Convention, WIPO, http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&search_what=N&treaty_id=15 (last visited May 15, 2011).

[41] VICTOR NABHAN, WIPO STANDING COMMITTEE ON COPYRIGHT AND RELATED RIGHTS, STUDY ON LIMITATIONS AND EXCEPTIONS FOR COPYRIGHT FOR EDUCATIONAL PURPOSES IN THE ARAB COUNTRIES 56-57 (2009), *available at* www.wipo.int/edocs/mdocs/copyright/en/sccr_19/sccr_19_6.doc (identifying several countries that have implemented Appendix-like licensing systems into their domestic law, but clarifying that *"scant or even non-existent"* results, have rendered these systems *"dead letter"*).

[42] Availing countries are: Bangladesh, Cuba, Jordan, Mongolia, Oman, the Philippines, Samoa, Sri Lanka, Sudan, Syria, Thailand, United Arab Emirates, Uzbekistan, Vietnam, and Yemen.

[43] *See* Law of Mongolia on Copyright and Related Rights art. 24, (Jan. 19, 1993) (providing for mere copyright exceptions and limitations, but no compulsory licensing for translation and reproduction).

[44] *See* Royal Decree No. 65/2008 Promulgating the Law on Copyright and Related Rights art. 20 of 17 May 2008 (Oman) (recognizing only some extremely limited exceptions, essentially for reproductions, but not any compulsory licensing).

and Yemen[49] that only have some copyright exceptions and limitations. Other countries that have notified WIPO, have implemented both exceptions and a compulsory licensing mechanism that differs significantly from the Appendix. For instance, the United Arab Emirates has a flexible compulsory licensing mechanism.[50] Sudan[51] and Syria[52] have a general com-

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[45] *See* Intellectual Property Code of the Philippines, Rep. Act No. 8293, §§ 176.1, 184-85, 237 (1997) (Phil.), (providing for several exceptions, including one for public use by the government, the National Library, or by educational institutions; fair use exceptions; requiring governmental approval for using any work of the Government); *see also* VICENTE AMADOR, INTELLECTUAL PROPERTY FUNDAMENTALS 398-99 (2007) (referring to the latter provision and expressing that that use "may" require payment of royalties); Jacinto D. Jimenez, *Intellectual Property Law in Philippines*, *in* 42 INTERNATIONAL ENCYCLOPAEDIA OF LAWS 3, 43-48 (2007) (describing the wide system of limitations and exceptions in Philippine law, but no mention to a compulsory licensing system currently in force); RANHILIO CALLANGAN AQUINO, INTELLECTUAL PROPERTY LAW: COMMENTS AND ANNOTATIONS 109 (2006) (referring to § 239 that repealed the old copyright law, including a provision that authorized compulsory licensing for reprinting needed expensive foreign books). However, the Intellectual Property Code prescribes that the Philippines shall avail itself of the special provisions regarding developing countries, including provisions for licenses grantable by competent authority under the Appendix.

[46] *See* Copyright Act 1998 arts. 8–10, (Samoa) (providing some narrow exceptions for reproduction for education and research purposes, but no compulsory license); *see also* Sue Farran, *South Pacific Intellectual Property Law*, *in* 51 INTERNATIONAL ENCYCLOPAEDIA OF LAWS 1, 36–38 (2006) (discussing limitations and exceptions in the copyright law of the South Pacific's countries, including Samoa, but omitting any mention to a Samoan compulsory licensing system).

[47] *See* Intellectual Property Act, No. 36 (2003) (Sri Lanka); *see also* D.M. KARUNARATNA, INTRODUCTION TO THE LAW OF COPYRIGHT AND RELATED RIGHTS IN SRI LANKA 76–90 (2006) (analyzing limitations and exceptions, and fair use in Sri Lankan domestic law, but omitting any reference to a compulsory licensing system).

[48] *See* Law of the Republic of Uzbekistan on Copyright and Related Rights, art. 26 (2006) (reproducing an exception available in its previous copyright law that only set forth an exception for purposes of research, criticism, or information in the form of quotations from disclosed works in the original language or in translation).

[49] *See* Intellectual Property Law No. 19, art. 38 (1994) (Yemen) (providing for a compulsory license for public domain works, but not any for translation).

[50] *See* Federal Law No. 7, Concerning Copyrights and Neighboring Rights, art. 21 (2002) (U.A.E.) (setting forth a lightly-regulated compulsory license for translation and/or reproduction of works).

[51] *See* Copyright and Neighboring Rights Protection Act 1996 (Sudan) §§ 14, 20(1) (setting forth several limited exceptions, essentially for reproduction, including one for translation for personal and private use and providing a compulsory license, according to which, in case of public interest, govern-

pulsory licensing regime for using copyrighted works based on reasons of public interest. Cuba has a similar system that is royalty free;[53] Vietnam also has a similar system that does not mention payment.[54] Jordan has a public interest compulsory license that is limited to publication and republication, recognizes fair compensation,[55] and a license system similar to the Appendix mechanism.[56] The latter licensing system has been adopted by Bangladesh[57] and Thailand.[58] In sum, compulsory licensing in compliance

ment may require right holder publication of a work, under sanction of ordering its publication with compensation) [hereinafter Sudan Copyright Law].

52 *See* Law No. 12/2001 §§ 21, 37 (Feb. 27, 2001) (Copyright Law of Syria) (setting forth several exceptions that allow the reproduction of works in its source language or its translation, including some for educational and research purposes and adopting a compulsory license; in case of public interest, the government may require right holder publication of a work, under sanction of ordering its publication with compensation).

53 *See* Ley No. 14 del Derecho de Autor [Copyright Act], updated, art. 37 (1977) (Cuba) (setting forth a compulsory license without payment for public utility reasons).

54 *See* Intellectual Property Law No. 50/2005/QH11, arts. 7, 25, 42-43 (Nov. 29, 2005) (Viet.) (setting forth a compulsory license for using works based on reason of public interest, adopting an exception for reproduction, but not translation of works, remitting public domain to governmental regulation, and establishing works which copyright is held by the state); *see also* Decree No. 100/2006/ND-CP Detailing and Guiding the Implementation of a Number of Articles of the Civil Code and the Intellectual Property Law Regarding the Copyright and Related Rights art. 29 (Sept. 21, 2006) (Viet.) (clarifying that licenses and payments are required for state works, but not for public domain ones).

55 *See* Law No. 22 of 1992 on the Protection of Copyright and its Amendments (Jordan), as amended by Amending Law No. 9 of 2005, art. 27.

56 *See Id.* art. 11 (setting forth a like-the-Appendix compulsory license for translating and/or publishing *"in a printed form or any other form"* to the Arabic language).

57 *See* Copyright Act 2000, No. 28 (2000) (as amended up to 2005) §§ 50–54 (Bangl.) (setting forth a compulsory license for using Bangladeshi works, adopting another compulsory license for Bangladeshi works by dead, unknown or where an author's whereabouts is unknown to publish and translate them to any language, and implementing the compulsory licensing system of the Appendix of the Berne Convention into domestic law); *see also* MOHAMMAD MONIRUL AZAM, INTELLECTUAL PROPERTY, WTO, AND BANGLADESH 197-201 (2008); NAZNIN HOSSAIN & SHARIFA AKTAR, INTELLECTUAL PROPERTY LAW 114-24 (2009).

58 Copyright Act, B.E. 2537 §§ 54–55 (1994) (Thai.) (allowing government to issue compulsory licensing under requirements slightly more flexible than those of the Appendix of the Berne Convention); *see also Thailand*, GLOBAL CONSUMERS NETWORK ON ACCESS TO KNOWLEDGE, BROADBAND, CONSUMER RIGHTS AND REPRESENTATION, http://a2knetwork.org/

with the Appendix has been implemented only in three of the countries that have notified WIPO: Jordan, Bangladesh, and Thailand.

The Appendix has not succeeded among the countries that have notified WIPO's General Director of their interest in using the mechanism. Only three of these fifteen developing countries have implemented the mechanism into domestic law. Additional research is needed to determine if those three countries are actually using the mechanism. It may be argued that developing countries have merely neglected renewing their notification to WIPO, but that the countries have actually implemented the mechanism into domestic law and are enjoying the benefits of the Appendix. Unfortunately, this is not the case. A review of the copyright laws of several developing countries in Africa and Latin America shows that they are not beneficiaries of the falsely generous Appendix provisions.

African countries do not use the Appendix mechanism.[59] Africa, as a continent, contributes 0.3% of global book exports.[60] According to recent research on copyright regulation in eight African countries, only Uganda has implemented the Appendix compulsory licensing system.[61] In spite of not even being a party to the Berne Convention, Uganda has implemented the Appendix provisions into its domestic law in addition to other copyright limitations.[62] Five other countries have only implemented standard copyright limitations and exceptions: Ghana, Kenya, Mozambique, Morocco, and Senegal.[63] Meanwhile, as explained earlier, Egypt and South Africa have not implemented the Appendix mechanism. Rather, both

reports2009/thailand (last visited Apr. 6, 2012) (reporting that these licenses are "very difficult to obtain").

59 *See* JOSEPH FOMETEU, WIPO STANDING COMMITTEE ON COPYRIGHT AND RELATED RIGHTS, STUDY ON LIMITATIONS AND EXCEPTIONS FOR COPYRIGHT AND RELATED RIGHTS FOR TEACHING IN AFRICA 42 (2009), *available at* http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=130241 (reporting some African countries that have adopted Appendix-like compulsory licenses, in spite of which not even one compulsory license has been issued).

60 *See* CENTRO REGIONAL PARA EL FOMENTO DEL LIBRO EN AMÉRICA LATINA, EL CARIBE, ESPAÑA Y PORTUGAL (CERLALC), EL ESPACIO IBEROAMERICANO DEL LIBRO 2010, 100 (2010) [hereinafter FOMENTO DEL LIBRO AMERICA LATINA].

61 ACCESS TO KNOWLEDGE IN AFRICA: THE ROLE OF COPYRIGHT 327 (C. Armstrong et al. eds., 2010).

62 *See* Copyright and Neighboring Rights Act §§ 17–18 (2006) (Uganda) (setting forth a non-exclusive and non-transferable compulsory license for translation and/or reproduction of copyrighted works from foreign languages to English, Swahili or any Ugandan language), *see also* Dick Kawooya, Ronald Kakungulu & Jeroline Akubu, *Uganda*, *in* ACCESS TO KNOWLEDGE IN AFRICA, supra *note 61*, AT 283, 288.

63 *See* ACCESS TO KNOWLEDGE IN AFRICA, *supra* note 61, at 326-27.

have implemented an idiosyncratic solution.[64] Sudan is another country that adopted a peculiar solution that allows the government to order publication of a work based on public interest subject to royalty payments to the right holders.[65]

Developing Latin-American countries do not use the Appendix mechanism either.[66] According to the United Nations, in 2011, thirty-three of thirty-five countries of the Americas, all but the United States and Canada, qualify as developing countries and, accordingly, potential users of the Appendix mechanism.[67] But, according to WIPO's register, only Cuba currently uses the mechanism.[68] A brief collection of data for this paper shows, however, that six other countries in the region have implemented compulsory licenses for translation into their domestic laws despite not having notified WIPO. Some countries have adopted insubstantial provisions into their domestic laws that are ambiguous and insufficient to become operable. This is the case of El Salvador,[69] Honduras,[70] and Panama.[71] There is no evidence that these countries have issued any com-

64 *See infra* notes 115–119 and accompanying text (describing the Egyptian mechanisms); *see also infra* notes 97–100 and accompanying text (describing the South African provisions).

65 *See* Sudan Copyright Law, *supra* note 51 and accompanying text.

66 *See* PLAZAS, *supra* note 8, at 211 (stating that, by the 1980s, the Appendix of the Berne Convention had not had any application within Latin America and the Caribbean).

67 *Composition of Macro Geographical (Continental) Regions, Geographical Sub-Regions, and Selected Economic and Other Groupings*, U.N. STATISTICS DIVISION, http://unstats.un.org/unsd/methods/m49/m49regin.htm#ftnc (last revised Feb. 11, 2013) (stating that "[t]here is no established convention for the designation of "developed" and "developing" countries or areas in the United Nations system", but, in common practice, Canada and the United States are considered "developed").

68 Declaration by the Republic of Cuba Relating to Articles II and III of the Appendix to the Paris Act (1971) (Jun. 28, 2004), *available at* http://www.wipo.int/treaties/en/notifications/berne/treaty_berne_238.html

69 *See* Decreto No. 604 Ley de Fomento y Protección de la Propiedad Intelectual [Law on the Promotion and Protection of Intellectual Property], art. 77 (1993) (El Sal.) (setting forth that the competent judge shall grant compulsory license for translation and reproduction set forth in international conventions ratified by the country, previous compliance with the requirements stated by them).

70 *See* Decreto 4-99-E, 2000, Ley del Derecho de Autor y de los Derechos Conexos [Copyright and Neighboring Rights Act] art. 122 (2006) (Hond.) (providing that government, through the Administrative Office for Copyright and Neighbor Rights, could grant non-exclusive licenses for the reproduction and translation of foreign works according to the provisions of articles 2 and 3 of the Appendix of the Berne Convention).

71 *See* Ley sobre el Derecho de Autor y Derechos Conexos [Copyright and Neighboring Rights Act] art. 84 (1994 (Pan.) (allowing the authority de-

pulsory licenses. The laws of Argentina,[72] Colombia,[73] the Dominican Republic,[74] and Mexico,[75] in contrast, are better drafted and provide a sufficient legal regime for issuing compulsory licenses. There is no evidence, however, that these countries have issued any compulsory licenses either.

In spite of having implementing laws, Latin American countries do not use the Appendix mechanism. Argentina implemented the compulsory license in application of the Universal Copyright Convention in 1958, but as the country became party to the Berne Convention, the mechanism of licensing became ineffective.[76] The Colombian competent authority failed to notify WIPO and argued that the mechanism provided by its domestic copyright law was no longer in force because of its own negligence.[77] As a

signed by decree to grant non-exclusive licenses to translate and reproduce foreign works for the purpose and in compliance with the requirements set forth by the Universal Copyright Convention and other international covenants ratified by Panama).

[72] *See* Decreto 1155/58 Licencia Obligatoria Convención Universal de Derechos de Autor [Decree on Compulsory License of the Universal Copyright Convention], Feb. 13, 1958, B.O. (Arg.).

[73] *See* Ley sobre Derechos de Autor [Copyright Act] arts. 45–71, Feb. 19, 1982, DIARIO OFICIAL [D.O] (Colom.) (setting forth a heavily regulated system of compulsory licenses for reproduction and translation of foreign works into Spanish). *See also* MINISTERIO DE GOBIERNO (DE COLOMBIA), LOS DERECHOS DE AUTOR EN COLOMBIA (1982); ERNESTO RENGIFO GARCÍA, PROPIEDAD INTELECTUAL: EL MODERNO DERECHO DE AUTOR 178 (1996).

[74] *See* L. No. 65-00 de Derecho de Autor [Copyright Act], Aug. 24, 2000, Diario Oficial (Dom. Rep.); Decreto N° 362-01 que establece el reglamento de aplicación de la Ley N° 65-00 sobre Derecho de Autor [Decree on Implementing Regulations of the Copyright Act] art. 24, (Mar. 14, 2001 (Dom. Rep.) (setting forth a regime for non-exclusive and non-transferable compulsory licenses to translate and reproduce foreign works for the purposes and in compliance with the requirements of such licenses, according to the international treaties in which the Dominican Republic is a party).

[75] *See* Ley Federal del Derecho de Autor [LFDA] [Federal Law on Copyright], Diario Oficial de la Federación [DO], Dec. 24, 1996, as consolidated July 2003 (Mex.), art. 147; and, Reglamento de la Ley Federal del Derecho de Autor [Regulation of the Federal Law of Copyright] arts. 38–43, Diario Oficial de la Federación [DO], May 22, 1998, as amended Sept. 14, 2005 (Mex.). *See also* GABINO CASTREJÓN GARCÍA, TRATADO TEÓRICO-PRÁCTICO DE LOS DERECHOS DE AUTOR Y DE LA PROPIEDAD INTELECTUAL 102-05, (2001); FERNANDO SERRANO MIGALLÓN, NUEVA LEY FEDERAL DEL DERECHO DE AUTOR 163 (1998) (referring that even when the copyright act adopts a compulsory licensing based on grounds of public interest, its regulation complies with international law).

[76] CARLOS VILLALBA & DELIA LIPSZYC, EL DERECHO DE AUTOR EN LA ARGENTINA 122, 351(2001).

[77] *See* DIRECCIÓN NACIONAL DE DERECHO DE AUTOR, May 21, 2010, Legal Opinion 1-2010-7340 (Colom.) (arguing that provisions of the copyright law

result, no compulsory license was ever issued.[78] In 2012, when implementing obligations contracted by the free trade agreement signed with the United States, Colombia attempted to derogate the mechanism of compulsory licensing for reproduction, even when not required by that agreement,[79] but its Constitutional Court rejected the law, holding that it was unconstitutional, although for procedural reasons.[80] In the case of Mexico, whose last notification to WIPO took place in 1984, the North American Free Trade Agreement (NAFTA) set forth an additional requirement for issuing compulsory licenses. Under NAFTA, compulsory licenses shall not be issued if translation and reproduction needs can be met by voluntary actions of rights holders.[81] Nevertheless, the non-use of the mechanism has not been a serious problem because despite of its longstanding

on compulsory licenses are inapplicable and unnecessary). *But see* Bassem Awad, Moatasem El-Gheriani and Perihan Abou Zeid, *Egypt*, *in* ACCESS TO KNOWLEDGE IN AFRICA, *supra* note 61, at 49 (supporting, in an analogous case, the efficacy of the Egyptian mechanism of compulsory licensing, in spite of its compliance with omission of international commitments). The legal reasoning of the captured Colombian copyright authority is improper, because it subordinates efficacy of legislative measures to diligence of administrative officers in compliance with international requirements; the compulsory license provided into domestic law is still valid, without prejudice of the possible international responsibility that the neglected omission of administrative authority may create for the country. In this case, this is prevented by the fact that the same authority omitted the self-availing requirement, supports the inapplicability of the compulsory license, and, plus, is the one in charge of issuing those license, in each case.

78 *See* RENGIFO GARCÍA, *supra* note 73, at 178 (stating that the provisions that implement the Appendix of the Berne Convention into the Colombian domestic law lack any actual application); Ernesto RENGIFO GARCÍA, *Colombia*, *in* BALANCING COPYRIGHT: A SURVEY OF NATIONAL APPROACHES 305 (Reto M. Hilty & Sylvie Nérisson eds., 2012).

79 Ley N° 1520 de 13 de Abril 2012 Por Medio de la Cual se Implementan Compromisos Adquiridos por Virtud del 'Acuerdo de Promoción Comercial', Suscrito entre la República de Colombia y los Estados Unidos de América y su 'Protocolo Modificatorio, en el Marco de la Política de Comercio Exterior e Integración Económica' [Law No. 1520 of April 13, 2012 "Through which are Implemented the Commitments under the 'Trade Promotion Agreement', signed between the Republic of Colombia and the United States of America and its 'Amending Protocol in the Context of Trade Policy and Economic Integration"] art. 11, Apr. 13, 2012, DIARIO OFICIAL [D.O] (Colom.).

80 Corte Constitucional [C.C.] [Constitutional Court of Colombia], Jan. 23, 2013, Case C-011/13

81 *See* North American Free Trade Agreement, U.S.-Can.-Mex., art. 1705.6, Dec. 17, 1992, 32 I.L.M. 289 (1993) (providing that state parties cannot issue these compulsory licenses when its need "could be met by the right holder's voluntary actions but for obstacles created by the party's measures").

implementation into domestic law,[82] the mechanism was never used.[83] Although the reason for this lack of use is unclear, authorities suspect that costly paperwork and the limited scope of the licensing system undermined the mechanism's potential usefulness.[84]

Scholars tend to agree that the Appendix mechanism neither meets the expectations of developing countries, nor its own objectives. The mechanism has not produced any real improvement in access to copyrighted content,[85] which is a pervasive problem that persists in developing countries.[86] Among the main criticisms of the Appendix are its bureaucratic rules, its limited scope, and its excessive safeguards in favor of right holders.[87] Instead of being an instrument for development, the Appendix has reduced the ability of developing countries to design public policies to enable a wide dissemination of knowledge. As a result, countries have implemented idiosyncratic flexibilities into their domestic law.

B. Developing Countries Are Doing It Their Own Way

Countries have adopted a wide range of alternative solutions into their domestic law in order to mitigate the limitations and uselessness of the Appendix mechanism. Some of these solutions reach beyond the Convention's foresight. Some are based on copyright exceptions that may or may not comply with the Berne three-step test. In other cases, countries have adopted a mechanism of compulsory licensing much broader or more flexible than the Appendix. For instance, some countries allow licenses to prevent monopolies for the public interest. Several countries have a pool of mechanisms to allow access to copyrighted works for purposes of development. Some of these include copyright exceptions, a diversity of compulsory licenses, and even expropriation. A few countries have implemented a more radical measure whereby protected works that have

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82 *See* SERRANO MIGALLÓN, *supra* note 75, at 161 (stating that the compulsory licensing mechanism based on public interest has been available "since the first codification of the independent Mexico").

83 Telephone interview with Marco A. Morales Montes, Legal Director, Instituto Nacional del Derecho de Autor (Mexico) (Apr. 4, 2011).

84 *Id.*

85 *See* DRAHOS & BRAITHWAITE, *supra* note 10, at 77.

86 *See* Margaret Chon, *Copyright and Capability for Education: An Approach "Rom Below", in* INTELLECTUAL PROPERTY AND HUMAN DEVELOPMENT: CURRENT TRENDS AND FUTURE SCENARIOS 218, 218-49 (Tzen Wong & Graham Dutfield eds., 2011) (referring to the severe shortage of textbooks in developing countries and arguing in favor of reforming the compulsory licensing system provided by the Appendix of the Berne Convention).

87 *See generally* Salah Basalamah, *Compulsory Licensing for Translation: An Instrument of Development?*, 40 IDEA 503 (2000) (reviewing critically the main provisions of the Appendix).

not been translated enter into the public domain, legitimating the use of works by others.

Copyright exceptions and limitations are the main strategy developing countries seem to have adopted to meet their needs. In Chile, for example, a recent amendment to the copyright act includes three specific exceptions for translation:[88] personal use,[89] educational purposes,[90] and library patrons.[91] However, the requirements of the Berne three-step test forces exceptions provided by countries like Chile to remain too narrow to meet the intended purposes of the Appendix provisions.[92] As a result, those exceptions satisfy highly limited purposes as they are usually subject to several conditions. For instance, there may be limitations on the quantity and quality of use based on the type of work and/or user; restrictions based on where work may be located and the circumstances in which the works may be used. As a result, using copyright exceptions and limitations alone is very limiting for developing countries in their quest for satisfying their development needs.

Some countries have adopted broader copyright exceptions and limitations that allow the translation and publication from one language to another. Whether this type of provision complies with the Berne three-step test is a matter of debate. For example, China recently adopted a new copyright law that sets forth several provisions regarding translation.[93] One exception allows the translation and reproduction of brief excerpts for research and teaching.[94] A compulsory license allows using a work in

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[88] *See* Law No. 20.435, Mayo 4, 2010, Diario Oficial [D.O.] (Chile); *see also* DANIEL ALVAREZ, THE QUEST FOR A NORMATIVE BALANCE: THE RECENT REFORMS TO CHILE'S COPYRIGHT LAW (2011) (Policy Brief No. 12, International Centre for Trade and Sustainable Development) (briefly describing the whole legal reform).

[89] *See id.* art. 71 R (authorizing the translation of work in foreign languages for personal use).

[90] *See id.* art. 71 M (authorizing not-for-profit translation of small fragments of works for including them into text books).

[91] *See id.* art. 71 L (authorizing not-for-profit libraries and archives to translate works into Spanish for researching purposes of their patrons, including its reproduction in quotations).

[92] In the case of Chile, during the legislative discussion of the amendment to the intellectual property act, a proposal was introduced to provide a compulsory licensing system similar to the Appendix, but it did not prosper because its adoption would require compliance with legal procedures related to the legislative process.

[93] Zhonghua Renmin Gongheguo Zhuzuoquanfa [Copyright Law of the People's Republic of China] as amended on Feb. 26, 2010; *see also* HONG XUE, INTELLECTUAL PROPERTY LAW IN CHINA 30 (2010).

[94] *See* Zhonghua Renmin Gongheguo Zhuzuoquanfa [Copyright Law of the People's Republic of China], as amended on Feb. 26, 2010, art. 22(6) (authorizing translation, or reproduction in a small quantity of copies of a published

textbooks.[95] Additionally, another exception allows the translations of Chinese authors' works from Han into the languages of minorities within the country.[96] The latter exception may infringe on the three-step test because it allows the translation of works without compensation to right holders. But the application of this exception is severely limited by the nationality of the author, the source and the target languages. Although these circumstances mitigate international conflicts that may arise from China's violation of the three-step test, they also, prevent the exception from achieving the Appendix goals with respect to foreign authors and languages.

In addition to exceptions, some countries have adopted compulsory licensing schemes that are more permissive than the Appendix. As mentioned above, this is the case of the United Arab Emirates.[97] This also seems to be the case of South Africa.[98] In its copyright law, South Africa expressly included the translation of works when it authorizes any other exception, instead of adopting a case-by-case exception for translation.[99] The law also confers competence to the South African Copyright Tribunal

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work by teachers or scientific researchers for use in classroom teaching or scientific research, if works are not published for distribution); *see also* Decree No. 468 Regulations on Protection of the Right of Communication through the Information Network art. 6.3 (adopted by the State Council, May 10, 2006) (China) (making the exception available also for using a work in digital environments).

[95] *See* Zhonghua Renmin Gongheguo Zhuzuoquanfa [Copyright Law of the People's Republic of China] art. 23, as amended on Feb. 26, 2010 (authorizing compilation of passages from a work and short written works, among others, for textbooks for compulsory and national education, under payment and excepting works whose authors have rejected in advance that use); *see also* Decree No. 468, Regulations on Protection of the Right of Communication through Information Network art. 8 (adopted by the State Council, May 10, 2006) (China) (providing similar authorization for e-learning).

[96] *See* Zhonghua Renmin Gongheguo Zhuzuoquanfa [Copyright Law of the People's Republic of China], as amended on Feb. 26, 2010, art. 22 (11); *see also* Decree No. 468 Regulations on Protection of the Right of Communication through Information Network (adopted by the State Council, May 10, 2006), art. 6.5 (China) (providing analogous exception for digital environments).

[97] *See* Federal Law No. 7, Concerning Copyrights and Neighboring Rights art. 21 (2002) (U.A.E.) (providing for a moderately-regulated compulsory license for translation and/or reproduction of works).

[98] *See* Copyright Act 98 of 1978, as amended in 2002 (S. Afr.); *see also* Tobias Schonwetter, Caroline Ncube and Pria Chetty, *South Africa*, *in* ACCESS TO KNOWLEDGE IN AFRICA, *supra* note 61, at 243.

[99] Copyright Act 98 of 1978, as amended in 2002, § 12(11) (S. Afr.) (adopting an exception for translation that embraces several other exceptions also set forth by law).

to issue a compulsory license when a right holder has unreasonably refused to do so.[100] Additionally, the law allows the government to adopt regulations on circulation, presentation, or exhibition of works, which scholars have argued would allow possible "non-voluntary licence schemes."[101]

Some countries have adopted a general compulsory license regime into their domestic laws that allows compulsory licenses on public interest grounds. This is the case of Sudan,[102] Syria,[103] and Bolivia. The latter, for instance, has adopted copyright exceptions and limitations in its domestic and Andean Community laws.[104] Although Bolivia has not implemented the Appendix mechanism, its copyright act authorizes compulsory licenses for the use of a copyrighted work on public interest grounds subject to a royalty payment.[105] There is no evidence, however, that the government has issued any of these licenses. Moreover, it is unclear the extent to which that provision of Bolivian domestic law prevails over the common

100 *Id.* §§ 29–36.

101 *Id.* § 45; *see* Tobias Schonwetter, Caroline Ncube & Pria Chetty, *South Africa*, *in* ACCESS TO KNOWLEDGE IN AFRICA, *supra* note 61, at 243.

102 *See* Copyright and Neighboring Rights Protection Act 1996 (Sudan) § 14, 20(1) (setting forth several limited exceptions, essentially for reproduction, including one for translation for personal and private use and providing a compulsory license, according to which, in case of public interest, the government may require right holder publication of a work, under sanction of ordering its publication with compensation).

103 *See* Copyright Law of Syria, Law No. 12/2001 §§ 21, 37 (Feb. 27, 2001) (setting forth several exceptions that allow the reproduction of works in their source language or its translation, including some for educational and research purposes and adopting a compulsory license; in case of public interest, the government may require the holder publication of a work, provided that the heirs of the rights holder are compensated).

104 *See* Law No. 1322 art. 24, Apr. 27, 1992, Gaceta Oficial (Bolivia) (adopting copyright exceptions and limitation in domestic law); *see also* Andean Community Decision 351 Common Regime on Copyright and Neighboring Rights arts. 21, 22, 24-27, Dec. 21, 1993, Official Gazette of the Andean Community No. 145 (adopting several mandatory copyright exceptions and limitations for Andean Community members).

105 *See* Law No. 1322 art. 25, Apr. 27, 1992, Gaceta Oficial (Bolivia) (authorizing the government to decree the use for public need of economic rights in a work of great cultural value for the country, or social, or public interest, on payment of fair compensation to its right holder).

copyright regime of the Andean Community,[106] to which Bolivia is party.[107]

Adopting the Appendix mechanism and a general compulsory license based on public interest grounds is a common strategy among some countries; for example, the Dominican Republic[108] and Jordan.[109] The copyright law of the Dominican Republic sets forth not only copyright exceptions and compulsory licensing inspired by the Appendix; it also establishes a general compulsory license.[110] According to Jordan's copyright law, the government may issue a compulsory license for using a work on public interest grounds and subject to a royalty payment. It is unclear, however, to what extent the overlap between public interest compulsory licenses and the Appendix mechanism deprives the latter of significance. If a country offers both compulsory licenses, there is no reason to use the Appendix provision because the public interest option achieves similar results with less paperwork and fewer requirements.

Several countries have gone even further to meet their development needs, by implementing a public interest "compulsory license" with no compensation for affected right holders. Cuba, for example, has notified WIPO to use the Appendix mechanism. Instead of implementing it, however, Cuba has adopted a real copyright exception with the same purposes and safeguards of the Appendix mechanism, except for remuneration of right holders.[111] On the one hand, Cuban scholars and experts assert that the mechanism has been used primarily to overcome the U.S. embargo and has allowed an important number of translations, particularly in the

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106 Common Regime on Copyright and Neighboring Rights, Decision No. 351, Andean Community, Dec. 17, 1993, 145 Official Gazette of the Andean Community, art. 32 (prescribing that, in any case, compulsory licenses set forth in the domestic law of the Andean Community members can exceed limitations allowed by the Berne Convention or the Universal Copyright Convention).

107 Acuerdo de Cartagena [Cartagena Agreement], May 28, 1969, 8 I.L.M. 910 (creating the Andean Community, which currently is formed by Bolivia, Colombia, Ecuador, and Peru).

108 *See supra* note 74 and accompanying text.

109 *See supra* notes 55 and 56, and accompanying text.

110 *See* L. No. 65-00 de Derecho de Autor [Copyright Act] art. 48, agosto 24, 2000, Diario Oficial (Dom. Rep.) (authorizing the government to decree the use for public need of economic rights on a work of great cultural, scientific, or educational value for the country, or social or public interest, subject to fair compensation to its right holder); *see also* Decreto N° 362-01 que establece el reglamento de aplicación de la Ley N° 65-00 sobre Derecho de Autor [Decree on Implementing Regulations of the Copyright Act], marzo 14, 2001 (Dom. Rep.), arts. 25–28 (regulating the requirements and procedures for issuing a public interest compulsory license).

111 *See supra* note 53 and accompanying text.

fields of medicine and sciences.[112] On the other hand, critics of the Cuban solution have questioned its compliance with international standards.[113] An analogous mechanism is available in Vietnam's copyright law. There, the government can adopt restrictions on exclusive rights, including compulsory licensing, without mention of any compensation.[114] Curiously, both Cuba and Vietnam have notified WIPO in order to use the Appendix mechanism, which raises concerns about the proper understanding that those countries have about the Appendix mechanism. In other words, those countries that have implemented the Appendix mechanism into their domestic laws hardly comply with any of its internationally sanctioned standards, procedures, and requirements.

Some countries have adopted the extinction of copyright protection of works that are not translated into domestic languages as another measure to meet their development needs. For instance, Egypt and Kuwait have adopted this mechanism.[115] In the Egyptian case, the law has set forth a compulsory licensing system that follows the Appendix philosophy in a more simplified way.[116] The law has also established that copyright

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112 Interview with Lillian Alvarez, Scholar and Legal Adviser on Copyright, (Cuba) (Jun. 28, 2010); *see also* Julio Fernández Bulté, *Preface*, LILLIAN ALVAREZ, EL DERECHO DE ¿AUTOR?: EL DEBATE DE HOY, at vii-xvi (2006) (recalling the decision of the Cuban government to use compulsory licenses for overcoming the book shortage created by the American embargo on the island).

113 *See* Caridad del Carmen Valdés Diaz, *La Facultad de Reproducción*, *in* SELECCIÓN DE LECTURAS DE DERECHO DE AUTOR 65, 105 (Marta Moreno Cruz et al., eds. 2000) (arguing that this exception exceeds the standards generally admitted on copyright and is in disharmony with the Berne Convention, and reporting the challenge of the WIPO to that provision).

114 *See* Intellectual Property Law No. 50/2005/QH11 art. 7.3 (Nov. 29, 2005) (Viet.), (setting forth that the government may prohibit or restrict the exercise of rights or compel its licensing for guaranteeing "achievement of defense, security, people's life-related objectives and other interests of the State and society").

115 *See* Law No. 64 of 1999 concerning Intellectual Property Rights arts. 14, 16.1-2 (Dec. 29, 1999) (Kuwait) (setting forth a compulsory license for the publication and republication of works of Kuwaiti authorship, providing copyright lapsing if translation into Arabic is not made available within five years of the date of first publication, and adopting a compulsory license for translating works before its possible copyright lapsing).

116 Law on the Protection of Intellectual Property Rights 82 of 2002, Official Gazette, Jun. 2, 2002, art. 170 (Egypt) (adopting a brief regulation for like-the-Appendix compulsory licensing) However, Egypt has not renewed its own self-availed notice to the WIPO Secretariat, the last was done in 1990 and was valid up to 1994. *See also* Prime Minister Decree No. 497 of 2005 on Issuing the Executive Regulations for Book III of Law No. (82) of 2002 on The Protection of Intellectual Property Rights (complementing the law on compulsory licensing for translation and reproduction of works).

protection of works not translated into Arabic lapses after three years of the date of first publication.[117] If this is the case, the work enters into the public domain. At this point, interested parties can pay a fee for a license that allows the commercial and professional exploitation of the work.[118] Therefore, in theory, a compulsory license similar to the Appendix may be requested for translating works within three years of their publication; after that period, a public-domain license may be requested for translating works that have not been timely translated into Arabic.[119] Some scholars have raised a concern about this regulation's consistency with international law; however, the efficacy of the mechanism also has been contested, since it is almost unknown among domestic publishers and, in addition, the main public initiatives that translate works into Arabic do not rely on compulsory but voluntary licensing.[120]

The significant number of developing countries that have adopted idiosyncratic legal mechanisms for granting broader access to copyrighted works also suggests the inefficacy of the Appendix. This is not a desirable outcome for at least three reasons. First, it is unclear whether any of these idiosyncratic solutions is in compliance with international copyright instruments. This situation creates a risk of conflict before the WTO dispute settlement system. Second, precisely because of the risk of international conflict, domestic authorities are discouraged from actually implementing those mechanisms. It appears as if both authorities and potential users are reluctant to take advantage of these mechanisms. Third, sui generis features of domestic solutions impair the emergence of uniform international standards and practices of both the publishing and educational sectors. More significantly, the variety of domestic provisions defeats the purpose

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117 *See* Law No. 82 of 2002 (Protection of Intellectual Property Rights, Copyrights and Neighbouring Rights) art. 148, Official Gazette, Jun. 2, 2002 (Egypt) ("[C]opyright . . . shall lapse with regards to the translation of that work into the Arabic language, unless the author or the translator himself exercises this right directly or through a third party within three years of the date of first publication of the original or translated work."); *see* Ahmed Abdel Latif, *Egypt's Role in the A2K Movement: An Analysis of Positions and Policies*, *in* ACCESS TO KNOWLEDGE IN EGYPT: NEW RESEARCH ON INTELLECTUAL PROPERTY, INNOVATION AND DEVELOPMENT 16, 39 (Nagla Rizk & Lea Shaver eds., 2012).

118 *See* Law No. 82 of 2002 (Protection of Intellectual Property Rights, Copyrights and Neighbouring Rights) art. 183, Official Gazette, Jun. 2, 2002, (Egypt) (requiring governmental license for commercial or professional exploitation of work, against payment of fees).

119 *See* Hossam A. El Saghir, *Intellectual Property Law in Egypt*, *in* 53 INTERNATIONAL ENCYCLOPAEDIA OF LAWS 3, 45-46, 65 (2009).

120 *See* Bassem Awad, Moatasem El-Gheriani & Perihan Abou Zeid, *Egypt*, *in* ACCESS TO KNOWLEDGE IN AFRICA, *supra* note 61, at 22, 49.

of providing an effective solution for developing countries to ensure wider dissemination of knowledge.

In sum, the Appendix mechanism seems to provide a partial solution to less than a handful of developing countries that have notified WIPO's General Director of their intention to use the mechanism. Significantly, no evidence of actual use has been found. Several other countries have not notified WIPO of their adoption of the mechanism because it has proven to be useless, while others have adopted idiosyncratic solutions into their domestic law. In general, data suggests that the Appendix of the Berne Convention has failed to meet the needs of developing countries.

C. The Appendix Does Not Provide a Solution for Minorities

It is unclear whether the provisions of the Appendix of the Berne Convention apply to the languages of cultural minorities in developing countries. The Appendix authorizes compulsory licenses to translate works to languages in general use in the country that issues a license. Although the Appendix encompasses more than a country's official languages, it does not define what is a language in general use.[121] For example, between 2005 and 2009, according to the ISBN register, only 323 books were published in fourteen native languages in all of Ibero-America (i.e., Latin America, Portugal, and Spain).[122] In contrast, there are sixty-four native languages and several dialects in Colombia alone.[123] Clearly, the registered amount of publications cannot satisfy the needs of native communities. A new instrument that provides an adequate mechanism to meet the needs of developing countries must be expressly more flexible regarding the languages to which a work can be translated. In particular, the new instrument should allow the translation of works into languages that are not in general use.

Access to copyrighted works for language minorities is an urgent issue in both developing and developed countries.[124] In Spain, for example, along with "Castilian" (the officially adopted regional language of Castile commonly known as Spanish), there are several other regional languages

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121 *See* GENERAL REPORT OF PARIS CONFERENCE, *supra* note 35, ¶ 34 (providing an authoritative interpretation of this requirement, by stating that a language could be one of general use in a given geographic region of the country, an ethnic group, and even a language generally used for particular purposes).

122 *See* FOMENTO DEL LIBRO AMERICA LATINA, *supra* note 60, at 62 (stating that 323 books were published between 2005 and 2009 in a native language, of them: 82.4% in Guarani; 4.3% in Quechua; and, 4.0% in Aymara).

123 *See id.* at 76.

124 *See* REVISION OF THE UNIVERSAL COPYRIGHT CONVENTION 1973, *supra* note 33, ¶ 22 (reporting that Canada expressed similar concerns about the relativity of the concept of developed and developing countries).

in use. Aranese, Basque, Catalan, Galician, and Valencian, among others were all banned during the long Franco dictatorship.[125] The communities that currently speak those languages cannot take advantage of the Appendix, because they are located in a developed country.[126] This is also an issue for the Navajo and Hawaiian populations of the United States, the Ladin and Slovene communities of Italy, the Inuit in Canada, and so on. Linguistic minorities in developed countries face serious challenges that mirror those faced by similar minorities in developing countries. This situation illustrates that the Appendix wrongly assumes that (1) development is homogeneous within the borders of a given country and (2) there are no special needs to be met in developed countries.

When copyright blocks the translation of works into a minority language, its native speakers are forced to adopt a more generally used language, possibly condemning the minority language to extinction.[127] This situation raises concerns regarding minorities' right to identity, and protection of their cultural diversity. The Appendix has provided developing countries with flexibilities that facilitate their population's access to works to improve social, economic, and cultural conditions. However, the Appendix does not provide analogous flexibilities for disadvantaged communities within developed countries. If these communities face similar challenges, the Appendix should not be an obstacle for adopting an analogous solution. Otherwise, the Appendix creates disadvantages for the very development of those communities. In other terms, the Appendix must adopt a comprehensive approach to development, not limited to developing countries, but to any community that requires copyright flexibility for meeting the needs of its members, being part of a developing or a developed country.

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125 *See* JOSEP BENET, CATALUNYA SOTA EL RÈGIM FRANQUISTA: INFORME SOBRE LA PERSECUCIÓ DE LA LLENGUA I LA CULTURA DE CATALUNYA PEL RÈGIM DEL GENERAL FRANCO (1978); JOSEP BENET, L' INTENT FRANQUISTA DE GENOCIDI CULTURAL CONTRA CATALUNYA (1995) (referring to the proscription of the Catalan language from the public space in favor of Castilian during Franco's dictatorship, and its effects on the language, the culture, and the identity of Catalan people).

126 In 2009, 78.32% of publications in Spain were in Castilian, 9.55% in Catalan, 1.92% in Galician, 1.85% in Basque, 1.27% in Valencian, and 0.1% in other Spanish languages. *See* FOMENTO DEL LIBRO AMERICA LATINA, *supra* note 60, at 60-61.

127 *See* Peter Austin & Andrew Simpson, *Introduction*, *in* ENDANGERED LANGUAGES 5 (Peter Austin & Andrew Simpson eds., 2007) (reporting several studies that conservatively foresee at least the lost of 50% of language diversity in the next century, a process that affects particularly Australia and the Americas).

According to the recently adopted Convention on Cultural Diversity,[128] governments must protect and promote cultural diversity, including linguistic diversity as an essential component of the former. This convention does not have any copyright requirements. Instead, the convention recognizes the importance of intellectual property to encourage participation in cultural creativity.[129] Copyrights are essentially "private rights,"[130] while cultural diversity is humankind's common heritage to be cherished and preserved for the benefit of all.[131] Therefore, if copyrights and cultural diversity were to come into conflict, cultural diversity arguably prevails over copyright.

Any new attempts to infuse the international copyright regime with flexibilities must be consistent with governmental obligations to protect and promote cultural diversity. Consequently, the Appendix must reconsider whether language access is only an issue for developing countries or a broader issue that also involves developed countries. This may become an urgent matter in coming years as a globalized environment accelerates the loss of cultural and linguistic diversity.

D. The Appendix's Application to Digital Works Is Unclear

At the time the Appendix was adopted, the Internet and digitalization of content were not a reality, at least not in its current proportions. Today, by contrast, according to the International Telecommunication Union, there are around two billion users around the world: thirty percent of the global population.[132] Technology allows the expeditious and inexpensive production and distribution of content. Ironically, digital content is asymmetrically available throughout the world, with people in developed countries having more access than people in developing countries. Although content can be produced at a low cost, technology itself remains expensive, particularly for developing countries. As a result, some developing

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128 UNESCO, Convention on the Protection and Promotion of the Diversity of Cultural Expressions, Oct. 20, 2005, Records of the General Conference 83 [hereinafter Convention for Cultural Diversity].

129 *See* Thierry Desurmont, *Considerations on the Relationship between the Convention on the Protection and Promotion of the Diversity of Cultural Expressions and the Protection of Authors' Rights*, 208 REV. INT'L DU DROIT D'AUTEUR [R.I.D.A.] 2 (2006).

130 *See* TRIPs Agreement, *supra* note 11, pmbl. ("Recognizing that intellectual property rights are private rights").

131 *See* Convention for Cultural Diversity, *supra* note 127, pmbl. (recognizing "that cultural diversity forms a common heritage of humanity and should be cherished and preserved for the benefit of all").

132 *See Key Global Telecom Indicators for the World Telecommunication Service Sector*, INTERNATIONAL TELECOMMUNICATION UNION, http://www.itu.int/ITU-D/ict/statistics/at_glance/KeyTelecom.html (last visited May 15, 2011).

countries have not prioritized their Internet-related public policies, even when these could increase access to knowledge. For these governments, Internet policy is an objective for the distant future. However, as the cost of technology decreases, people from less developed countries will likely enjoy the benefits of technological advances. Hence, the question arises: Does the Appendix mechanism of compulsory licensing apply to the on-line environment?

The Appendix of the Berne Convention may suggest that it does not provide a legal framework of flexibilities with respect to digital works. The provisions of the Appendix expressly limit their application to the non-digital environment, as they expressly allow the translation and reproduction of a given work *"in printed or analogous forms of reproduction."*[133] This clause suggests that digital forms of reproduction are excluded from the scope of the Appendix. This exclusion may explain why some Appendix provisions have a strong territorial character and seem inappropriate for digital environments. For instance, the requirement that nationals of the country issuing a license must do the translation;[134] the ban on exports;[135] the hypothesis of "out of print" editions;[136] the exhaustion of stock;[137] and, *in situ* sales.[138]

Nevertheless, the Appendix provisions are fully operational in online environments.[139] Neither the Convention nor any other subsequent international instruments on copyright, such as the TRIPs Agreement (1994) or the WIPO Internet Treaties (1996), has excluded the application of the Appendix to digital works and the online environment. Moreover, the terms and provisions of the Appendix have a technologically neutral meaning. In other words, the Annex provisions refer to processes, such as translation and reproduction, rather than to a specific technology. Al-

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133 *See* Berne Convention, *supra* note 1, Appendix arts. II(1), II(2)(a), III.7.

134 *See id.* Appendix, arts. IV (4)(a) and IV(5) (assuming that translation services would be provided in situ within the same country that issues and takes advantages of the compulsory licenses).

135 *See id.* Appendix art. IV(4)(a) (excluding exporting would make no sense in the digital environment).

136 *See id.* Appendix art. II(2)(b) (excluding digital copies of a work, since they would be out of print hardly, because of their easy reproduction).

137 *See id.* Appendix art. II(6) (excluding digital copies because the provisions would assume there is a physical stock susceptible of being exhausted, which would seem inconceivable in case of digital copies).

138 *See id.* Appendix art. III(2)(a) (excluding online sales, by requiring they take place in the country).

139 *See* FOMETEU, *supra* note 59, at 21-22 (stating that compulsory licenses for translation and/or reproduction set forth by the Appendix apply to "any work capable of being printed," and suggesting that it may apply to digital networks, if works were capable of being controlled as the Appendix requires).

though the Appendix does include some limitations, these are not intended to exclude the online environment from the scope of the Appendix. Rather, these limitations sought to ensure that the Appendix flexibilities favor only developing countries. Several of these flexibilities set forth territorial or availability limitations that can be preserved through the use of technology. Therefore, when properly analyzed, the Appendix allows developing countries to take advantage of its provisions both on and off-line.

WIPO documents confirm that the Appendix may apply to online environments and that developing countries may, therefore, make use of digital technologies to implement its provisions. According to WIPO guidelines, the phrase "in printed or analogous forms of reproduction" means that the mechanism applies to "similar" works, such as books and printed materials, as opposed to films and records.[140] Another clause of the Appendix ratifies this interpretation when it unequivocally distinguishes between "in printed or analogous forms of reproduction" and "audio-visual forms."[141] Finally, interpreting the Appendix in light of its goals and purposes and in accordance with the Vienna Convention on the Law of Treaties,[142] the WIPO guidelines state that what is ultimately important is "the purpose of the translation, namely teaching, scholarship and research."[143] This statement suggests that as long as the use of the work achieves the intended purpose, the form of the work becomes irrelevant.

For international copyright scholars, whether the Appendix provisions apply to the online environment is a matter of debate. For authors writing at the time of the Appendix approval, its application to the digital environment was not even a topic in discussion.[144] However, for a majority of scholars the clause "in printed or analogous forms of reproduction" did not intend to exclude digital formats. Rather, the phrase sought to allow the translation and reproduction of any written work as opposed to recordings.[145] A competing interpretation of the Appendix provisions

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[140] *See* WIPO GUIDE, *supra* note 14, at 153.

[141] *See* Berne Convention, *supra* note 1, Appendix, art. III(7); *see also* WIPO GUIDE, *supra* note 14, at 165.

[142] Vienna Convention on the Law of Treaties art. 31(1), May 23, 1969, 1155 U.N.T.S. 331, 8 I.L.M. 679 (recognizing the teleological interpretation of a treaty, thus is, "in the light of its object and purpose").

[143] WIPO GUIDE, *supra* note 14, at 153.

[144] *See, e.g.*, DELIA LIPSZYC, LA CONFERENCIA DE REVISIÓN DE LAS CONVENCIONES DE BERNA Y UNIVERSAL (PARIS – JULIO DE 1971): ENFOQUE ARGENTINO (1975).

[145] *See* Ulmer, *supra* note 24, at 360, 369 (explaining that the purpose of the Appendix is prohibiting translation by means of recordings); STEPHEN M. STEWART, INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS 164,

arose later, during the 1980s, claiming that the Appendix provisions prevent the translation and reproduction of works in digital format.[146] According to this odd interpretation, the word "analogous" means "the opposite of digital," a meaning hardly plausible to the Appendix drafters in 1971.[147] Moreover, the texts and reports of the Appendix of the Berne

171 (1983) (stating that the purpose of the Appendix is to facilitate the translation of works, but not records and performances); WILHELM NORDEMANN, KAI VINCK, PAUL HERTIN & GERALD MEYER, INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS LAW: COMMENTARY WITH SPECIAL EMPHASIS ON THE EUROPEAN COMMUNITY 302 (1990) (stating that reproduction refers to any printing process, because the decisive point is that the work is visually perceivable); HENRI DESBOIS, ANDRÉ FRANÇON, & ANDRÉ KÉRÉVER, LES CONVENTIONS INTERNATIONALES DU DROIT D'AUTEUR ET DES DROITS VOISINS 295-97 (1976) (explaining that the wording of the Appendix attempts to exclude phonograms and films from compulsory licensing); *see also* Henri Desbois, *La Conférence Diplomatique de Révision des Conventions de Berne et de Genève*, 68 REV. INT'L DU DROIT D'AUTEUR [R.I.D.A.] 3, 38-39 (1991).

146 *See* RICKETSON, *supra* note 22, at 638 (stating without foundation that compulsory licenses set forth in the Appendix do not apply to works embodied in a computer database); SAM RICKETSON, WIPO STANDING COMMITTEE ON COPYRIGHT AND RELATED RIGHTS, STUDY ON LIMITATIONS AND EXCEPTIONS OF COPYRIGHT AND RELATED RIGHTS IN THE DIGITAL ENVIRONMENT 33 (2003), *available at* http://www.wipo.int/edocs/mdocs/copyright/en/sccr_9/sccr_9_7.pdf (suggesting that the compulsory licensing adopted by the Appendix of the Berne Convention does not apply to digital environments, but omitting again any reasoning supporting that suggestion); RICKETSON & GINSBURG, *supra* note 22, at 930 (saying compulsory licenses exclude works embodied in electronic form); *see also* Mihály Ficsor, *Copyright and Transfer of Knowledge*, 17 UNESCO COPYRIGHT BULL. 6, 15 (1983) (suggesting that the rules of the Appendix do not apply to computer technologies, but supporting the need to extend them to new uses that serve the same purpose); and again, FIRST INTER-REGIONAL MEETING ON SOUTH-SOUTH COOPERATION ON IP-GOVERNANCE; GENETIC RESOURCES, TRADITIONAL KNOWLEDGE AND FOLKLORE (GRTKF); AND COPYRIGHT AND RELATED RIGHTS, WIPO/IP/GRTKF/BRA/12/1, 41 (WIPO 2012) *available at* http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ip_grtkf_bra_12/wipo_ip_grtkf_bra_12_1.pdf. *But see* MIHÁLY FICSOR, THE LAW OF COPYRIGHT AND THE INTERNET: THE 1996 WIPO TREATIES, THEIR INTERPRETATION, AND IMPLEMENTATION 278-80 (2002) (mitigating its initial suggestion by admitting some narrow application of the Appendix provisions in digital networks); *see also* MIHÁLY FICSOR, LIMITACIONES Y EXCEPCIONES AL DERECHO DE AUTOR EN EL ENTORNO DIGITAL 32-33 (2008) (supporting his latter interpretation of the Appendix provisions).

147 Those who argue the Appendix of the Berne Convention does not allow translation and reproduction of works in digital form rely heavily on the meaning of the word "analog" as the opposite of digital. This meaning is misleading because: i) the Convention uses the word "analogous" in several other provisions with the purpose of allowing an extensive interpretation, no to ex-

Convention and the Universal Copyright Convention do not support this interpretation.[148] Unfortunately, that foundationless restrictive interpretation has prevailed among scholars,[149] even among those who support the inclusion of flexibilities for purposes of development.[150] As a result, there

clude digital technologies; ii) in English, French, and Spanish the first sense of the word analogous is similar, likely, or comparable; in fact, the usage of analogous as opposite of digital or computer technologies has not been approved yet, at least by the Spanish Real Academy; iii) the dichotomy between analogous and digital took place only in the eighties, precisely when the restrictive interpretation of the provisions of the Appendix came up.

148 As a matter of fact, the General Report of Paris Conference neither supports the exclusion of digital works nor provides an explanation of the Appendix of the Berne Convention on this point. Instead, the *Report of the General Repporteur of the Universal Copyright Convention* analyzes its "analogous" provisions extensively. It explains that translation and reproduction refer to writings but exclude "sound recordings and any other form except one from which it can be read or otherwise visually perceived." *Compare* GENERAL REPORT OF PARIS CONFERENCE 1971, *supra* note 35, ¶¶ 27– 3, *with* REVISION OF THE UNIVERSAL COPYRIGHT CONVENTION 1973, *supra* note 33, ¶¶ 87, 112.

149 *See, e.g.*, Juan Carlos Monroy Rodríguez, *Necesidad de Nuevas Limitaciones o Excepciones para Facilitar la Digitalización y Puesta a Disposición de Obras Protegidas en el Marco de la Educación Virtual*, 14 REV. LA PROPIEDAD INMATERIAL 195 (2010) (suggesting that international instruments on copyright are limited to the non-digital environment); JUAN CARLOS MONROY RODRÍGUEZ, WIPO STANDING COMMITTEE ON COPYRIGHT AND RELATED RIGHTS, STUDY ON THE LIMITATIONS AND EXCEPTIONS TO COPYRIGHT AND RELATED RIGHTS FOR THE PURPOSE OF EDUCATIONAL AND RESEARCH ACTIVITIES IN LATIN AMERICA AND THE CARIBBEAN 48-49, 237 (2009), *available at* http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=130303 (excluding any applicability of the Appendix to works published in digital format and supporting his statement by reference to Mihály Ficsor); *see also* DANIEL SENG, WIPO STANDING COMMITTEE ON COPYRIGHT AND RELATED RIGHTS, STUDY ON THE COPYRIGHT EXCEPTIONS FOR THE BENEFIT OF EDUCATIONAL ACTIVITIES FOR ASIA AND AUSTRALIA 16, 18 (2009), *available at* http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=130249 (stating that the Appendix does not apply to recordings nor works in electronic form based on Sam Ricketson and Jane Ginsburg's work); RICARDO ANTEQUERA, LAS LIMITACIONES Y EXCEPCIONES AL DERECHO DE AUTOR Y LOS DERECHOS CONEXOS EN EL ENTORNO DIGITAL (2005) (WIPO Document), *available* at http://www.wipo.int/edocs/mdocs/lac/es/ompi_sgae_da_asu_05/ompi_sgae_da_asu_05_2.pdf (omitting any mention to the Appendix of the Berne Convention and similar compulsory licenses in his analysis of exceptions and limitations applicable to the digital environment).

150 *See, e.g.*, FOMETEU, *supra* note 59, at 21, 22 (expressing doubts whether the provisions of the Appendix apply to digital works); *see also* CLAUDE COLOMBET, GRANDES PRINCIPIOS DEL DERECHO DE AUTOR Y LOS DERECHOS CONEXOS EN EL MUNDO: ESTUDIO DE DERECHO COMPARADO 180 (1997) (suggesting doubts by expressing that several technologies have not

is a deeply rooted mistaken belief that the Appendix provisions do not apply to either digital works or the online environment.

The Appendix of the Berne Convention allows compulsory licenses for translation and/or reproduction of foreign digital works into languages of general use in developing countries. Its provisions do not prohibit licensing digital works, as that would defeat the very purposes of the Appendix. However, the Appendix would be a clearer and more useful legal instrument if it unequivocally stated its full applicability to digital works and the online environment to allow developing countries to take advantage of available technologies for a wider dissemination of knowledge.[151]

IV. A NEW INTERNATIONAL LEGAL INSTRUMENT IS NECESSARY TO MEET DEVELOPMENT NEEDS

As mentioned above, developing countries are not using the Appendix mechanism due to its bureaucratic requirements, limited advantages, and high transactional cost, among others. Moreover, the application of the Appendix to digital works and online environments is debatable, and it is also elusive for protecting linguistic minorities. The fact that the Appendix does not meet the needs of developing countries is by itself enough to justify a new and more effective instrument. This section, however, presents two additional arguments in favor of adopting a new Appendix for the Berne Convention. First, developed countries should provide proper flexibilities to developing countries for general welfare policy. Second, authors and right holders should consider the opportunities offered by an adequate international arrangement.

A. Adopting Flexibilities to Advance Enforcement

Most international instruments on intellectual property have focused on harmonizing the protection for right holders through substantive minimal legal standards. The Berne Convention, the TRIPs Agreement, and even the WIPO Internet Treaties have forced some uniformity onto matters such as the range of exclusive rights granted to authors, the term of

been handled by the Berne Convention, including those related with information technology).

151 *But see* Law No. 22 of 1992 on the Protection of Copyright and its Amendments (Jordan), as amended by the Amending Law No. 9 of 2005, art. 11 (setting forth an Appendix-like compulsory license for translating and/or publishing "in a printed form or any other form" to the Arabic language); Decree No. 468 Regulations on Protection of the Right of Communication through Information Network (adopted by the State Council, May 10, 2006) (China) (providing compulsory licensing for translation and use of work in the digital environment, but only with respect to works by national authors).

protection, and the requirements for limitations and exceptions, among others. The actual enforcement of these internationally harmonized rights, however, has been left mainly to domestic law.

In recent years, developed countries have emphasized the need for an international regime for the effective enforcement of intellectual property.[152] The European Union has agreed to a unified standard of intellectual property enforcement within its Internal Market.[153] The United States also has included standards of enforcement in its bilateral negotiations, particularly in all free trade agreements entered in the last decade.[154] Both the European Union and the United States, together with other developed economies, recently attempted to converge on an international instrument for enforcing intellectual property, the Anti-Counterfeiting Trade Agreement.[155] The United States is also negotiating similar provisions in the Trans-Pacific Partnership Agreement, an initiative that deepens free trade within the Pacific rim.[156] The enforcement of intellectual property, therefore, is a well-established issue in the international agenda of developed countries.

Developing countries, in contrast, have expressed different concerns. Focusing on intellectual property enforcement is not only counterproductive vis-à-vis their comparatively weaker economies; it also raises public policy and human rights concerns. As a result, developing countries have supported their own "Development Agenda" to obtain the flexibility that is currently lacking in the existing international legal framework. In this context, for example, proposals for treaties on the protection of traditional

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152 *See, e.g.*, G8 Hokkaido Toyako Summit Leaders Declaration Toyako Declaration on World Economy ¶ 17 (July 8, 2008), *available at* http://www.mofa.go.jp/policy/economy/summit/2008/doc/doc080714_en.html (encouraging the negotiation of an international instrument for enforcing intellectual property; G8 includes Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States).

153 *See* Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, 2004 O.J. (L 157) 47 (adopting a harmonizing regulation for intellectual property enforcement within the European Union).

154 The United States has included similar provisions in FTAs with Singapore, Chile, Morocco, Australia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, Bahrain, Oman, Peru, Colombia, Panama, and Korea. *See Free Trade Agreements*, U.S. TRADE REP., http://www.ustr.gov/trade-agreements/free-trade-agreements (last visited May 15, 2011).

155 *See* Anti-Counterfeiting Trade Agreement, preamble, Dec. 3, 2010, *available at* http://www.dfat.gov.au/trade/acta/Final-ACTA-text-following-legal-verification.pdf.

156 *See* Trans-Pacific Partnership – Intellectual Property Rights Chapter: Draft – Feb. 10, 2011 (unofficial leaked version), available at http://keionline.org/sites/default/files/tpp-10feb2011-us-text-ipr-chapter.pdf.

knowledge, copyright access for people with disabilities, and copyright exceptions for educational purposes have been introduced before the WIPO.[157] Developing countries have raised their voices to draw attention to the insufficiency of international intellectual property instruments to meet development needs.

Although it may seem reasonable for developed countries to strive for an adequate level of enforcement for intellectual property, that is not the case for developing countries. If developed countries want developing countries to cooperate in the enforcement of intellectual property, it is necessary to work on an agenda that provides the latter with enough flexibility to meet their needs. Otherwise, the international regulation of intellectual property will accentuate current inequities, seriously risk its own legitimacy, and exclude developing countries from effective enforcement. Any enforcement agenda that does not include the interests of developing countries will be unable to count on their support. In this context, future negotiations of international copyright instruments must incorporate new flexibilities for development purposes, particularly in the case of the already forty-year old Paris Act of the Berne Convention.

B. Providing Opportunities for Authors and Rights Holders

Every time the adoption of new flexibilities for developing countries is discussed in international forums, copyright holders express their concern. The core of their objections is that, although the needs of developing countries are indeed urgent, it is unfair to ask authors to bear the burden of meeting those needs.[158] Rights holders from developing countries also oppose the adoption of new flexibilities. In their view, new flexibilities may provide foreign authors with a competitive advantage that would ultimately undermine domestic creativity. These concerns overstate the potential damage and completely ignore the benefits of flexibilities for authors and rights holders.

Translating works into new languages does not only provide access to people and opportunities for countries, it also opens new markets for the

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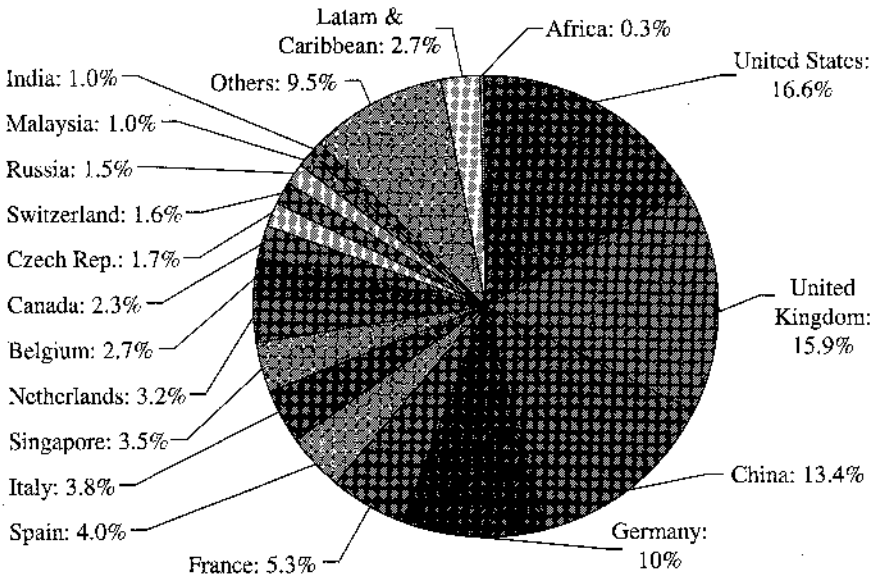
157 *See* PROPOSAL BY BRAZIL, ECUADOR AND PARAGUAY, RELATING TO LIMITATIONS AND EXCEPTIONS: TREATY PROPOSED BY THE WORLD BLIND UNION (WBU) (2009) (WIPO Standing Committee on Copyright and Related Rights), *available at* http://www.wipo.int/edocs/mdocs/copyright/en/sccr_18/sccr_18_5.pdf; and, AFRICAN GROUP, DRAFT WIPO TREATY ON EXCEPTIONS AND LIMITATIONS FOR THE DISABLED, EDUCATIONAL AND RESEARCH INSTITUTIONS, LIBRARIES (WIPO Standing Committee on Copyright and Related Rights 2011), available at http://www.wipo.int/edocs/mdocs/copyright/en/sccr_22/sccr_22_12.pdf.

158 *See* LIPSZYC, *supra* note 143, at 9, 42 (arguing that mechanisms such as the one adopted by the Appendix imply a subsidy from the authors to development); *see also* MOUCHET, *supra* note 22, at 75-78.

authors of translated works. For example, an adequate mechanism of notification may allow authors and right holders to learn about opportunities for their works in foreign markets. This way, authors can focus their efforts on deciding whether to enter the given local market directly or to allow domestic licensees to do so through voluntary licenses. Even if the right holder is not in a position to control the translation of works into a foreign language, she may still rely on domestic publishers subject to a guarantee for the fair payment of royalties. Overall, translating works offers authors and copyright holders the opportunity to assess the advantages of entering a certain market with the possibility of sharing the risk with an intermediary.

Figure 2: Top Book Exporting Countries by Market Share, 2009.

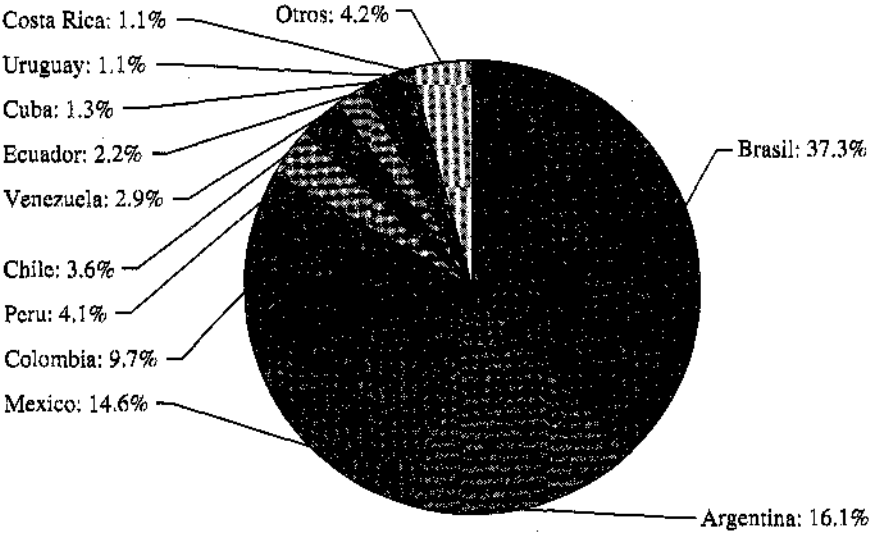


SOURCE: CERLALC, El Espacio Iberoamericano del Libro 2010.

A new regime of flexibilities may also provide opportunities for authors and right holders different from those available in large markets of developed countries. Although some developing countries have big markets, most have modest markets with small and medium size publishers, limited editions, and a reduced demand. The current mechanism adopted by the Appendix underestimates the limitations of most developing countries' markets and, instead, works under the assumption that these markets are as voluminous as those in developed countries. Figure 2 shows market size of top book exporting countries. In that pie chart, Latin America and the Caribbean represent barely 2.7% of the total, while African countries

are only a 0.3%. Moreover, there are significant differences among developing countries' markets. For instance, Figure 3 shows that 77.7% of the Latin American book production is concentrated in four economies.

Figure 3: Latin American Production of Titles, 2009.



SOURCE: CERLALC, El Espacio Iberoamericano del Libro 2010.

To provide opportunities for authors and right holders, a new regime of flexibilities needs to recognize the limitations of developing countries' markets. For instance, as mentioned above, several Central American countries have compulsory licenses for translating and reproducing works that remain useless due in part to a lack of domestic publishers and reduced size of markets. In El Salvador, a country with around six million people, three of the only five existing publishing companies release less than twenty titles per year.[159] Similarly, in Chile, the average print run of a book is less than 500 copies.[160] The transactional costs of using the Appendix are too high for publishers from developing countries that operate in these small capacities and market sizes.

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159 *See* FOMENTO DEL LIBRO AMERICA LATINA, *supra* note 60, at 75 (noting that, according to 2009 statistics, 68% of Latin-American publishers publish less than twenty books titles per year, and only 5% publish more than 100 books titles per year).

160 *See* AGENCIA CHILENA INTERNATIONAL STANDARD BOOK NUMBER, INFORME ESTADÍSTICO 2010, at 35-36 (2011), *available at* http://www.camaradellibro.cl/archivos/estadisticas/isbn2010.pdf (stating that less than 500 copies per book has been the prevailing number in Chile during the last decade, and it represents 53.57% of the 2010 production).

Despite market limitations of developing countries, there are two market concepts that help explain how developing countries still offer opportunities for authors and right holders: niche markets and economies of scale. A niche market is a fraction of the market formed by a reduced number of consumers with similar and easily identifiable needs. For instance, readers of Mapudungun, a language spoken by around 500,000 people mainly in the south of Chile constitute a niche market.[161] The size of this specific market is extremely reduced when compared to a typical market in developed countries. Because of their size, large-scale providers usually disregard niche markets; this, in turn, allows small providers the opportunity to offer goods and services tailored for those consumers. Authors and right holders that cannot or do not wish to exploit niche markets in their own may do so through voluntary and/or compulsory licensees.

A niche market must be small enough to be disregarded by big providers, but big enough to appeal to small providers. For example, there are around 100,000 Guarani speakers in Argentina. This number is too small to incentivize the translation and reproduction of works. If the number of Guarani speakers and potential consumers increases, however, reproducing translated books may be attractive because the cost of unit production decreases when the number of produced units increases. For instance, if it were possible to compound Argentinean, Brazilian, and Paraguayan Guarani speakers, we would be looking at a market of around 6 million potential readers.[162] This market would surely be attractive for some providers and, therefore, for authors and right holders of works translated into that language.

The mechanism of the Appendix should recognize the benefits of economies of scale that result from aggregating demand from different countries.[163] Unfortunately, this is not the case. First, the export of works

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161 *See* Fernando Zúñiga, *Mapudunguwelaymi am? "¿Acaso ya no hablas Mapudungun?": Acerca del Estado Actual de la Lengua Mapuche*, 105 Estudios Públicos 9, 9 (2007) (discussing the number of speakers of Mapudungun and concluding that it is in such a linguistic precariousness that if no public policies and private initiatives address it in short-term the language may disappear).

162 Paraguay has a singular situation in Latin America in which a native language is mainstream. Of more than 6 million habitants, 90% speak Guarani while only 55% speak Spanish. Guarani is also the main native language in the publishing sector in Latin America. Around 80% of the books published in native languages in the region between 2005 and 2009 were in Guarani, totaling 258 titles. *See* Fomento del Libro America Latina, *supra* note 60, at 62, 66.

163 *See* Fometeu, *supra* note 59, at 43 (suggesting that exportation should be allowed to countries with *"similar level of development which are not covered by the original copies and which have made the declaration required by the Appendix."*); *see also* Revision of the Universal Copyright Conven-

produced under the Appendix mechanism is prohibited.[164] Although the Appendix provides for some exceptions to this ban, numerous requirements have made the exceptions effectively inoperable.[165] Second, although offshore printing is technically allowed,[166] overcoming border measures can be extremely difficult for works reproduced under a license issued by foreign authorities. These types of limitations diminish the possibility of using an economy of scale approach to countries that share a language. For instance, small Portuguese speaking countries[167] cannot import works translated and reproduced into Portuguese in Brazil under a compulsory license issued by Brazilian authorities.[168] Spanish-speaking

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TION 1973, *supra* note 33, at ¶ 32 (referring to an African proposal for allowing developing countries having a common language to obtain a joint compulsory license, which was not approved).

164 *See* Berne Convention, *supra* note 1, Appendix, art. IV(4)(a); *see* STEWART, *supra* note 144, at 164 (stating that the intended purpose of this restriction was preventing works produced in developing countries from being available in markets of developed countries and undercutting authorized copies there). However, the restriction on exporting applies not only when sending works from a developing to a developed country but from any country to another.

165 Berne Convention, *supra* note 1, Appendix, art. IV(4)(c).

166 Berne Convention, *supra* note 1, Appendix, arts. IV(4)(a) and IV(5) (setting forth that publication and reproduction under a compulsory license are valid only in the country that has issued the license, but omitting any mention to printing); *see* LIPSZYC, *supra* note 143, at 17-26 (referring that Argentina proposed an express restriction to off-shore printing, but it did not prosper); Roger Fernay, *Paris 1971 ou les aventures d'un "package deal"*, 70 REVUE INTERNATIONALE DU DROIT D'AUTEUR [R.I.D.A.] 3, 32-33 (1971) (referring to the possibility of printing overseas as a concession in favor of developing countries that lack manufacturing capacities); FOMETEU, *supra* note 59, at 25 (mentioning that overseas printing is allowed by the Appendix, but subject to some restrictions); and, ULMER, *supra* note 24, at 357-59, 362 (stating the exportations are forbidden in principle, but allowed in some cases, such as when countries lack capacities); *see also* GENERAL REPORT OF PARIS CONFERENCE 1971, *supra* note 35, ¶ 40; REVISION OF THE UNIVERSAL COPYRIGHT CONVENTION 1973, *supra* note 33, ¶¶ 74, 114, 115; WIPO, *supra* note 14, p. 168. *But see* FICSOR, *Copyright and Transfer of Knowledge*, *supra* note 145, at 11 (stating that copies must be printed in the developing country that issued the license).

167 Four of the eight countries that have Portuguese as an official language are not parties of the Berne Convention: Angola, Mozambique, São Tomé e Principe, and Timor-Leste.

168 For accuracy, Brazil does not have any specific exception or compulsory licensing system for purposes of translation and reproduction of works in foreign languages into Portuguese or any other native language. *See* Pedro de Paranaguá Moniz, *Excepciones y Limitaciones al Derecho de Autor en Brasil: Logrando un Equilibrio entre la Protección y el Acceso al Conocimiento*, *in* ACCESO A LA CULTURA Y DERECHOS DE AUTOR 55-62 (Alberto Cerda

countries of the Americas, French-speaking countries of Africa, and Arabic-speaking countries of the Middle East are in the same situation.

Some scholars from developing countries argue that mechanisms such as the Appendix force domestic authors to compete with foreign authors on unfavorable terms.[169] This argument is wrong, if not misleading. Its proponents erroneously assume that works available under a compulsory license do not generate copyright royalties for right holders. Those works, however, must pay royalties. The Berne Convention requires payment of compensation according to "standards of royalties normally operating on licenses freely negotiated between persons in the two countries concerned."[170] Calculating royalties according to the formula established in the Appendix is highly restrictive. The rates of developed countries drive average royalty rates up, which increases the cost of access for developing countries.

Moreover, higher rates undermine a wide dissemination of knowledge and ultimately force developing countries to give up a given content. Abiding by domestic royalties should not damage the interests of foreign authors and other right holders. Domestic royalties simply are sources of income the authors are not receiving because their works are not exploited in domestic markets abroad. Then, using this formula would not harm domestic right holders either; in terms of copyright royalties, they would be competing on an equal plane with foreign authors.

Detractors of flexibilities for developing countries argue that facilitating the translation and reproduction of works into foreign languages may destroy booming markets for the main colonial languages: English, French, and Spanish. Although there is no data available about the actual size and functioning of those markets as a whole, there is data about some specific countries. It is fair to say that the main book exporting countries are in the best position to become the main translation producers, because they have broader manufacturing and publishing capacities. As figure 2 showed, the United States controls more than 16% of the exports.[171] In contrast, less than 3% of the U.S.'s entire production is translations.[172]

Silva ed., 2008) (referring to the lack of Appendix-like compulsory licensing in Brazilian copyright law, but the convenience of adopting this system in spite of its complexities); *see also* Pedro Mizukami et al., *Exceptions and Limitations to Copyright in Brazil: A Call for Reform*, *in* ACCESS TO KNOWLEDGE IN BRAZIL: NEW RESEARCH ON INTELLECTUAL PROPERTY, INNOVATION AND DEVELOPMENT 41-78 (Lea B. Shaver ed., 2010).

169 *See* Lipszyc, *supra* note 144, at 44 (supporting this argument, by expressing that, "unprotected foreign works substitute domestic ones").

170 Berne Convention, *supra* note 1, Appendix, art. IV.6(a)(i).

171 *See* Fomento del Libro America Latina, *supra* note 60, at 172.

172 *See Three Percent: A Resource for International Literature at Rochester University*, http://www.rochester.edu/College/translation/threepercent/index.

Moreover, according to data collected by the University of Rochester, in 2010 only 317 books translated into English were published; 48 of those were originally written in Spanish.[173] The United Kingdom, the world's second largest book exporter with a 15.9% market share,[174] only published ninety-three books translated from Spanish in 2007.[175] These numbers suggest that, even in the case of main colonial languages that enjoy the benefits of economies of scale, voluntary licenses for translation are still limited. These numbers also indicate that the existing international legal framework does not facilitate translations from one language to another.

Available data from Latin-American countries shows that translations are few and are mostly of works written originally in English. In 2008, of 46,993 books published in Brazil. 6,626 were translations into Portuguese and 60.1% of these were from English sources.[176] The same year, of 6,469 books published in Mexico, only 164 were translations into Spanish, and 66% of these were from English sources.[177] Similarly, in 2010, 5,107 books were published in Chile; 302 of them were translations into Spanish, 77.5% of which from originals in English.[178] The relatively high numbers of translations from English in Brazil may be explained because few countries speak Portuguese and, therefore, Brazil cannot satisfy its domestic demand with books published in other countries. English is the main language translated into Spanish and Portuguese in Latin America because English is the predominant language in technical and commercial fields.[179]

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php?s=database (last visited May 16, 2011) (suggesting, however, that 3% is a little high, since it may include not only first-time translated books, but also books that have been printed and translated several times, such as classical literature).

173 In 2008, 362 translated books were published into English, forty-eight of them were originally written in Spanish; in 2009, 357 translated books were published into English, sixty-two of them were originally written in Spanish. *See id.* (limiting statistics to original translations published or distributed in the United States).

174 *See* Fomento del Libro America Latina, *supra* note 60, at 101.

175 *See Las traducciones de libros del español al inglés en Reino Unido aumentan un 50% en tres años*, Oficina Económica y Comercial de España en Londres (Dec. 5, 2007), *available at* http://www.icex.es/icex/cda/controller/pageICEX/0,6558,5518394_5519005_5604470_4036437,00.html (referring to an increase of 50% from 2004, when only sixty-three translations were made, to 2007).

176 *See* Fomento del Libro America Latina, *supra* note 60, at 43, 84.

177 *Id.*

178 *See* Agencia Chilena International Standard Book Number, *supra* note 159, at 12, 30.

179 *See* Fomento del Libro America Latina, *supra* note 60, at 99 (referring to a 2010 study by Index Translationum that states English is the predominant source language with 55% of the translations).

The absence of book translations in developing countries impairs public access and, consequently, the satisfaction of development needs. The lack of translations is also detrimental for authors and right holders who cannot tap new markets to exploit their works. A new international legal instrument must allow properly functioning market niches and economies of scale to cure this deficiency.

V. *WORKING ON A NEW INSTRUMENT TO MEET DEVELOPMENT NEEDS*

The Appendix of the Berne Convention intended to meet the needs of developing countries by providing access to copyrighted works to facilitate their development. Unfortunately, the Appendix failed.[180] Although scholars tend to agree on the inefficacy of the Appendix, there is no agreement about how this inefficacy can be overcome. Some scholars have expressed skepticism on whether the Convention can be changed to meet the needs of developing countries. This group suggests that a solution must be found in other forums or international instruments.[181] Other scholars, instead, have argued in favor of modifying the Convention to meet development needs.[182]

Based on the current Appendix mechanism, this section outlines a proposal for a new instrument that meets development needs. This proposal recommends extending the scope of beneficiaries, diversifying the legal mechanisms that provide flexibility, reducing and simplifying the bureau-

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180 *See also* SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886–1986, *supra* note 22, at 663 (making similar argument when evaluating the usefulness of the Appendix). *But see* WIPO INTELLECTUAL PROPERTY HANDBOOK: POLICY, LAW AND USE 268 ¶ 5.204 (2d ed. 2004), *available at* http://www.wipo.int/about-ip/en/iprm/ (suggesting that the Appendix may favorably influence negotiation and may lead to increased scope for voluntary licensing), *and* Ficsor, *supra* note 146, at 10-11 (rejecting the argument that the Appendix has favored voluntary licensing and arguing, instead, that developing countries seem trapped in the complex and bureaucratic rules of the Appendix and raising doubts about the actual existence of these compulsory licenses).

181 *See, e.g.*, Alan Story, *Burn Berne: Why the Leading International Copyright Convention Must Be Repealed*, 40 HOUS. L. REV. 763, 800 (2003) (arguing that the Berne Convention does not meet the needs of developing countries, that any radical reforms may affect the foundations of the system and, therefore, the Berne Convention should be repealed); ALAN STORY, AN ALTERNATIVE PRIMER ON NATIONAL AND INTERNATIONAL COPYRIGHT LAW IN THE GLOBAL SOUTH: EIGHTEEN QUESTIONS AND ANSWERS 63 (2009); DRAHOS & BRAITHWAITE, *supra* note 10, at 78 (stating that if developing countries were to meet their needs, "they would have to do so outside the Berne system.").

182 *See, e.g.*, CHON, *supra* note 86, at 218-49.

cratic requirements, embracing technology opportunities, allowing exports, and improving the capacity building of the competent international organization. Lastly, the section considers several factors to take into account in choosing an international forum for advancing the proposal.

A. Expanding the Scope of Beneficiaries

Development needs are not exclusive to developing countries. Different minority groups, but linguistic minorities in particular, require special copyright flexibilities in both developing and developed countries. Therefore, the Appendix made a mistake when it limited the scope of its intended flexibilities to developing countries.

A new instrument must adopt a more holistic approach that recognizes that development challenges have an effect in countries at all levels of development. This approach would allow the expansion of copyright flexibilities to communities that cannot fully realize the potential of their members, regardless of the country where the community is located. The issue of formulating international intellectual property regulations that cut across development lines is not new. For instance, TRIPs allowed countries, regardless of their development status, to issue compulsory licenses to manufacture pharmaceutical products.[183] This solution arose as a result of the recognition that manufacturing capacities are essentially relative and, therefore, they do not correspond to either developed or developing countries alone. To some extent, the aforementioned "ten-year regime" clause of the Berne Convention also recognizes the mistake of distinguishing between developing and developed countries when providing copyright flexibilities. This provision allows any accessing country to substitute the exclusive right of translation for the lapsing of copyright if a work is not available in a language in general use in the said country within ten years from its first publication. Unfortunately, because of its severe restrictions, this special regime has become useless too.[184]

It may be argued that domestic law rather than international instruments should address the challenges faced by particular communities within a country. This approach might be effective in some cases. For instance, China allows the translation from the dominant Han into any other minority nationality language within the country. This type of do-

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183 *See* WTO General Council, *Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health*, WT/L/540 and Corr.1 (Aug. 30, 2003), *available at http://www.wto.org/english/tratop_e/trips_e/implem_para6_e.htm. See also* Carlos Correa, *Implications of the Doha Declaration on the Trips Agreement and Public Health*, 12 WORLD HEALTH ORGANIZATION HEALTH ECONOMICS AND DRUGS SERIES 23 (2002), *available at* http://apps.who.int/medicinedocs/en/d/Js2301e/.

184 *See supra* notes 13–16 and their accompanying text.

mestic solution, however, has a local scope. The Chinese mechanism is limited to works of Chinese authorship, because the Appendix protects foreign authors. It would be difficult for China to extend its pro-access policy to works of foreign authorship and remain compliant with its international commitments through the Appendix or by implementing a copyright exception.

An adequate solution to address development needs, particularly in the case of oppressed minorities, should go beyond the governmental issuance of compulsory licenses. An effective solution must allow minority members to apply for compulsory licenses directly to an international organization in order to bypass the limitations or negligence of their government. Currently, there are several mechanisms that authorize nationals to appeal directly to an international organization, such as the Inter-American Human Rights Commission, UNESCO, and even WIPO itself.

In sum, a new instrument for providing flexibilities for development must not be limited to developing *countries*. Rather, a new instrument should encompass developing *communities*. Moreover, a new instrument should establish a mechanism for minorities to obtain compulsory licenses from their government or an international body if their government neglects or unreasonably denies their request.

B. Diversifying the Available Mechanisms

The Appendix of the Berne Convention sets forth a system of compulsory licensing for the translation and reproduction of copyrighted works for educational and researching purposes.[185] In one case, the Appendix emphasizes that the use must be non-profit.[186] This system of licensing does not authorize free use. Instead, the Appendix authorizes compulsory uses with just compensation to right holders.[187] Again, the Appendix has a reduced scope and real impact because it does not authorize the for-profit exploitation of a copyrighted work, even when a licensee must pay compensation to the right holder.

Compulsory licensing could be a reasonable solution for commercial and/or for-profit uses of a copyrighted work. The Appendix does not allow for those kinds of uses and adopts instead a torturous solution for essentially non-profit translation and reproduction. The Appendix creates an absurd situation where some countries, instead of implementing the Appendix mechanism to provide a wide dissemination of content, have adopted exceptions and limitations that run short of meeting that purpose

185 *See* Berne Convention, *supra* note 1, Appendix, arts. II.5, III.7 b.
186 *See id.* art. II.9(a)(iv)
187 *See id.* art. IV.6(a)

because they are subject to the three-step test.[188] Moreover, the Appendix creates the paradox that some developing countries have worse conditions of access to copyrighted works than developed countries.[189] At the same time, the Appendix has produced the unintended effect that most developing countries have restricted themselves to adopt a solution based on limitations and exceptions to copyright.

A new attempt to provide flexibilities for the translation and reproduction of works for satisfying development needs must make a reasonable distinction between for-profit and not-for-profit uses. For example, a new instrument should (1) limit compulsory licensing (i.e., compensated authorization) to translation and reproduction for commercial purposes; and (2) adopt exceptions and limitations (i.e., free authorizations) for translation and reproduction for personal, educational, research, and other non-commercial purposes. Assuming the cost of licensing is fair in a for-profit entrepreneurship, but may overwhelm not-for-profit initiatives. The Appendix should acknowledge that difference, even when that distinction can be unclear in borderline activities.

It has been said that a compulsory licensing system is not efficient because it leads to stagnation as it erodes the needed flexibilities of any legal regime.[190] That is only partially true. The traumatic experience of the United States with the everlasting compulsory license for mechanical reproduction is probably the paradigm of that argument.[191] However, in comparative law it is possible to find compulsory licensing regimes that are much more flexible, both in their pricing and procedure.[192] Therefore, preserving a compulsory licensing system does not necessarily mean adopting a mechanism that cannot adapt to new challenges.

In addition to exceptions and compulsory licenses, the "ten-year regime" should be more flexible. Currently, this clause allows the lapsing of copyright if a work is not available in a language of general use in a given

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188 *See supra* notes 87–95 and accompanying text.

189 *See, e.g.*, CHON, *supra* note 86, at 218-49 (referring to the paradox that the U.S. and some European Union countries provide better conditions of access under exceptions than those available for inhabitants of developing countries).

190 *See* Robert P. Merges, *Compulsory Licensing vs. the Three "Golden Oldies": Property Rights, Contracts, and Markets*, 508 POL'Y ANALYSIS 1, 9 (2004) (stating that "compulsory licensing has led to price stagnation").

191 *See* Robert P. Merges, *Contracting into Liability Rules: Intellectual Property Rights and Collective Rights Organizations*, 84 CAL. L. REV. 1293, 1308-16 (1996) (arguing against compulsory licensing based on the U.S. local experience with the mechanical compulsory license for copyrighted music).

192 *See, e.g.*, LIPSZYC, *supra* note 19, at 243-44 (mentioning that fees for using works under compulsory licensing can be determined by a legal norm, by an administrative authority, or a court).

country ten years from its first publication. There are four modifications that can render this provision more effective. First, reducing the term in which the work must be made available in the mentioned language. Second, allowing any developing country to abide by the provision, either at adhesion to the Convention or later. Third, guaranteeing compatibility with the provision on compulsory licenses for translation and/or reproduction of works. Fourth, banning retaliation against authors whose countries of origin have implemented this mechanism. These amendments may partially satisfy the need developing countries have to widely disseminate works for purposes of teaching, scholarship, and research.

C. Providing an Unequivocal Solution for Digital Environments

The applicability of the Appendix to digital environments is, to say the least, unclear. While the Berne Convention provides a standard for evaluating the adoption of copyright limitations and exceptions in the context of new technologies, its Appendix does not provide uncontested rules to allow developing countries to take advantage of new opportunities in technology. Instead, the myth of the Internet as the perfect borderless photocopy machine has pervaded legal literature and prejudiced policy makers against flexibilities for the digital environment.

In contrast to the early beginnings of digital networks, today's Internet is a space as susceptible to regulation as any other non-digital environment. In addition to legal and contractual rules, an increasing number of technological measures contribute to control and discipline the behavior of Internet users. It is technically possible to control accessing, using, and copying contents. It is also possible to adjust the online experience to the local legal framework of a certain geographical location.[193] Moreover, anonymity is certainly no longer a default feature of online communications.

In addition to the experience of Yahoo!, Google, and iTunes with geographical localization systems, it may be extremely useful to survey the experiences of other initiatives that provide public access to copyrighted contents. To comply with copyright constraints, those initiatives adopted sophisticated operational models. For example, Open Library is an initiative that negotiated particular terms of licensing with publishers to make books available online. An interesting feature of this initiative is that digital books behave just like paper books: they are susceptible to temporal public borrowing; multiple copies are not available simultaneously; each

193 *See* JACK GOLDSMITH & TIM WU, WHO CONTROLS THE INTERNET: ILLUSIONS OF A BORDERLESS WORLD 49-63 (2008) (discussing the increasing use of geo-identification technologies on the Internet as a measure for making the networks controllable).

book is only available to a single person on a one-by-one system. Users must go to a participating library or other places with accredited IP connections to download books on their devices for a specific period of time, after which access to the books is deactivated. Currently, Open Library works in several public and university libraries throughout the United States, Canada and, recently, Guatemala. The Open Library initiative suggests that, with proper technological and legal support, developing countries may provide broader access to copyrighted material for their population.

However, the international legal framework is still somewhat evasive of the possibility of providing a mechanism that allows using digital environments as platforms to access copyrighted material in developing countries. If voluntary licenses are not granted, the Appendix seems insufficient to meet development needs. A new international instrument must clearly state its application to digital environments,[194] and unequivocally allow digital reproduction and online access. Moreover, a new international legal instrument must establish limitations and conditions of such access, specify the status of online automatic translation services, and govern the technological measures that control access and use of copyrighted material.

An effective solution to provide legal flexibilities for using works in online environments must take into account the risk of improper use of technologies. Therefore, developing countries should implement regulation that prevents illegal use of copyrighted works. Denying access for some cases may be fair if it is, instead, properly provided in others. In this sense, a new mechanism must balance the competing interests of authors, right holders, users, and communities. In creating such a balance, the price that developing countries may be forced to pay is the provision of protection and effective enforcement in cases of illegal use of copyrighted material.

D. Simplifying Legal Paperwork and Requirements

The Appendix of the Berne Convention delivers a compulsory licensing system for developing countries that is extremely bureaucratic because it was created on the suspicion that developing countries would misapply the flexibilities.[195] To prevent such theoretical abuse, the Appendix adopted several restrictions that apply both at the international and domestic levels. This superposition of requirements makes the framework

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194 *See supra* notes 131–150 and accompanying text.

195 *Compare* Berne Convention, *supra* note 1, Appendix (setting forth an over-regulated system of compulsory licensing) *with* Berne Convention, *supra* note 1, art. 9(2) (adopting a more general and simple system for copyright limitations and exceptions).

labyrinthine. The system is plagued with categories of works, terms, languages, and so on. As a result, one scholar has qualified this regime as "unworkable."[196]

At the international level, a developing country that wants to enjoy the provisions of the Appendix must not only notify WIPO's General Director, it must also renew this notification periodically.[197] When countries have not complied with the notification process at the international level, it is unclear whether individuals can obtain a license according to domestic law.[198] This is the case for publishers in Latin American countries that have implemented the Appendix mechanism without notifying WIPO.

At the national level, countries must implement the Appendix provisions into their domestic law. As a result, countries must carefully adopt a complex system of rules on categories of works, languages, terms, quality of translations, etc. Potential licensees have to handle that confusing regulation. In addition, it is necessary to create a procedure for appearing before judicial or administrative authorities that generally lack experience regarding these matters.

Overall, such requirements discourage national publishers from developing countries from using the Appendix mechanism. These requirements add new and significant publishing costs to those already in existence, such as remuneration to translators and compensation to right holders. In the small markets of developing countries, the additional cost of Appendix mandated procedures to obtain a compulsory license substantially increases the final cost of any publishing initiative. As a result, transaction costs make the Appendix mechanism unviable.

A new international instrument must provide developing countries with an uncomplicated mechanism through the following measures. Unnecessary bureaucratic paperwork, such as the WIPO notice renewals should be deleted. Instead, the mechanism can adopt a more straightforward notification procedure similar to the one set forth for compulsory licensing in TRIPs.[199] Other improvements could include standardizing

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196 Margaret Chon, *Intellectual Property "from Below": Copyright and Capability for Education*, 40 U.C. DAVIS L. REV. 803 (2007); *see also* Ndéné Ndiaye, *The Berne Convention and Developing Countries*, 11 COLUM.-VLA J.L. & ARTS 47 (1986-1987); RUTH L. OKEDIJI, THE INTERNATIONAL COPYRIGHT SYSTEM: LIMITATIONS, EXCEPTIONS AND PUBLIC INTEREST CONSIDERATIONS FOR DEVELOPING COUNTRIES IN THE DIGITAL ENVIRONMENT 25-26 (2005), *available at* http://www.iprsonline.org/unctadictsd/docs/Okediji_Copyright_2005.pdf. *But see*, RICKETSON and GINSBURG, *supra* note 22, at 956-60.

197 Berne Convention, *supra* note 1, Appendix, arts. I.1, I.2.

198 *See supra* note 77.

199 *See supra* note 182.

rules, particularly on terms and categories of work, and removing protectionist measures for colonial languages.[200]

Technology could help improve the system. As noted previously, the new international instrument must state clearly its application to digital works and online environments. Similarly, the instrument must incorporate technology to facilitate its application, management, and issuance of licenses. An online, open, and comprehensive system of information similar to the one available for domain name system could achieve this goal.[201] Such a database would allow public and global research of and notification to authors and copyright holders of works susceptible of being licensed. Such a system would also enable local authorities to coordinate their actions and facilitate communications between potential licensees and licensors. Finally, this database would introduce transparency in the functioning of the system, which so far is missing from the Appendix.

E. Allowing Exportations

The Appendix mechanism ban on the exportation of works is excessive. The ban originally intended to prevent works produced under compulsory license to flood markets around the world. The ban has, however, undermined the use of the mechanism in countries that lack manufacturing capacities and in countries with small markets. Although the Appendix allows overseas printing,[202] this measure is not useful when the market of the licensor country is small. The Appendix also sets forth exceptions that allow works to be exported from one country to another.[203] But these exceptions have lost their effect because they are extremely narrow and bureaucratic.[204]

A new mechanism for development must recognize the advantages of economies of scale, particularly for small developing economies, and allow the export of works produced under compulsory licenses. Some authors in favor of exportation have limited their support to developing countries that have issued compulsory licenses.[205] However, if the new mechanism seeks to meet development needs rather than only the needs of developing countries, exports should not be limited to developing countries. For instance, the export of certain goods would contribute to meeting the needs of developing communities in developed countries, such as Amharic or

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200 *See* FOMETEU, *supra* note 59, at 43 (suggesting the simplification of procedure, reducing the period of immunity, and eliminating the waiting period).

201 "Who" is the Internet protocol that allows identifying, and sometimes contacting, the assignee of a given domain name.

202 *See supra* note 166.

203 *See* Berne Convention, *supra* note 1, Appendix, art. IV(4)(a).

204 *See id.* art. IV(4)(c).

205 *See supra* note 158.

Mapudungun speakers in the United States. Moreover, requiring licensing from a new country when the work is already available creates unnecessary bureaucracy, redundancy of efforts, and artificial barriers for the free flow of goods.

The new mechanism must also remove obstacles to the free flow of copyrighted goods. Traditionally, custom authorities have had power to limit the flow of goods that infringe on intellectual property only in the exporting or importing countries. In recent years, however, customs authorities' competence over in-transit goods has expanded.[206] If the new mechanism allows exportation, then customs authorities from in-transit countries should not interfere with the free flow as long as the works comply with customs regulations of the exporting and importing countries.

F. Improving Institutional Support

Competent international copyright organizations must play a more relevant role in implementing a solution for development in order to ensure a wide dissemination of knowledge. Despite the high expectations of the 1970s, under the Appendix, WIPO has played only a minor role on this matter.[207] The mere fact that the Appendix mechanism is still misunderstood by its beneficiaries and that there has not been any critical study about it provide enough evidence of WIPO's precarious involvement. For those who have been involved with WIPO capacity building programs, the absence of assistance on flexibilities for developing countries is astonishing.[208]

A well-drafted mechanism should specify the role of an international institution in capacity building of publishers, distributors, booksellers, authors and right holders from countries or communities that wish to benefit from the new flexibilities. In addition, the competent international organization must also provide technical assistance to governments in the incorporation of flexibilities into domestic law. Moreover, the international entity could play a more active role in providing technological and financial support, advice on good practices, and critical analysis on the effective functioning of the system.

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206 *See, e.g.*, Anti-Counterfeiting Trade Agreement art. 16, Dec. 3, 2010, *available at* http://www.dfat.gov.au/trade/acta/Final-ACTA-text-following-legal-verification.pdf (authorizing countries to adopt or maintain procedures with respect to suspect in-transit goods or in other situations where the goods are under customs control, even acting *ex-officio*).

207 *See* OLIAN JR., *supra* note 10, at 110 (suggesting a more active role for WIPO in implementing a solution for developing countries by facilitating contact between interested parties and payment of royalties).

208 The author took part as speaker in the XII WIPO/SGAE Regional Academic Course, Derecho de Autor y Derechos Conexos para Países de América Latina, Santiago de Chile, Oct. 9-13, 2006.

The competent international organization should also be able to improve access to copyrighted works by developing countries and communities. For example, the organization could issue compulsory licenses in its own right. Doing so would contribute to a wider dissemination of knowledge in countries where governments are reluctant or negligent in issuing licenses or lack the capacity to implement the international instrument. Moreover, internationally issued licenses would relieve some of the pressure that developing countries experience when they attempt to implement flexibilities into their domestic laws.

G. Choosing an International Forum

Choosing the best forum for adopting a new international instrument flexibilities for development requires considering political and legal issues, timing, and the schedules of the different possible forums. Rather than providing a firm answer to this question, this section reflects some of the advantages and disadvantages of the different alternatives.

The first temptation is to consider revising the Appendix, and possibly the Universal Copyright Convention, because they both regulate the compulsory licensing in favor of developing countries. However, modifying them would be extremely complex because it would entail the organization of a conference and unanimous approval.[209] The 1971 Paris Conference required preparation that started practically at the very end of its previous 1967 Stockholm Conference. Since then, several attempts to update the Berne Convention have failed, even when they counted on the right holders support. Developed countries have circumvented the complexities of modifying the Berne Convention by adopting new instruments before WIPO and WTO. The Berne Convention has become a fossil that reminds us of the copyright standard of the industrial era. Any improvement must follow another path.

Another possibility is adopting a new international instrument on flexibilities for development before WIPO. Currently this international organism, part of the United Nations system, works on several proposals regarding international instruments on copyright.[210] So far, the most advanced proposal concerns granting access to copyrighted works for people with disabilities. In spite of its narrow purposes, developed countries have

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[209] *See* ARPAD BOGSCH, THE FIRST HUNDRED YEARS OF THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS 67 (1986) (suggesting that the very success of the Berne Convention has became the cause of its stagnation because its modification requires the agreement of broad number of countries).

[210] For instance, on access for people with disabilities, on exceptions and limitations for education, on traditional knowledge, and on protection for broadcast organizations, among others.

strongly opposed this proposal. This experience suggests that an instrument with a broader purpose, such as providing flexibilities for development needs, may face enormous resistance in that forum.

The WTO is yet another alternative. This international organization already has experience providing flexibilities in the enforcement of TRIPs. The WTO allows countries to issue a compulsory license for pharmaceutical products in case they lack the capacity to manufacture them. Although this exception was originally a temporary mechanism,[211] it later became a permanent modification to TRIPs.[212] In this sense, the WTO shows a successful adoption of flexibilities and some level of commitment in evaluating their implementation and functioning in both TRIPs and the domestic law of WTO members. Moreover, TRIPs has an enforcement mechanism that is lacking in the Berne Convention. Finally, TRIPs also has a larger number of members than the Berne Convention, which suggests a wide base of potential application for a new instrument.

Adopting an international instrument that provides flexibilities to meet development needs may take a long time. This is more likely if developed countries show the resistance they did during the negotiations that concluded with the adoption of the Appendix. Therefore, it may be advisable to work initially on a narrower instrument. For instance, seeking an agreement at the regional or sub-regional level, such as within the Common Market of the South[213] or the South American Community of Nations.[214] This narrower approach may create important opportunities for granting wider access to sources of knowledge with some additional positive externalities; for example, empowering regional and native cultures by promoting the preservation of their linguistic heritage. Currently, 16% of the translations published in Brazil are from books initially available in Spanish;[215] that number may increase under an adequate instrument. Language minorities from neighboring countries also may enjoy the bene-

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211 *See* WTO General Council, Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health, WT/L/540 and Corr.1 (Aug. 30, 2003), *available at http://www.wto.org/english/tratop_e/trips_e/implem_para6_e.htm.*

212 *See* WTO General Council, Decision on the Amendment of the TRIPS Agreement, WT/L/64 (Dec. 6, 2005), *available at* http://www.wto.org/english/tratop_e/trips_e/wtl641_e.htm.

213 *See* Treaty for the Constitution of a Common Market between the Republic of Argentina, the Federate Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay (Asuncion Treaty), Mar. 26, 1991, 30 I.L.M. 1044 (initiating the regional integration of the economies of Argentina, Brazil, Paraguay, and Uruguay).

214 *See* South American Community of Nations Constitutive Treaty, May 23, 2008, *available at* http://www.comunidadandina.org/INGLES/csn/treaty.htm (initiating a process of regional integration between South American countries).

215 *See* FOMENTO DEL LIBRO AMERICA LATINA, *supra* note 60, at 84.

fits of economies of scale, such as between Mapudungun speakers of Argentina and Chile; Guarani speakers of Argentina, Brazil, and Paraguay; Aymara speakers of Bolivia, Chile, and Peru, and so on.

Although not fully satisfactory, a regional instrument may be a first step to adopting an international instrument that provides enough flexibility for a wider dissemination of knowledge.

VI. FINAL REMARKS AND CONCLUSIONS

The Appendix of the Berne Convention intended to provide some flexibility for developing countries in order to meet their needs for a wider dissemination of knowledge. The Appendix's system of compulsory licensing, however, has proven to be inefficient. Developing countries have not adopted the bureaucratic and limited mechanism of the Berne Convention. Rather, many of these countries have devised idiosyncratic solutions in their domestic laws. In addition, the Appendix creates legal uncertainty about its application to the online environment. Furthermore, the Appendix falls short of providing solutions that effectively meet development needs, particularly those of cultural and linguistic minorities. These criticisms should be enough to encourage the adoption of a new solution for developing countries. However, adopting such a mechanism may also allow the advancement of general welfare goals related to the protection of intellectual property by developed countries. A new mechanism may even lead to new opportunities for authors and right holders.

Any new solution for addressing the needs of developing countries must be informed by the lessons learned from the failure of the Appendix of the Berne Convention. For instance, a new international instrument must

- Extend the scope of provisions to both developing *countries* and developing *communities* in developed countries.
- Provide diverse legal mechanisms, beyond nationally issued compulsory licenses, for a variety of purposes.
- Reduce paperwork, bureaucracy, and unnecessary safeguards that have made the system in force completely unworkable.
- Take advantage of the opportunities offered by technology both for development purposes and for facilitating the functioning of the system itself.
- Engage competent international organizations to play a more active role in empowering countries and communities to take advantage of the system by providing technical assistance and capacity building, among other responsibilities.

In its more than forty years in force, the Appendix has failed to meet the needs of developing countries. A compromise is urgently required in

the international copyright law to allow less developed countries and communities to participate in the global progress of culture, science, and technology.

SAFE HARBORS FROM COPYRIGHT INFRINGEMENT LIABILITY IN CHINA

by YONG WAN*

Although the Chinese Copyright Law was amended in 2001, after the American Digital Millennium Copyright Act ("DMCA")[1] and the European Electronic Commerce Directive[2] were enacted, it did not focus on digital copyright, since the primary aim of that amendment was to pave the way for China's accession to the WTO/TRIPs Agreement.[3] It was not until May 18, 2006, that the Regulations for the Protection of the Right of Communication Through the Information Network ("RPRCIN")[4] were adopted by the State Council of the P.R. China in response to the challenges of digital technology and to strike a balance between liability of network service providers ("NSPs") and the protection of copyright over the network. One of the key elements in the balance was a system of "safe harbors" — a set of provisions protecting qualifying NSPs from liability

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1 *See* Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified in scattered sections of 17 U.S.C.).

2 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 (hereinafter E-Commerce Directive).

3 QIAN WANG, ZHISHICHANQUAN FA JIAOCHENG [INTELLECTUAL PROPERTY LAW] 23 (3d ed. 2011). It should be noted that the 2001 Amendment incorporated some initial ideas of the World Intellectual Property Organization Copyright Treaty into the Chinese Copyright Law, for example, adding the provisions on the right of communication through the information network, and the prohibition of circumvention of technological measures. However, those provisions are very simple. This author believes that the reason for the incorporation is that Chinese delegates participated in the 1996 Diplomatic Conference. Some of the delegates were also the main drafters of the 2001 Amendment, so they had some knowledge of the WCT, but unfortunately were unfamiliar with the contents of the DMCA or E-Commerce Directive. For this reason, the 2001 Amendment did not deal with the issue of safe harbors that did not exist in the WCT but in the DMCA.

4 Regulations for the Protection of the Right of Communication through the Information Network [hereinafter RPRCIN], 1198 St. Council Gaz. 13 (2006), *translated in* 86 CHINA PAT. & TRADEMARKS 90 (2006).

for damages. Although the logic of safe harbors under the RPRCIN is clear, the definite content of some sorts of safe harbors is not.

I. INTRODUCTION

A. Safe Harbor Provisions Under the American DMCA

In 1998, the American Congress enacted the DMCA to update copyright law by keeping pace with the Internet. The DMCA added to copyright law a most important component in an effort to balance the interests of copyright holders and NSPs in a way that will foster the growth of the Internet, the safe harbor provisions that protect NSPs from monetary liability.[5] These provisions, codified at 17 U.S.C. § 512, have become one of the most important parts of the DMCA.[6]

B. Safe Harbor Provisions Under the European E-Commerce Directive

Two years after the enactment of the DMCA, the European E-Commerce Directive was approved in June 2000. The E-Commerce Directive, which also adopted safe harbors, aims to remove obstacles to providing cross-border online services in the European Union and to provide legal certainty to business.[7] Although largely inspired by the DMCA safe harbors, the approach of the E-Commerce Directive differs from the DMCA in a number of significant ways.[8]

First, the E-Commerce Directive adopted a so-called horizontal approach: (1) to cover not only copyright infringement, but also trademark infringement, defamation, misleading advertising, etc.; and, (2) to cover

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[5] QIAN WANG, WANGLUO HUANJING ZHONGDE ZHUZUOQUAN BAOHU YANJIU (COPYRIGHT PROTECTION IN THE NETWORK ENVIRONMENT) 208 (2011); Mike Scott, *Safe Harbors Under the Digital Millennium Copyright Act*, 9 N. Y. U. J. LEGIS. & PUB. POL'Y 99, 99-100 (2005).

[6] For a detailed analysis of DMCA Section 512, please see, e.g., Scott, *supra* note 5; 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12b (2009); 2 PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 8.3.2 (2010); Brandon Brown, *Fortifying the Safe Harbors*, 24 BERKELEY TECH. L.J. 1 (2008); Edward Lee, *Decoding the DMCA Safe Harbors*, 32 COLUM. J. L. & ARTS 233 (2009); BRIAN YEH & ROBIN JEWELER, SAFE HARBOR FOR SERVICE PROVIDERS UNDER THE DIGITAL MILLENNIUM COPYRIGHT ACT (2004) (C.R.S. Rep. No. RL32037), *available at* http://www.library.dau.mil/CRS_RL32037.pdf.

[7] THIBAULT VERBIEST ET AL., STUDY ON THE LIABILITY OF INTERNET INTERMEDIARIES 4 (2007), *available at* http://ec.europa.eu/internal_market/e-commerce/ docs/study/liability/final_report_en.pdf.

[8] Miquel Peguera, *The DMCA Safe Harbors and Their European Counterparts: A Comparative Analysis of Some Common Problems*, 32 COLUM. J. L. & ARTS 481, 481 (2009).

civil, administrative, and criminal liability.[9] In contrast, the safe harbors under the DMCA only cover copyright infringement and just protect the NSPs from monetary damages.[10] Second, Section 512 of the DMCA protects four categories of online activity: transitory digital network communications,[11] system caching,[12] storing information at the direction of users,[13] and use of information location tools.[14] However, the E-Commerce Directive protects only three categories, excluding information location tools.[15] Third, there is no notice and take-down procedures in the E-Commerce Directive since at the time the Directive was adopted it was decided that such procedures should not be regulated in the Directive itself.[16]

C. *Safe Harbor Provisions Under the Chinese Right of Communication Through the Information Network (RPRCIN)*

The drafters of the RPRCIN hoped to benefit from the experiences of both the DMCA and E-Commerce Directive regarding the safe harbor provisions. Unfortunately, they did not notice the differences between them,[17] which resulted in some ambiguities and paradoxes in the safe harbor provisions under the RPRCIN.

Since the safe harbors are part of the RPRCIN (copyright-related Regulations),[18] they only limit liability arising from copyright infringement alone, which is the same as those in the DMCA. Thus, a question may arise: do the safe harbors under the RPRCIN provide the network[19] service providers blanket exemptions from liability? If we resort to the

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9 *See* Victoria McEvedy, *The DMCA and the Ecommerce Directive*, 24 EUR. INTELL. PROP. REV. 65, 69 (2002); Peguera, *supra* note 8, at 482.

10 An NSP that qualifies for the safe harbors under the DMCA may still be subject to an injunction, although that injunction is severely circumscribed in scope. *See* 3 NIMMER & NIMMER, *supra* note 6, § 12B.01[C][2].

11 17 U.S.C. § 512(a) (2006).

12 *Id.* § 512(b).

13 *Id.* § 512(c).

14 *Id.* § 512(d).

15 *See* E-Commerce Directive arts. 12–14.

16 VERBIEST ET AL., *supra* note 7, at 5.

17 *See* JIANHUA ZHANG ET AL., XINXI WANGLUO CHUANBO QUAN BAOHU TIAOLI AHIYI 77-78 (2006).

18 *See* RPRCIN art. 1.

19 Under the RPRCIN, network/information network is not limited to the Internet, but also covers other online services. *See* Yuping Duan, *Xin Zhuzuoquanfa Guangyu Xinxi Wangluo Chuanbo Quan De Guiding Yiji Yu Liangge Xin Tiaoyue Zhi Bijiao* [*The Provisions Under the New Copyright Law on the Right of Communication Through the Information Network and the Comparison with the Internet Treaties*], 48 ZHUZUOQUAN 51, 52 (2001).

legislative history of the RPRCIN, we can conclude that the answer is no. Although the provisions on safe harbors under the August 2005 Draft of the RPRCIN used the term "liability for infringement,"[20] the final text of the RPRCIN nevertheless chose the term "damages."[21] This means that other relief, for example, provisional relief against the NSPs for the infringements remains available.[22]

> It is stated clearly in the conference report for the DMCA that the safe harbors are 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.[23]

This means that Section 512 doesn't modify the general principles of liability, instead it creates a series of safe harbors for certain common activities carried out by service providers.[24]

The E-Commerce Directive closely resembles the DMCA in that it leaves the underlying law on the nature and scope of an NSP's liability unaffected.[25] It appears that the relationship between the safe harbors and ordinary rules of copyright liability in China will be interpreted in the same manner as the DMCA and E-Commerce Directive, since the drafters of the RPRCIN emphasized that the Chinese safe harbor scheme was largely inspired by the provisions set forth in them and the drafters did not mention any exceptions in this area.[26] If the drafters intended to adopt a different approach from the DMCA or E-Commerce Directive on the relationship between the safe harbors and ordinary rules of copyright liabil-

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20 *See* August 2005 Draft of the RPRCIN arts. 21–24.

21 *See* RPRCIN arts. 20–23.

22 *See* Point 22 of Notice of the Higher People's Court of Beijing on Issuing the Guiding Opinions (I) on Several Issues Concerning the Trial of Cases Involving Copyright Disputes in Cyberspace (for Trial Implementation) [hereinafter Guiding Opinions of Beijing Higher Court]. Although China adopted a two-tier trial system, there are four levels of courts in China: basic courts, intermediate courts, higher courts, and the Supreme Court. A higher court is the highest court in a province (for example, Anhui Province, Hubei Province) or a municipality directly under the central government (for example, Beijing, Shanghai). The Guiding Opinions of a Higher Court have no de jure binding effect, but have de facto binding effect on the basic and intermediate courts and the higher court of the province or the municipality directly under the central government where the higher court is located.

23 H.R. REP. No. 105-796, at 73 (1998).

24 *See* S. REP. No. 105-190, at 19 (1998).

25 McEvedy, *supra* note 9, at 69-70.

26 ZHANG ET AL., *supra* note 17, at 76-90.

ity, they would have stressed the difference, since it is a very significant issue.

Under the DMCA, before an NSP can take advantage of any safe harbor, it must meet two requirements of Section 512(i). One is that an NSP must "adopt and reasonably implement, and inform subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers."[27] The other is that an NSP must "accommodate and not interfere with standard technical measures . . . used by copyright owners to identify or protect copyrighted works."[28] In contrast, there are no such conditions under the RPRCIN for an NSP to meet before it can enjoy the privileges.

The RPRCIN incorporates all the four safe harbors under the DMCA.[29] Of course, those four online activities under the DMCA were particular NSP activities and functions that seemed especially problematic in 1995.[30] However, with the rapid development of digital technology, it seems that this old system needs to be updated since the safe harbors failed to accommodate perhaps the most explosive online technology today: peer-to-peer technology.[31]

Since the safe harbors under the RPRCIN are aimed at the activities of NSPs, it means that a network company can qualify under all four safe harbors if it engages in all four activities provided for in the RPRCIN. Determining whether an NSP qualifies for one of the safe harbors does not bear upon a determination of whether the NSP qualifies for any of the other three safe harbors.

II. SUBSTANTIAL PROVISIONS OF SAFE HARBORS UNDER THE RPRCIN

Inspired by the DMCA and E-Commerce Directive, the RPRCIN establishes four safe harbors for the NSP's activities: mere conduit, system caching, hosting, and information location tools. The following sections will discuss them in detail individually.

A. Mere Conduit Safe Harbor

The first limitation on liability provides protection for NSPs that essentially act as conduits.[32] This safe harbor protects NSPs from liability for

[27] 17 U.S.C. § 512(i)(1)(A) (2006).
[28] *Id.* § 512(i)(1)(B).
[29] *See* RPRCIN arts. 20–23; WANG, *supra* note 5, at 208.
[30] Scott, *supra* note 5, at 100.
[31] *Id.* at 101.
[32] RPRCIN art. 20.

copyright infringement by reason of conduct relating to automatic access or transmission. To qualify for this safe harbor, the NSP's functions must meet the following conditions, all aimed at ensuring that the NSP is truly a mere conduit:

(1) The provision of access or the transmission of the material must have been initiated by or at the direction of the NSP's subscribers.[33]

(2) The provision of connections or transmission must be carried out through an automatic technical process.[34]

(3) The NSP does not select or modify the works,[35] performances,[36] sound recordings,[37] or video recordings[38]" (hereinafter collectively referred to as the "material") contained in the transmission.[39]

(4) The NSP prevents anyone other than the designated recipients from accessing the material.[40]

In contrast, Section 512(a)(5) of the DMCA states that the material must be "transmitted through the system or network without modification of its *content*." The use of the word "content" is deliberate.[41] "Thus, for example, an e-mail transmission may appear to the recipient without bolding or italics resulting from format codes contained in the sender's message."[42] From the plain text of Article 20 of the RPRCIN, it is not clear whether the drafters intended to require that the material (not only the content but also the format) contained in the transmission shall not be

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[33] *Id.* art. 20, 1st sentence.

[34] *Id.*

[35] Works are "intellectual creations with originality in the literary, artistic or scientific domain, insofar as it is capable of being reproduced in a certain tangible form." *See* Implementing Regulations of the Copyright Law of P. R. China of 2 Aug 2002, art. 2, 1061 St. Council Gaz. 12 (2002) [hereinafter 2002 Implementation Regulations], *translated in* 71 CHINA PAT. & TRADEMARKS 95 (2002).

[36] Performances shall be understood as fixed performances, since they are the object of the right of communication through the information network by performers in the RPRCIN. *See* RPRCIN art. 26. It should be noted that the scope of fixed performances under the RPRCIN is broader than that under article 10 of the WPPT, since the latter limits the fixed performances into only those in phonograms, whereas the former does not make such a limitation.

[37] Sound recordings are "the recordation of any sounds of performance and other sounds." *See* 2002 Implementing Regulations art. 5(2).

[38] Video recordings are "the recordation of a series of related images, with or without accompanying sounds, other than cinematographic works to which are assimilated works expressed by a process analogous to cinematography." *See* 2002 Implementing Regulations art. 5(3).

[39] RPRCIN art. 20(1).

[40] *Id.* art. 20(2).

[41] *See* 3 NIMMER & NIMMER, *supra* note 6, § 12B.02[A][2].

[42] H.R. REP. NO. 105-551 (II), at 51 (1998).

modified, before an NSP can invoke safe harbor provisions. However, it seems absurd to adopt such an abnormally high standard. According to this author's view, Article 20 of the RPRCIN shall be interpreted in accordance with the approach under Section 512(a)(5) of the DMCA, which establishes a requirement that the content shall not be modified.

B. System Caching Safe Harbor

The next safe harbor limits the liability for an NSP "by reason of the storage of material on the NSP's system in order to facilitate access by users subsequent to the one who previously sought access to it."[43] Although the text of Article 21 of the RPRCIN does not use the term "caching" or "system caching," it describes the mechanism of such a function,[44] so this author calls the safe harbor contained in Article 21 the "system caching" safe harbor in the following part.

1. Conditions

Article 21 imposes four conditions for system caching to be entitled to the provision's safe harbor.

(1) The storage is carried out through an automatic technical process for the purpose of making the material available to users of the NSP's system who request access to the material from an originating site. It should be noted that the NSP carries out the transmission through its system *acting at the direction of* the users who requested the material and to whom the material is transmitted.

(2) The NSP does not modify the material. The same question as that in the first safe harbor mentioned above arises: whether the requirement of "without modification" applies only to the content of the material or also includes the format? In this author's view, the answer shall also be the same as the first safe harbor.

(3) The NSP has no influence on the originating site's control on the condition of the target of service acquiring the material.[45] An NSP that caches material from an originating site shall not interfere with the ability of certain technology that is associated with the material to inform the operator of the originating site of information that would have been available to it had the access been directly to its site instead of through a cached version on the NSP's system or network. A good

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43 ZHANG ET AL., *supra* note 17, at 80-81.

44 Qian Wang, *Sousuo Yinqing Tigong Kuaizhao Fuwu De Zhuzuoquan Qinquan Wenti Yanjiu [Research on the Copyright Infringement of the Cached Link Services Provided by Search Engines]*, 15 DONGFANGFAXUE 126, 127 (2010).

45 RPRCIN art. 21 (2).

example is the "hit" counts, on which the advertising revenue might depend.[46]

(4) The NSP modifies, removes, or disables access to the material it has stored through an automatic technical process when the material on an originating site has been modified, removed, or disabled from the network.[47]

It should be noted that the system caching safe harbor under the RPRCIN does not establish a notification and take-down procedure for cached material as under Section 512(b)(2)(E) of the DMCA.[48]

Although this safe harbor has been discussed in a few cases by Chinese courts, they did not really involve the circumstances provided for in RPRCIN Article 21, but dealt with the operation of search engines' caches, which is a completely different function from that contemplated by this safe harbor.

2. *Whether Providing a Cached Link by Search Engines Falls Under the System Caching Safe Harbor?*

Google and other major search engines, such as Yahoo! or MSN, have been providing "cached" links for many years.[49] When a cached link is clicked, the user is led not to the original Web page, but to the "snapshot"

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[46] H. R. REP. NO. 105-551 (II), at 52 (1998); WANG, *supra* note 5, at 389.

[47] RPRCIN art. 21 (3).

[48] Hong Xue, *Wangluo Fuwu Tigongzhe Zhongjie Zeren Bifenggang De Bijiao Yanjiu* (*A Comparative Study on the Safe Harbor Concerning the Intermediate Liability of the Network Service Provider*), 58 ZHONGGUO BANQUAN 29, 29 (2011).

[49] The search engine caching process can be briefly described as follows. Since the main search engines use a similar mechanism, only Google is mentioned as an example. Google uses an automated program called "Googlebot" to crawl across the Internet to locate and analyze available Web pages, and to make a copy or "snapshot" of every Web page it finds. It stores the HTML code from those pages in a temporary repository called a cache. Once Google stores a Web page in the cache, it can include that page, as appropriate, in the search results it displays to users in response to their queries. When Google displays Web pages in its search results, the first item appearing in each result is the title of a Web page which, if clicked by the user, will take the user to the online location of that page. In most of the search results, Google often displays another link labeled "Cached." When clicked by a user, the "Cached" link directs an Internet user to the archival copy of a Web page stored in Google's system cache, rather than to the original Web site for that page. By clicking on the "Cached" link for a page, a user can view the "snapshot" of that page, as it appeared the last time the site was visited and analyzed by the Googlebot. *See* Field v. Google, Inc., 412 F. Supp. 2d 1106, 1110-12 (D. Nev. 2006).

of that page that Google took when crawling the Web, as it appeared the last time the site was visited and analyzed by the Googlebot.[50]

The American courts in *Field v. Google*[51] and *Parker v. Google*[52] held that Google's cached link is entitled to the DMCA caching safe harbor. However, after a close reading of the statutory text and the legislative history of the DMCA, it is submitted that the decisions are questionable.[53]

Baidu,[54] as a leading Chinese search engine company, provides many services, including the cached link as does Google.[55] In *Zhejiang Flyasia E-Business v. Baidu*,[56] the Beijing High Court correctly held that the cached link provided by Baidu falls outside the boundaries of the caching safe harbor for the following reasons: (1) Baidu retrieves the Web page from the originating site on its own initiative, and is not acting at the direction of someone else; (2) the cached copy is made available to users that request access to the archival copy from the search engine cache and not to the original material from the originating site; (3) the cached copy that is displayed to users through cached links has been modified.[57]

In fact, the American Congress chose certain common activities of service providers in 1998 to grant the benefit of limited liability.[58] Unfortunately, the search engine's cached link was not foreseen by Congress, and was omitted from the subject matter of the statutory provision, since it carries out a function "different enough from" the one contemplated by DMCA Section 512(b).[59] Since the Chinese RPRCIN absorbed experience from the DMCA on the issue of safe harbors, a search engine's cached link was not also considered by the RPRCIN's drafters. Of course, this author believes that the provisions should be amended in order to

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50 *See Cached Links*, GOOGLE, http://www.google.com/intl/en/help/features_list.html#cached (last visited Apr. 5, 2013).

51 Field v. Google, Inc., 412 F. Supp. 2d 1106 (D. Nev. 2006)

52 Parker v. Google Inc., 422 F. Supp. 2d 492 (E. D. Pa. 2006).

53 *See* 3 NIMMER & NIMMER, *supra* note 6, § 12B.03[A][2]; Miquel Peguera, *When the Cached Link is the Weakest Link: Search Engine Caches Under the Digital Millennium Copyright Act*, 56 J. COPYRIGHT SOC'Y 589, 610-27 (2009).

54 Baidu was established in 2000, and was the first Chinese company to be included in the NASDAQ-100 index. In the second quarter of 2011, it is estimated that China's Internet-search revenue share by Baidu was 76%. *See* WIKIPEDIA, *Baidu*, http://en.wikipedia.org/wiki/Baidu#cite_note-6 (last visited Apr. 5, 2013).

55 *See Baiduspider FAQ*, BAIDU SPIDER, http://www.baidu.com/search/spider.htm (last visited Apr. 5, 2013).

56 Zhejiang Flyasia E-Business Co., Ltd. v. Baidu, Inc., No. 1201 Gaominchuzi (2007).

57 *Id.*

58 *See* S. REP. NO. 105-190, at 19 (1998).

59 Peguera, *supra* note 53, at 623.

make an NSP that provides cached link services be exempted from liability in some circumstances, since this feature is "closely related to the core of the search engine operation."[60] However, it seems more appropriate to make such an amendment in the framework of the current information location tools safe harbor, or in the framework of the limitations and exceptions provisions,[61] rather than by expanding the scope of the current system caching safe harbor.[62]

C. Hosting Safe Harbor

The third type of limitation on liability for the benefit of an NSP applies by reason of the storage at the direction of a subscriber of material that resides on an NSP's system.[63] Examples of such storage include providing server space for a user's Web site or other forum in which material may be posted at the direction of users.[64] If the material resides on the system of the NSP through its own acts or decisions and not at the direction of a subscriber, it will not be included in the RPRCIN article 22.

In order to qualify under RPRCIN article 22, an NSP providing information storage at the direction of subscribers must meet the following requirements.

1. Providing Accurate Information About the NSP

An NSP shall clearly state that "the network storage space is provided for its subscribers and make public its name, liaison person, and network address."[65] The reason for this condition is to avoid confusion by copyright holders about the material stored on the NSP's system provided by the NSP itself; when such misunderstanding occurs, the copyright holders will sue the NSP, resulting in increased social costs.[66] This interpretation is surprising. In fact, the copyright holders always sue the NSP even if the NSP states clearly that its network storage space is provided for its subscribers in accordance with RPRCIN Article 22(1).[67] Although the reasoning of this provision is questioned, the courts have generally held that

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[60] *Id.* at 644.

[61] *See* Qian Wang, *WAP Sousuo Ji Xiangguan Fuwu Zhuzuoquan Qinquan Wenti Yanjiu* [*Research on Copyright Infringement of WAP Search and Relevant Services*], 131 ZHISHICHANQUAN 18, 24-25 (2012).

[62] Peguera, *supra* note 53, at 645.

[63] RPRCIN art. 22.

[64] S. REP. NO. 105-190, at 44 (1998); ZHANG ET AL., *supra* note 17, at 83.

[65] RPRCIN art. 22 (1).

[66] ZHANG, ET AL., *supra* note 17, at 85.

[67] *See, e.g.*, Beijing Ciwen Movie & TV Prod, Co., Ltd. v. Shanghai TuDou Network Tech. Co., Ltd., No. 4538 Yizhongminzhongzi (2009); Huayi Bros. Media Corp. v. Beijing Ku6.com Info. Tech. Co., Ltd., No. 8295 Yizhongminzhongzi (2009); Beijing Megajoy Pictures Co., Ltd. v.

the NSP cannot enjoy the privilege of safe harbor if it did not state on its Web site that the network storage is provided for its subscribers.[68] With regard to the information on the name, liaison person, and network address, of the NSP, it seems reasonable to require the NSP to provide this information to the public on its Web site in order that the copyright holders can send notification of infringement to the NSP.

2. *The NSP Does Not Modify the Material*

The second condition required to take advantage of the safe harbor is that the NSP does not modify the material stored on its system at the direction of its subscribers.[69] What is the meaning of the term "modify"/ "modification?"[70] In practice, the controversial issue is that a Web site automatically inserts its logo (digital watermark) at the corner of a video uploaded by a subscriber. Some courts hold that inserting such a logo as an automatically added digital watermark alone does not constitute "modification," since it does not influence the expression of material substantially and does not impair the use of the material by the public.[71] Others are of the view that such act constitutes "modification."[72] Three examples are enumerated in the Guiding Opinions of the Beijing High Court as not constituting "modification" in the meaning of RPRCIN Article 22: (i) modification of the storage format of the material; (ii) adding Web site marks, such as digital watermarks to the material; and, (iii) adding advertisements to the beginning or end of the material or inserting advertisements in the material.[73]

Guangzhou Qianjun Network Tech. Co., Ltd., No. 07810 Chaominchuzi (2009).

[68] *See, e.g.*, Chinese All Culture Dev. Co., Ltd., v. Beijing Waptech Co., Ltd., No. 370 Huerzhongminwuzhichuzi (2007); Beijing Sanmianxiang Copyright Agency Co., Ltd. v. Henan Mktg. Ass'n, No. 94 Yufaminsanzhongzi (2009).

[69] RPRCIN art. 22(2).

[70] In Chinese, there is no difference between "modify" and its noun form "modification."

[71] *See, e.g.*, Beijing Ciwen Movie & TV Prod. Co., Ltd. v. Beijing 56.com Info. Tech., Ltd., No. 9 Erzhongminzhongzi (2009); Beijing Sohu New Media Info. Tech. Co., Ltd. v. Shanghai TuDou Network Tech. Co., Ltd., No. 130 Huyizhongminwuzhizhongzi (2010).

[72] *See, e.g.* Beijing China Shuren Digital Tech. Co., Ltd. v. Heyi Info. Tech. (Beijing) Co., Ltd., No. 9200 Haiminchuzi (2008); Beijing Guangdian Weiye Movie & TV Prod. Co., Ltd. v. Six Rooms Holdings Co., Ltd., No. 14022 Haiminchuzi (2008).

[73] Guiding Opinions of Beijing Higher Court, point 24.

3. Lack of Knowledge

Although the language regarding the lack of knowledge on the hosting NSP is similar in the DMCA[74] and the E-Commerce Directive,[75] they diverge on the subject of the awareness of facts or circumstances from which the illegal activity is apparent.[76] Under the E-Commerce Directive, a two-tiered standard is set forth: one applicable to criminal liability (lack of actual knowledge, which means that even when the NSP does possess awareness of acts and circumstances from which illegal activity or information is apparent, the NSP will still be free from criminal liability, as long as it lacks actual knowledge), and the other to claims for damages (lack of both actual knowledge and awareness of acts and circumstances from which illegal activity or information is apparent).[77] The DMCA, however, does not make such a differentiation. The RPRCIN adopts the approach comparable to the DMCA: only covering monetary relief without establishing a two-tiered standard.[78]

a) Actual knowledge

The actual knowledge standard is high, requiring a showing that an NSP actually knew that material on its Web site posted by a user infringed on copyright.[79] Although such a showing can be accomplished in many ways, it is generally demonstrated through the NSP's verbal acknowledgement and actual practices.

b) Apparent Knowledge

Under DMCA § 512(c), as an alternative to actual knowledge, an NSP must not be "aware of facts or circumstances from which infringe-

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74 Section 512(c)(1)(A) of the DMCA requires that the service provider: (1) does not have actual knowledge that the material or an activity using the material on the system or network is infringing; (ii) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent; . . . ."

75 Article 14(1) of the E-Commerce Directive states: "(a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; . . . ."

76 *See* Peguera, *supra* note 8, at 487-88.

77 *Id.* at 488.

78 RPRCIN art. 22(3).

79 Qian Wang, *Helide Suyin, Zhengquede Panjue-Ping Shiyida Changpian Gongsi Su Yahuan Yishen Panjue* [*Reasonable Cause of Action and Right Judgment: Comments on The First Instance Ruling of the* IFPI v. Yahoo! China *Case*] 34 ZHONGGUSHANQUAN 44, 46 (2007); WANG, *supra* note 5, at 277.

ment is apparent."[80] This standard is the so-called "red flag" test[81] and the knowledge required may be described as "apparent knowledge."[82]

The apparent knowledge standard is different from the actual knowledge standard in that the former is actual knowledge of the circumstances from which infringement is apparent, and the latter is actual knowledge of the infringement itself.[83] The apparent knowledge standard is also different from a constructive knowledge standard.[84] The former is on the question of whether an NSP deliberately proceeds in the face of blatant factors of which it is aware,[85] or whether it turns a blind eye to red flags of obvious infringement.[86] However, the latter is on the question of what a reasonable person would have deduced from the circumstances.[87] In sum, the apparent knowledge standard is lower than actual knowledge standard, but more demanding than constructive knowledge.

Since the RPRCIN Article 22(3) uses the terms "should have reasonably known," it seems that the RPRCIN adopts the constructive knowledge standard, not the apparent knowledge standard. However, many Chinese courts interpret this standard in accordance with the so-called "red flag" test under the DMCA § 512 (c)(1)(A)(ii).[88] It should be noted that the Guiding Opinions of the Beijing High Court clearly recognize the

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80 *See* 17 U.S.C. § 512(c)(1)(A)(ii) (2006).

81 The "red flag" test has both a subjective and an objective element. The subjective element tests the service provider's subjective awareness of the facts or circumstances of infringing activity. The objective element tests whether "infringing activity would have been apparent to a reasonable person under the same or similar circumstances." *See* H.R. REP. NO. 105-551 (pt. 1), at 26 (1998); H.R. REP. NO. 105-551 (pt. 2), at 53 (1998); S. REP. NO. 105-190, at 44 (1998).

82 *See* Liliana Chang, *The Red Flag Test for Apparent Knowledge Under the DMCA §512(c) Safe Harbor*, 28 CARDOZO ARTS & ENT. L.J. 195, 203 (2010).

83 *Id.*

84 Some commentators and courts have mistakenly regarded the knowledge standard under the red flag test as a constructive knowledge standard. Had Congress intended so, it would have inserted the "should have known" language. The lack of such language indicates that Congress intended to introduce a new standard. *See* Todd E. Reese, *Wading Through the Muddy Waters: The Courts' Misapplication of Section 512(c) of the Digital Millennium Copyright Act*, 34 SW. U. L. REV. 287, 300 (2004); McEvedy, *supra* note 9, at 67.

85 Corbis Corp. v. Amazon.com, Inc., 351 F. Supp. 2d 1108 (W. D. Wash. 2004).

86 H.R. REP. NO. 105-551 (pt. 2), at 57(1998).

87 *Corbis Corp*, 351 F. Supp. 2d 1108.

88 Bo Jiang & Jinping Zhang, *Wangluo Fuwu Tigongzhe De Zhidao Biaozhun Panduan Wenti Yanjiu-Chongxin Renshi Hongqi Biaozhun* [*Defining the Standard of NSP's Knowledge-Rethinking of the Red Flag Test*], 285 FALV SHIYONG 52, 55-56 (2009); WANG, *supra* note 5, at 321-322.

"red flag" test, which interprets the terms "should have reasonably known" under RPRCIN Article 22(3) as "whether an NSP should realize the existence of infringing activity from the apparent facts or circumstances." This interpretation merges both the subjective element (whether the NSP is aware of the circumstances of infringement), and objective element (whether the infringement is apparent from the circumstances), in the DMCA red flag test.[89] In addition, some examples of circumstances under which the apparent knowledge standard is to be considered satisfied are listed in the Guiding Opinions of the Beijing High Court:.

> (1) The alleged infringing material stored is audio-visual works in their current season or are currently being broadcast or shown, popular musical works, other works with high popularity or the related performances or sound or video recordings, and the above works, performances, or sound or video recordings are placed on the homepage, other main pages or other positions obvious to the NSP;
>
> (2) the alleged infringing material is placed on the homepage or other main pages of BBS, and the NSP fails to take measures to remove them within a reasonable period of time;
>
> (3) the alleged infringing audio-visual works, which are professionally made with intact content or audio-visual works in their current season or that are currently being broadcast or shown are placed in a conspicuous position or are recommended, or a classification list of film and television works such as "top chart" or "film and television" channel is set;
>
> (4) any selection, organization, or classification of the alleged infringing material uploaded by service receivers is conducted.[90]

Under the first three circumstances listed above, the infringements are apparent to an NSP "from even a brief and casual viewing,"[91] and the "flag" is "brightly red indeed and is waving blatantly in the provider's face."[92] However, the fourth example is questionable, since it covers a broad scope, including not only cinematographic works, musical works, but also photographic works, written works, and so on. The human editors and reviewers, who view and classify various categories of material, could not be expected, during the course of a brief visit, to determine whether the material (say, for example, photography) was still protected by copyright or was in the public domain; if the material was still protected by

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89 WANG, *supra* note 5, at 321-22.

90 Guiding Opinions of Beijing Higher Court, point 19(1)–(4) (2010) *reprinted in* 103 CHINA PATS. & TRADEMARKS 92 (2010).

91 S. REP. NO. 105-190, at 48 (1998).

92 3 NIMMER & NIMMER, *supra* note 6, § 12B.04[A][2][a].

copyright, whether the use was licensed; and if the use was not licensed, whether it was permitted under the fair use doctrine.[93]

A question may arise here: if an NSP obtains actual knowledge or apparent knowledge (except when it obtains such knowledge through a notification from the copyright holder), and it acts expeditiously to remove the material, will the NSP still be disqualified from the safe harbor? From the plain language of RPRCIN Article 22, the answer seems to be positive. However, such an interpretation is obviously absurd and some courts interpreted in the opposite way.[94]

4. Lack of Direct Financial Benefits

The fourth condition for this safe harbor requires that the NSP not receive financial benefits directly attributable to the infringing activity.[95] In contrast with the DMCA § 512(c), RPRCIN Article 22(4) does not mention the second condition "without an ability to control."[96] In this regard, the controversial issue in application of Section 512(c) of the DMCA — how to determine whether an NSP "has the right and ability to control infringing activity" — will not exist in Chinese courts.

With regard to the direct financial benefits, it is agreed that a simple account set-up fee, fees based on the length of the message or by connect time, do not constitute financial benefits.[97] However, when advertising fees are concerned, there are different opinions. Some courts found they constitute direct financial benefit.[98] Other courts take the opposite view.[99]

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93 *See* H.R. REP. No. 105-551 (II), at 57-58 (1998).

94 *See, e.g.*, Xiaoyang Wen v. Alibaba Info. Tech. Co., Ltd., No. 13556 Chaominchuzi (2008).

95 RPRCIN art. 22(4).

96 DMCA § 512(c)(1)(B) requires that the service provider, "does not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity."

97 *See* ZENHUA NIE, SHIPIN FENXIANG WANGZHAN ZHUZUOQUAN QINQUAN WENTI YANJIU [THE RESEARCH OF RESOLVED CASES ABOUT COPYRIGHT INFRINGEMENT IN VIDEO-SHARING WEBSITES] 195 (2012); Kaizhong Hu, *Bifenggang Guize Zai Shipin Fenxiang Wangzhan Banquan Qinquan Rending Zhong De Shiyong [Applying the Safe Harbor in Determining Copyright Infringement of Video Sharing Websites]*, 337 FAXUE 70, 74-75 (2009).

98 *See, e.g.*, Beijing JY Ent'mt Co., Ltd. v. Beijing 56.com Info. Tech. Co., Ltd., No. 21731 Chaominchuzi (2008); Beijing Chinese All Culture Dev. Co., Ltd., v. Beijing Sooyuu Network Tech. Co., Ltd., No. 21304 Haiminchuzi (2008).

99 *See, e.g.*, Beijing Ciwen Movie & TV Prod. Co., Ltd., v. Beijing 56.com Info. Tech. Co., Ltd., No. 16141 Chaominchuzi (2008); Beijing Sanmianxiang Copyright Agency Co. Ltd., v. Chongqing Lidong Tech. Co., Ltd., No. 201 Yuyizhongfaminchuzi (2008).

In this author's opinion, the essential aspect of the "direct financial benefit" under the RPRCIN is whether there is a causal relationship between the infringing activity and any financial benefit an NSP obtains. In other words, financial benefits from the infringing activity are direct because that activity actually draws customers, rather because the activity draws more customers than would non-infringing activity. The Beijing High Court proposed the following guidance:

> Generally, the advertising fees charged by an ISP for the information storage space service provided shall not be determined as the directly gained economic interests; the advertisements added by an ISP to specific works, performances or sound or video recordings may be taken into account in the determination of the fault of the ISP as the case may be.[100]

5. Removal

The fifth condition relates to what happens when an NSP gains knowledge that likely infringing material is present. Upon receiving notification of the claimed infringement, the NSP must remove the material that is claimed to be infringing.[101]

It seems that two issues need to be clarified. The first is when the NSP should respond to remove the material. Although RPRCIN Article 22 is silent on this issue, Article 15 may be referred to, which requires the NSP to "promptly" remove the material suspected of infringement. Compared with the September 2005 Draft of the RPRCIN, the final text is more in favor of the interests of the right holders, since the September 2005 Draft permits the NSP to remove "within five days" after it receives the notification."[102] However, no definition of term "promptly" is provided.

The second issue is what the notification must include before it is considered valid. This second issue, will be discussed in the following part D.2: "Notice and Take-Down Procedure."

D. Safe Harbor for Information Location Tools

The E-Commerce Directive, unlike the DMCA, does not establish a safe harbor for information location tools. In contrast, the Chinese RPRCIN provides such a safe harbor.[103] This safe harbor covers a wide variety of activities, which may range from the operation of a search engine to the inclusion of a hyperlink on a website.

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[100] Guiding Opinions of Beijing Higher Court, point 25.
[101] RPRCIN art. 22(5).
[102] September 2005 Draft of the RPRCIN art. 14.
[103] RPRCIN art. 23.

1. Conditions

RPRCIN Article 23 includes in its safe harbor on an NSP's compliance the same two threshold requirements that Article 22 imposes for storage at the direction of users: the NSP must not have actual or constructive knowledge of the infringement;[104] and, upon receiving the statutorily prescribed notification, the NSP promptly disables access to the infringing material. Unlike the hosting safe harbor, this safe harbor lacks the condition on lack of financial benefit.

2. Notice and Take-Down Procedure

As mentioned above, a condition modeled on the hosting safe harbor is that the NSP disables access to the material that is claimed to be infringing upon receiving notification of the claimed infringement. This is the so-called notice-and-take-down procedure, introduced by the DMCA; however, the E-Commerce Directive lacks such a procedure.

RPRCIN Article 14 stipulates in great detail the elements that a notification of claimed infringement must contain in order to be effective. In order to be effective, a notification must be in writing[105] and include a statement of certification of the notification's accuracy.[106] A question remains as to whom the notification must be sent. Article 14 only mentions generally that it should be sent to the NSP, but the designated agent to receive notifications of claimed infringement remains to be clarified. In addition, the notification must include the following elements:

(1) the name (appellation), means of contact and address of the right owner;
(2) the title and network address of the infringing material which is requested to be removed or to which the link is requested to be disconnected; and
(3) prima facie proof of the infringement.[107]

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[104] *See supra* Part II. C. 3.

[105] RPRCIN provides no clear guidance on the meaning of a written notification. However, in accordance with the Contract Law, a written notification includes telegram, telex, facsimile, electronic data exchange, and electronic mail, etc. which is capable of expressing its contents in a tangible form. *See* Contract Law of P. R. China art. 11, 2 ZHONGHUA RENMIN GONGHEGUO QUANGUO RENMIN DAIBIAO DAHUI CHANGWU WEIYUANHUI GONGBAO 104 (1999); *translated in* P. R. C. LAWS & REGS. II-04-00-101 (2001).

[106] RPRCIN art. 14 (last sentence).

[107] *Id.* art. 14. Prima facie proof of infringement is evidence, which may prove that the right holder's copyright is prejudiced. These include proof of ownership of a valid copyright, proof of unauthorized use, or proof of breach of contract. "The work papers concerning copyrights provided by the parties in question, originals, and legitimate publications, registration certificate of the copyrights, certificates issued by the authentication institution and the

Lack of any one of the elements will result in the notification being non-binding, since the RPRCIN does not use the term "substantially."[108] Such a defective notification shall not be considered in determining if an NSP has actual or apparent knowledge.[109] In other words, the copyright holder has to demonstrate the NSP's knowledge based on evidence independent of the matters contained in the notification. However, one court found that a noncompliant notice may be a "red flag," if the notice includes necessary information to permit the NSP to locate the infringing material.[110] This interpretation is confirmed by the Guiding Opinions of the Beijing High Court.[111] It should be noted that the persons who have the right to notify an NSP can only be the right holders, and not any person acting on the right holders' behalf.[112]

Naturally, it seems that an NSP that receives a notification of claimed infringement from the copyright holder is free to refuse to take down the claimed infringing material. Such a refusal simply deprives the NSP of the safe harbor that RPRCIN Article 22 affords, without automatic liability. The NSP can still utilize its traditional defenses under the copyright law. If it is ultimately determined by a court that the offending material is not itself infringing, then the NSP should prevail.[113] Unfortunately, Article 15 mistakenly uses the term "shall," which imposes the obligation on the NSP to take down the offending material after it receives a notification from the copyright holder. This means that the NSP will assume liability automatically if it does not take down the claimed infringing material, after it receives the notification.[114] It seems to be a drafting error, since the legis-

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contracts obtained may be taken as" such proofs. *See* ZHANG, ET AL., *supra* note 17, at 56; Interpretation of the Supreme People's Court Concerning Some Issues Relating to Application of Law to Trial of Cases of Civil Dispute over Copyright art. 7, ZHONGHUA RENMIN GONGHEGUO ZUIGAO RENMIN FAYUAN GONGBAO, *translated in* 72 CHINA PAT. & TRADEMARKS 81 (2003); Ningbo Success Multimedia Comm'cn Co., Ltd. v. Beijing Shi Yue Network Tech. Co., Ltd., No. 5314 Erzhongminzhongzi (2008).

108 *See* RPRCIN arts. 14, 15.

109 Lixin Yang & Jialun Li, *Lun Wangluo Qinquan Zeren Zhong De Tongzhi Ji Xiaoguo* [*Notice and Its Effect on Network Infringement Liability*], 303 FALV SHIYONG 40, 42 (2011); Shuwen Mei & Bo Wen, *Tanxi Bifenggang Guize Zhuguan Yaojian* [*Analysis on Subjective Requirements of Safe Harbors*], 219 DIANZI ZHISHICHANQUAN 18, 20 (2009).

110 Beijing Wangle Tech. Co., Ltd. v. Beijing 56.com Info. Tech. Co., Ltd., No. 14734 Chaominchuzi (2009).

111 Guiding Opinions of Beijing High Court, point 28.

112 "Where a right holder . . . may notify the NSP . . . ." *See* RPRCIN art. 14.

113 *See* Qian Wang, *Huangmiude Luoji, Wulide Yaoqiu* [*Absurd Logic and Unreasonable Demands*], 39 ZHONGGUOBANQUAN 56, 58 (2008); WANG, *supra* note 5, at 265.

114 WANG, *supra* note 5, at 265.

lative aim of the RPRCIN is not intended to create any new liabilities for an NSP.[115]

What if the allegation of infringement relates to several works? Some courts held that one notification may apply to multiple copyrighted works at a single online site, so long as the notification includes a representative list of such works at that site.[116] However, other courts were of the view that the notification must clearly state each work.[117]

III. NEW DEVELOPMENTS

It is understood that the safe harbor provisions under the RPRCIN encourage the NSPs to cooperate with copyright holders in enforcing their copyright and provide the NSPs with more certainty in order to attract investments to continue the expansion of the Internet. However, there are certain gaps and ambiguities under the RPRCIN. Many Chinese lawyers noticed this problem and some lawyers have suggested improving the safe harbor provisions by the amendment of the Copyright Law.[118] An ambitious proposal is to repeal the current six copyright-related Regulations,[119] including the RPRCIN,[120] and to incorporate the safe harbor provisions into the copyright law and at the same time improve them.

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115 *See* Xueqing Shi & Yong Wang, *Bifenggang Haishi Fengbaojiao-Jiedu Xinxi Wangluo Chuanbo Quan Baohu Tiaoli Di Ershisan Tiao* [*Safe Harbors or Cape of Storms: Analysis on RPRCIN Article 23*], 110 ZHISHI CHANQUAN 23, 23-24 (2009).

116 *See, e.g.*, Guangdong Mengtong Culture Dev. Co., Ltd. v. Baidu, Inc., No. 17776 Haiminchuzi (2007).

117 *See, e.g.*, Warner Music Hong Kong, Ltd. v. Alibaba Info. Tech. Co., Ltd., No. 02630 Erzhongminchuzi (2007).

118 On July 13, 2011, the Third Revision of the Copyright Law was launched. It was believed that this revision will make substantial revisions on the Copyright Law. Mingfang Lai, The Third Revision of the Copyright Law Commenced, http://www.ncac.gov.cn/cms/html/309/3517/201107/737276.html (last visited Apr. 5, 2013).

119 The six copyright-related Regulations are as follows: Regulations on Implementing International Copyright Treaties, Regulations on Computer Software Protection, Implementing Regulations of the Copyright Law of P. R. China, Copyright Collective Management Regulations, Regulations for the Protection of the Right of Communication through the Information Network and Interim Measures for the Payment of Remuneration for Phonograms Played by Radio and Television Stations.

120 Shiyou Gong, *Woguo Zhuzuoquan Falv Zhidu Mianlin De Kunhuo-Xiezai Zhuzuoquanfa Xiuding Zhiji* [*The Confusions in the Chinese Copyright Law System: Based on Its Amendment*], 132 ZHISHICHANQUAN 69, 73 (2012); Yonghong Wang & Yan Lin, *Five Proposals on the Amendment of the Copyright Law*, LEGAL DAILY.COM, http://www.legaldaily.com.cn/index_article/content/2012-01/05/content_3268183.htm?node=5954 (last visited Apr. 5, 2013).

It should be noted that, on March 31,[121] and July 6,[122] 2012, the National Copyright Administration of the P. R. China (NCAC) released the First and Second Draft Amendments of the Copyright Law for public comments. Under the two drafts, the above ambitious proposal is rejected. More disappointingly, only one article, Article 69, in the two Drafts is related to safe harbor rules.

A. The First Draft Amendment of the Copyright Law

Paragraph 1 of Article 69 of the First Draft Amendment of the Copyright Law (hereinafter the First Draft) confirms that NSPs, which provide pure network technology services, such as hosting, searching, or linking, will not be put under a general obligation of monitoring their systems or networks for copyright infringement. In fact, it is impractical and technically impossible to request the NSPs to monitor the contents on the network.

Paragraphs 2 and 3 of Article 69, which clarify the interpretation of existing provisions under RPRCIN Article 23 and Article 36 of the Tort Liability Law, are very important.[123] They confirm that an NSP will be not liable for damages if it acts promptly to remove, block, or disable access to, the infringing material, upon obtaining actual or apparent knowledge.

B. The Second Draft Amendment of the Copyright Law

Two paragraphs are added in the Second Draft Amendment of the Copyright Law (hereinafter the Second Draft). Paragraph 4 of Article 69 of the Second Draft, for the first time, in the Copyright Law, introduces contributory infringement and induced infringement. Paragraph 5 of Article 69 of the Second Draft makes it clear that NSPs that make available works, performances, or sound recordings directly to the public will not enjoy the privilege provided by Paragraph 1 of Article 69. This clarification is very important, since the meaning of NSP is not defined under the Copyright Law or the RPRCIN, which may be interpreted in broad sense to cover those who provide content services. However, it should be noted

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121 *Circular on Solicitation of Public Comments on the Draft Amendment of the Copyright Law,* NCAC, http://www.ncac.gov.cn/cms/html/309/3502/201203/740608.html (last visited Apr. 5, 2013).

122 *Circular on Solicitation of Public Comments on the Second Draft Amendment of the Copyright Law*, NCAC, http://www.ncac.gov.cn/cms/html/309/3502/201207/759779.html (last visited Apr. 5, 2013).

123 *Tort Liability Law of the P. R. China*, 1 ZHONGHUA RENMIN GONGHEGUO QUANGUO RENMIN DAIBIAO DAHUI CHANGWU WEIYUANHUI GONGBAO, 4 (2010).

that the term "video recordings"[124] is not used in Paragraph 5 of Article 69. Does it mean that the NSPs, which make available "video recordings" directly to the public may enjoy the safe harbor? The answer is no. The reason is that the Draft deletes the relevant provisions on video recordings under the current Copyright Law and incorporates video recordings into audiovisual works.[125] It means that video recordings may be covered by "works" in Paragraph 5 of Article 69 of the Second Draft. However, it is to be noted that the 2012 Network Judicial Interpretations[126] still use the term "video recordings." This is understandable, since the Draft has not been adopted.

C. The Third Draft Amendment of the Copyright Law

The Third Draft Amendment of the Copyright Law (hereinafter the Third Draft) was released by the NCAC in October 2012. Different from the First and Second Drafts, it was not made available for public comments.

The Third Draft contained practically identical provisions on the online copyright infringement liability limitations as the Second Draft; the only two minor changes were: (1) the clause number was changed from Article 69 in the Second Draft to Article 73; and (2) the Third Draft did not use the term "block" as a measure for the NSP to adopt, because it was considered as redundant, since the terms "remove" and "disable access to" are used.

The three Drafts are only the first few steps in the long process of legal revision of the copyright law.[127] The Third Draft has been submitted to the State Council Legislative Affairs Office ("SCLAO"). After revision, the SCLAO will submit the improved Draft to the State Council for approval, and the State Council approved version may then be submitted to the Standing Committee of the National People's Congress. Then, the Standing Committee of the NPC will request public comments (perhaps several times) before it reviews and approves the final texts. The Third

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124 For the definition of "video recordings," see *supra* note 38.

125 Audiovisual works means "the embodiment of moving images, whether or not accompanied by sounds or by the representations thereof, from which they can be communicated through a device." *See* Second Draft art. 3(2)(12). From this definition, it is understood that "video recordings" in the Copyright Law are covered by "audiovisual works" in the Second Draft Amendment of the Copyright Law.

126 *See infra*, note 130.

127 Hong Xue, One Step Ahead Two Steps Back: Reverse Engineering Second Draft for the Third Revision of the Chinese Copyright Law 1, 9 (2012) (PIJIP Research Paper no. 2012-09, American University Washington College of Law), *available at* http://digitalcommons.wcl.american.edu/research/31.

Revision of Trademark Law has been going on for more than five years, but is still under construction.[128] Similarly, the final adoption of the Amendment of the Copyright Law could take quite a few years. However, we received the welcome news at the end of 2012 that the Supreme People's Court had issued the long-awaited Judicial Interpretations on online copyright infringement liability to fill the gap.[129]

D. 2012 Network Judicial Interpretations

On December 17, 2012, the Supreme People's Court of China issued the Provisions on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Communication Through the Information Network (hereinafter "2012 Network Judicial Interpretations"),[130] which came into force on January 1, 2013. The 2012 Network Judicial Interpretations provide relatively clear guidance for courts as to how to determine direct or indirect infringement and apply safe harbor rules. However, it seems there are still some unclear and ambiguous issues to be clarified.

1. The Meaning of Information Networks

Article 2 of 2012 Network Judicial Interpretations clarifies that "information networks include the computer Internet, radio and television networks, fixed communication networks, mobile communication networks, and other information networks with computer, television, fixed-line telephone, mobile telephone, or other electronic equipment as terminals, as well as local area networks accessible by the public." This definition interprets information networks in a very broad sense, which extends not only to the Internet but also to other digital networks. Unfortunately, there is no definition of the NSP.

2. No General Obligation to Monitor

As did the three drafts of the Amendment of the Copyright Law, the 2012 Network Judicial Interpretations reaffirmed that the NSP has no general obligation to monitor the information on its system.[131]

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128 *Id.*

129 *See infra* note 130.

130 *See Provisions on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Dispute over Infringement of the Right of Communication through Information Network*, CHINA COURT.ORG, http://www.chinacourt.org/law/detail/2012/12/id/146033.shtml (last visited Apr. 5, 2013) [hereinafter 2012 Network Judicial Interpretations].

131 2012 Network Judicial Interpretations art 8.

3. Snapshot (Cached Link) Not Covered by the System Caching Safe Harbor

Article 5 of the 2012 Network Judicial Interpretations clarifies that providing snapshot (cached link) is considered as "making available." It means that the NSP that provides a snapshot service may commit a direct infringement unless such a service "does not affect the normal use of the work and does not unreasonably prejudice the legitimate interests of the right holders."[132] It is understood that a snapshot service may not be covered by the system caching safe harbor since the latter is related to indirect copyright infringement.

4. Direct Financial Benefits

With regards to the direct financial benefits, the relevant substantial contents in the Guiding Opinions of the Beijing Higher Court[133] are incorporated into the 2012 Network Judicial Interpretations, which state that direct financial benefits include advertising fees for specific works, performances, sound or video recordings, or other financial benefits that have certain relationships with the specific works, performances, sound or video recordings.[134] However, regular advertising fees or service fees for its provision of network service will not be considered as direct financial benefits.[135]

5. Knowledge Standard

a) Actual knowledge

Article 13 of the 2012 Network Judicial Interpretations confirms that "to establish actual knowledge, a copyright holder may provide the NSP with a notification." However, it is not clear whether such a notification needs to be in full or substantial compliance with all of RPRCIN Article 14's clauses.

b) Apparent knowledge

The 2012 Network Judicial Interpretations require that, when determining whether the NSP has apparent knowledge, the courts shall consider all of the following factors:

(1) The nature and mode of services provided by the NSP, the possibility that such services may trigger infringement acts and the information management capability that the NSP should have;

132 *Id.* art. 5(2).
133 Guiding Opinions of Beijing High Court, point 25.
134 2012 Network Judicial Interpretations art. 11.
135 *Id.*

(2) Type and popularity of the works, performances, or audio-video product disseminated and the degree of obviousness of the infringing information;

(3) Whether the NSP has taken the initiative to select, edit, modify, or recommend the works, performance, or audio-video product involved;

(4) Whether the NSP has taken positive and reasonable measures against infringement acts;

(5) Whether the NSP has set up convenient programs to receive notices of infringement and made timely and reasonable responses to such notices;

(6) Whether the NSP has taken reasonable measures against repeated infringement acts by the same web user; and

(7) Other relevant factors.[136]

Besides the above-mentioned factors to determine apparent knowledge, it should be noted that the 2012 Network Judicial Interpretations provide independent regulations concerning the apparent knowledge standard for video-sharing providers. If an NSP providing video-sharing services: "establishes charts, catalogues, indexes, descriptive paragraphs or brief introductions or in other ways to recommend hot movie and television programs which can be downloaded or browsed or are otherwise accessible by the public on its webpage,"[137] it will be considered as having apparent knowledge.

6. Notice and Take-Down Procedure

First, the 2012 Network Judicial Interpretations clarifies that the form of a written notification includes, but is not limited to letter, fax, and electronic mail.[138] Second, the 2012 Network Judicial Interpretations require that an NSP "take necessary measures" to "timely" remove, block, or disable access to the infringing material. It should be noted that the term "timely" is used, instead of "promptly" as adopted by the RPRCIN. The relevant factors to determine whether the measure is taken in a timely manner includes, but is not limited to: (1) method of notification by a copyright holder; (2) degree of accuracy of notification; (3) degree of difficulty in taking measures; (4) nature of services provided by the NSP; and, (5) the type, popularity, and quantity of the material involved.[139]

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136 *Id.* art. 9.

137 *Id.* art. 10.

138 *Id.* art. 13.

139 *Id.* art. 14.

Compared with the Draft of the 2012 Network Judicial Interpretations,[140] the current provisions grant the courts more flexibility to determine the "timely" requirement, since the Draft Judicial Interpretations clearly require an NSP to act within "one business day" when a popular film is involved, or within "five business days" for other material. The Draft Judicial Interpretations set out a specific time frame within which an NSP must respond to a take-down notification. However, the final texts delete the specific time requirement.

IV. CONCLUSION

As mentioned above, the RPRCIN establishes four safe harbors for the NSP's activities and provides conditions for an NSP to be qualified under each safe harbor; however, there are no prerequisites applicable to all the safe harbors as in the DMCA: (a) adopting policy of terminating repeat infringers; and (b) accommodating standard technical measures.[141] Some Chinese scholars are in favor of incorporating these two conditions into the RPRCIN.[142] It should be noted that the 2012 Network Judicial Interpretations enumerate them in the list of factors for the court to determine the NSP's apparent knowledge.[143]

The RPRCIN contains a provision (RPRCIN Article 13) on the obligation for an NSP to disclose information to identify direct infringers.[144] RPRCIN Article 13 is closer to Article 15.2 of the E-commerce Directive[145] than to DMCA section 512(h)(1),[146] because an NSP is obligated under the RPRCIN to disclose the information to the "copyright adminis-

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140 Supreme People's Court, Circular on Solicitation of Public Comments on the Draft Provisions on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Dispute over Infringement of the Right of Communication through Information Network, http://www.court.gov.cn/xwzx/fyxw/zgrmfyxw/201204/t20120422_176202.htm (last visited Apr. 5, 2013).

141 17 U.S.C. § 512(i) (2006).

142 *See, e.g.*, Libo Zhang et al., *Bifenggang Yuanze Shiyongxing Yanjiu Ji Lifajianyi* [*Proposals to Amend the Safe Harbor Rules*] 151 TUSHU QINGBAO ZHISHI 122, 126-27 (2013).

143 2012 Network Judicial Interpretations art. 9.

144 RPRCIN art. 13.

145 E-Commerce Directive Article 15.2 provides that "[m]ember states may establish obligations for information society service providers . . . to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have storage agreements."

146 DMCA § 512(h)(1) provides that "[a] copyright owner or a person authorized to act on the owner's behalf may request the clerk of any United States district court to issue a subpoena to a service provider for identification of an alleged infringer . . . ."

trative departments" at their request, not to the copyright owner who obtained the subpoena from the courts.

Whether an NSP qualifies for any one of the four safe harbors has no influence on determining whether it qualifies for any other. Each of the safe harbors contains its own criteria. Even if an NSP fails to qualify for the safe harbor, there is not automatic liability by sole reason of that failure; the plaintiff still bears the burden of proving copyright infringement.[147]

With regard to the requirements for a notification to be considered effective, that is unclear under the RPRCIN and the 2012 Network Judicial Interpretations. It seems that the requirement shall only be substantial compliance with the elements provided for in RPRCIN Article 14 (sufficient to locate infringing material), instead of perfect compliance.[148]

Current provisions under the RPRCIN and the 2012 Network Judicial Interpretations only mention that copyright holders may send notification to the NSP, but do not mention a specific entity to receive the notification. It is suggested that provisions need to be introduced to require an NSP to designate an agent to receive the notification of a claimed infringement, that the name, address, phone number, and electronic mail address of the agent be made available to the public on its Web site, and that his information be provided to the Copyright Department.

In digital era, technology advances too quickly and too unexpectedly. It is believed that the 2012 Network Judicial Interpretations may be out of date in the near future. It is not feasible to wait for the NPC, the State Council, or the Supreme Court to pass new versions of the Copyright Law, the RPRCIN or Network Judicial Interpretations. The Chinese courts should have more flexibility to interpret relevant laws, regulations, or judicial interpretations, to deal with new problems and challenges, in such a way as to ensure an effective balance of interests among the copyright holders, the NSPs, and the public. Also, it is important for courts to reconcile the relationship among the RPRCIN and Copyright Law, Tort Liability Law, and relevant judicial interpretations when interpreting safe harbor rules.[149]

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147 Qian Wang, *Shipin Fenxiang Wangzhan Zhuzuoquan Qinquan Wenti Zai Yanjiu* [*Further Research on the Infringement of Video-Sharing Websites*], 135 FASHANG YANJIU 85, 87 (2010).

148 *See* NIE, *supra* note 97, at 146.

149 See Qian Wang, *Xinxi Wangluo Chuanboquan Baohu Tiaoli Zhong Bifenggang Guize De Xiaoli* (*The Effects of the Safe Harbor Rules in the RPRCIN*), 343 FAXUE 128, 140 (2010).

PART II

NIMMER ON COPYRIGHT COMMEMORATIVE ESSAY

COPYRIGHT DEFENSES AS USER RIGHTS

by DAVID VAVER*

This article discusses two related topics: first, how treatises such as *Nimmer & Nimmer* influence copyright law beyond the United States, and particularly how U.S. copyright law influences Canadian law; and second, how Canadian law now treats statutory copyright defenses such as fair dealing as user rights, and the possible implications of that treatment.

I

It is a striking coincidence that the leading treatises on copyright law in the United States and the United Kingdom are each works where a son succeeded father as author. The American work's line of succession is the more simple and direct: in 1985 on his father's death, David Nimmer assumed authorship of the treatise that Melville B. Nimmer first published in 1963. The British work, *Copinger on Copyright*, was first published in 1870, and its authorship descended first from W.A. Copinger to his son-in-law J.M. Easton in 1904, and then from Easton's successor F.E. Skone James to his son E.P. Skone James in 1965 on F.E.'s death.

The contrasts are equally striking. The current two-volume edition of what is now *Copinger & Skone James on Copyright* is updated by three barristers, with two more assisting. David Nimmer remains as sole author of *Nimmer & Nimmer on Copyright*'s ten volumes. Hercules needs no help. Nor did Melville Nimmer before him. His book was his own. That, as we shall see below, is only relatively true of *Copinger*'s first edition.[1]

While lineal authorial succession is no guarantee of success, in these two instances it has been, in ways the original author may not fully have envisaged. The expectations of Copinger and Nimmer *père* that their treatises would become pre-eminent in their respective jurisdictions have been fully realized, but the influence of both books has been much greater. Like copyright itself, their sway is now global, *Nimmer*'s today probably more so than *Copinger*'s. *Nimmer* is consulted frequently outside the

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[1] *See* text below, accompanying 42-44.

United States, on local law as much as U.S. law. American case law, when sifted, synthesized, refined, and interpreted, represents a rich lode of learning, and where better to go first for the result of that process than *Nimmer*?[2]

Like all American treatises, *Nimmer* must naturally be used with care on questions of non-American law. Common law jurisdictions often find it useful and even necessary to look to other common law jurisdictions or beyond for inspiration and guidance on local law, whether it be copyright or anything else. One finds help wherever one can when dealing with a new problem, and for copyright the United States, with its raft of copyright-based industries and relatively easy access to legal material, is an obvious source. American lawyers too have easy access to foreign law sources, courtesy of another work initiated by Melville B. Nimmer and carried on to date by Paul Edward Geller.[3]

To consult does not mean to accept, and the persuasiveness of American law varies not only according to the diligence of individual counsel but also according to fashion, time, place, and local legal tradition. For example, whereas nineteenth century British and American courts and treatise writers frequently referred to one another's legislation and caselaw, that phenomenon is much rarer today. British courts now show little interest in U.S. law, even where American judicial experience exceeds the British. Thus in 1994, at a time when indigenous case law on the point was scarce, a British judge refused to consider U.S. case law on copyright infringe-

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[2] The evidence from Canada is persuasive. *See* the authoritative treatment of *Nimmer* in Euro-Excellence, Inc. v. Kraft Canada, Inc., [2007] 3 S.C.R. 20, paras. 43–44 (exclusive licensee); Soc'y of Composers, Authors and Music Publishers of Canada v. Canadian Ass'n of Internet Providers, [2004] 2 S.C.R. 427, para. 117 (Internet service provider liability); Apple Computer, Inc. v. Mackintosh Computers, Ltd., [1987] 1 F.C. 173, [1986] F.C.J. No. 278, para 68, *aff'd*, [1988] 1 F.C. 673 (C.A.), *aff'd*, [1990] 2 S.C.R. 209 (noting *Nimmer*'s criticism of Baker v. Selden, 101 U.S. 99 (1879)); FWS Joint Sports Claimants v. Canada (Copyright Bd.), [1992] 1 F.C. 487 (C.A.) (football game not "dramatic work"); Eros-Équipe de Recherche Opérationnelle en Santé Inc. v. Conseillers en Gestion et Informatique C.G.I., Inc., 2004 FC 178 at [121] (computer program infringement); Neudorf v. Nettwerk Prods, Ltd. (1999), 3 Can. Pat. Rep. (4th) 129, [1999] B.C.J. No. 2831, paras. 35, 74 (B.C.S.C.) (joint authorship); Dolmage v. Erskine (2003), 23 Can. Pat. Rep.(4th) 495 (Ont. S.C.) (academic copyright: *Nimmer* "highly regarded"); Hutton v. Canadian Broad. Corp. (1989), 29 Can. Pat. Rep.(3d) 398, 1989 CanLII 3311 at [265] (Alta. Q.B.) (damages), aff'd (1992), 41 Can. Pat. Rep. (3d) 45 (Alta. C.A.); Pelchat v. Zone 3, Inc., 2013 QCCS 78, para. 78 (Que. S.C.) (no monopoly in ideas).

[3] *See* INTERNATIONAL COPYRIGHT LAW & PRACTICE (Paul Edward Geller & Melville B. Nimmer eds., 1988) (updated annually), which Melville B. Nimmer initiated and Paul E. Geller took over on Mel's death. David Nimmer, appropriately enough, authors the chapter on United States law.

ment of computer programs because it would add "complications" and likely "lead to overcitation of U.S. authority on a statute different from ours."[4] Today British lawyers find U.S. copyright law even more peripheral to their concerns as U.K. law drifts into a Continental European mindset molded by directives and regulations emanating from Brussels and court decrees promulgated from Luxembourg.[5] Unsurprisingly, foreign judicial interest in contemporary modern British caselaw is correspondingly dwindling beyond Europe.[6]

II

By contrast, Canada has historically taken a more lively interest in American copyright developments, even though Canadian law is rooted more in British than U.S. copyright law, with the occasional domesticated graft (e.g., statutory damages) from the latter.[7] Cross-border traffic in copyrighted material is enormous and Americans are often involved one way or another in Canadian disputes. Canadians do not share the British sentiments on the use of U.S. law, quoted in the previous paragraph. In a case also involving allegations of infringement of a computer program's copyright, a Canadian appeal court mentioned the British attitude only to emphasize that divergent U.S. and U.K. views on infringement methodology in computer cases did not "necessarily" involve a "hard-edged ques-

[4] IBCOS Computers, Ltd. v. Barclays Mercantile Highland Fin., Ltd., [1994] F.S.R. 275, 302 (Ch.) ("the leading case" in the U.K. on copyright and computer programs, according to SAS Inst., Inc. v. World Programming, Ltd., [2011] RPC 1, [2010] EWHC 1829, para. 86 (Ch.)). British courts have found U.S. law more helpful on copyright and private international law matters. *See* Lucasfilm, Ltd. v. Ainsworth, [2012] 1 A.C. 208, [2011] UKSC 39, where the U.K. Supreme court referred as much to American as to European trends in holding that British courts had jurisdiction to adjudicate U.S. copyright actions against British residents for internet sales made from Britain into the United States.

[5] European legal autonomy over the scope of copyright for computer programs is now substantially complete. *See* SAS Inst., Inc. v. World Programming, Ltd., [2013] EWHC 69 (Ch.), applying SAS Inst., Inc. v. World Programming, Ltd., Case C-406/10, [2012] Eur. Copr. & Design Reps. 22 (C.J.E.U.).

[6] *See, e.g.*, in Canada, Alberta (Educ.) v. Canadian Copyright Licensing Agency, 2012 SCC 37 (finding U.K. law on fair dealing not "particularly helpful" for taking "a more restrictive approach" than Canadian law) (citing Guiseppina D'Agostino, *Healing Fair Dealing? A Comparative Copyright Analysis of Canada's Fair Dealing to U.K. Fair Dealing and Fair Use*, 53 McGILL L.J. 309 (2008)), even though Canadian fair dealing law derives directly from the Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, s. 2(1)(i) (U.K.).

[7] William L. Hayhurst, *Intellectual Property Laws in Canada: the British Tradition, the American Influence and the French Factor*, 10 INTELL. PROP. J. 265 (1996); David Vaver, *Canada's Intellectual Property Framework: A Comparative Overview*, 17 INTELL. PROP. J. 125, 126, 135*ff.* (2003).

tion of law."[8] Affirming the suit's dismissal, the appeal court found nothing wrong in how the trial court had fully discussed U.K. and U.S. case law but had ultimately relied on expert evidence to find no substantial reproduction in fact of the program involved.[9]

Canadian courts are therefore more receptive than British courts to the citation of U.S. law in copyright cases, perhaps partly motivated by NAFTA's idea of a common level legal playing field among NAFTA members. U.S. law is treated as being anything from "very helpful" to "unhelpful but interesting anyway as contrast." Judges especially at the appellate level do not hesitate to ask counsel whether or not U.S. law can shed any light on the case in front of them.

Three decisions of the Supreme Court of Canada spanning the last quarter century are representative. *Compo Co., Ltd. v. Blue Crest Music, Inc.*[10] concerned a firm which pressed sound recordings of a musical work to a record company's order and was sued for infringing the music copyright owner's right to "make" sound recordings.[11] The presser's argument, that not it but the record company "made" the records, was rejected. In an oft-cited passage, the Court laid down both the rule and exception for relying on American copyright precedents:

> The United States Copyright Act, both in its present (i.e., 1976) and earlier forms, has, of course, many similarities to the Canadian Act, as well as to the pre-existing Imperial Copyright Act. However, United States court decisions, even where the factual situations are similar, must be scrutinized very carefully because of some fundamental differences in copyright concepts which have been adopted in the legislation of that country. . . . That is not to say that we may not find some assistance in examining the experience in the United States and for that purpose I turn briefly to some of the decisions of the United States Federal Courts.[12]

The Court reviewed U.S. case law particularly on § 101(e) of the Copyright Act of 1909 preventing unauthorized "manufacture" of sound recordings, as well as more directly relevant U.K. precedents. It decided that the U.S. concept of "manufacture" was similar enough to the Canadian concept of "mak[ing]" for record pressers, like their American and British counterparts, to be liable for infringement if they lacked the copyright owner's consent. The fact the record company might be liable too was irrelevant.

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[8] Delrina Corp. v. Triolet Sys., Inc., (2002) 17 Can. Pat. Rep. (4th) 289, 2002 CanLII 11389, paras. 46–47 (Ont. C.A.).

[9] *Id.* paras. 80–81.

[10] [1980] 1 S.C.R. 357.

[11] Copyright Act, R.S.C. 1985, c. C-42, s. 3(1)(d).

[12] *Compo Co., Ltd.*, [1980] 1 S.C.R. at 367-68.

The second case, *CCH Canadian, Ltd. v. Law Society of Upper Canada*,[13] concerned legal publishers who claimed that the Law Society library's provision of a photocopy and faxing service for lawyers who wanted access to court opinions infringed the publishers' copyrights. In dismissing the claim, the Court considered, among other points, whether or not (1) the headnotes, case summaries, and indexes added to the case reports were "original" enough to warrant copyright, and (2) the Law Society's conduct constituted "fair dealing for the purpose of research."[14]

On originality, the Court saw two contrasting trends in U.K. and U.S. law, which had both found favor with Canadian courts at various times. One in U.K. law required the work merely to originate from an author and not be copied. The other, symbolized by O'Connor J.'s judgment in *Feist Publications, Inc. v. Rural Telephone Service Co.*,[15] demanded some creativity beyond mere "sweat of the brow." Citing *Compo*, the Court indicated that that "U.S. copyright cases may not be easily transferable to Canada" but added:

> This said, in Canada, as in the United States, copyright protection does not extend to facts or ideas but is limited to the expression of ideas. As such, O'Connor J.'s concerns [in *Feist*] about the "sweat of the brow" doctrine's improper extension of copyright over facts also resonate in Canada.[16]

The Court concluded that the Canadian test of originality lay somewhere between the British and the American one. It required an intellectual effort that involved the exercise of skill and judgment beyond the mechanical or trivial.[17] Headnotes, case summaries, and indexes qualified; minor editing and additions to the case reports did not.

On fair dealing, the Court held the way the Law Society handled photocopying by and for lawyers did in fact constitute fair dealing for the purpose of legal research. Unlike the U.S. law on fair use, Canada's list of allowable fair dealing purposes is closed and the *Act* contains no fairness criteria. Nonetheless, the Federal Court of Appeal, encouraged by the *Compo* case to "find some assistance in examining the experience in the United States,"[18] compiled a list of non-exhaustive factors drawn from U.K. caselaw and § 107 of the Copyright Act of 1976.[19] The Supreme Court of Canada summarized these as "(1) the purpose of the dealing; (2)

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[13] [2004] 1 S.C.R. 339, 2004 SCC 13.

[14] Copyright Act, *supra* note 11, ss. 5(1) ("original"), 29 ("fair dealing").

[15] 499 U.S. 340 (1991).

[16] *See CCH Canadian, Ltd.*, 2004 SCC para. 22.

[17] *Id.* para. 16.

[18] See citation in text accompanying *supra* note 12, *ad finem*.

[19] CCH Canadian, Ltd. v. Law Soc'y of Upper Canada, [2002] 4 F.C. 213, 2002 FCA 187, paras. 147–150 (also drawing on DAVID VAVER, COPYRIGHT LAW 191 (2000)).

the character of the dealing; (3) the amount of the dealing; (4) alternatives to the dealing; (5) the nature of the work; and (6) the effect of the dealing on the work," and approved them generally as "a useful analytical framework to govern determinations of fairness in future cases."[20]

The third case, *SOCAN v. Bell Canada*,[21] involved a claim by Canada's counterpart of ASCAP against online music providers such as iTunes, for making available streamed thirty-second clips of musical works on their website for users to listen to and decide whether or not to buy the full recording. The Supreme Court of Canada said that fair dealing involved a two-step test: (1) the activity must fall within an allowable purpose (here "research"), a relatively low threshold to cross since the purposes were all interpreted liberally; and (2) the activity must then satisfy *CCH*'s fairness criteria, where most of the "analytical heavy-hitting" would occur.[22] The Court held that providing resources to facilitate research by customers constituted fair dealing by the providers for the purpose of research, and dismissed SOCAN's claim.

The Court found the U.S. fair use law issues raised in this case interesting more as contrast than precedent. Specifically, it rejected SOCAN's argument, based on U.S. case law, that only transformative uses could be fair. Saying it thought U.S. case law was not that categoric, the Court nevertheless added:

> But even if [transformative use] were a requirement under American law, this Court has previously cautioned against the automatic portability of American copyright concepts into the Canadian arena, given the "fundamental differences" in the respective legislative schemes [citing *Compo*]. This caution has resonance in the fair dealing context.[23]

One may therefore conclude that Canadian lawyers and courts will profit from regularly consulting treatises like *Nimmer*, especially when new points arise and the statutory provisions are comparable. At worst, the exercise may highlight differences and sharpen understanding; at best, it may provide persuasive precedents or at least interesting arguments. American and other lawyers may well find similar interest in Canadian treatises and court decisions.

III

Copyright defenses such as fair use or its Canadian counterpart, fair dealing, may be a case in point. One may wonder what more could be said about them that has not been said already, and often. As it happens, quite a lot — as is evidenced by two of the Supreme Court cases already men-

[20] *See CCH Canadian, Ltd.*, 2004 SCC, para. 53.
[21] 2012 SCC 36.
[22] *Id.* para. 27.
[23] *Id.* para. 25.

tioned, *CCH v. Law Society* and *SOCAN v. Bell Canada*,[24] and two other judgments of the Court delivered in 2012:[25] the idea that the statutory defenses to copyright infringement, such as fair dealing, should be conceived of not as mere exceptions or limitations to copyright but as user rights.

The idea is not entirely unfamiliar to American lawyers. In 1991 Patterson and Lindberg published a monograph on user rights that conceptualized American copyright law and its interrelation with First Amendment principles as a balance between authors, publishers, and users.[26] Patterson and Lindberg were concerned more with the neglected subject of user rights, particularly fair use and personal use, but their argument logically covers other copyright defenses too.

The conceptualization of fair use as a user right has, however, been little judicially recognized in the United States. Its main champion was Judge Birch in the Eleventh Circuit who, with Patterson and Lindberg specifically in mind, wrote in *Bateman v. Mnemonics, Inc.*:[27]

> Although the traditional approach is to view "fair use" as an affirmative defense, this writer, speaking only for himself, is of the opinion that it is better viewed as a right granted by the Copyright Act of 1976. Originally, as a judicial doctrine without any statutory basis, fair use was an infringement that was excused — this is presumably why it was treated as a defense. As a statutory doctrine, however, fair use is not an infringement. Thus, since the passage of the 1976 Act, fair use should no longer be considered an infringement to be excused; instead, it is logical to view fair use as a right.

Judge Birch later repeated this view, adding that the U.S. Supreme Court's requirement that fair use must be "procedurally asserted as an affirmative defense does not detract from its constitutional significance as a guarantor to access and use for First Amendment purposes."[28]

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[24] *See supra,* notes 13, 21, respectively.

[25] Alberta (Educ.) v. Canadian Copyright Licensing Agency, 2012 SCC 37 (delivered simultaneously with the *SOCAN* decision); Reference re Broad. Regulatory Policy CRTC 2010-167 & Broad. Order CRTC 2010-168, 2012 SCC 68, para. 36, noting Copyright Act's provision of "user rights such as fair dealing and specific exemptions that enable the general public or specific classes of users to access protected material under certain conditions."

[26] L. Ray Patterson & Stanley W. Lindberg, The Nature of Copyright: A Law of Users' Rights (1991).

[27] 79 F.3d 1532, 1542, n.22 (11th Cir. 1996). Patterson and Lindberg's book with its discussion of user rights is cited later in the opinion. *Id.* note 32. Birch was a student at Emory Law School during the time Patterson taught copyright law there and later practised law in Macon and Atlanta, Georgia, before becoming a judge.

[28] SunTrust Bank v. Houghton Mifflin Co., 268 F.3d 1257 n.3 (11th Cir. 2001).

In both judgments, Birch's opinion was expressed in a footnote and *Nimmer* duly recorded the idea of user rights and the second quotation in full — in a footnote.[29] One may infer that the treatise author preferred to stay officially agnostic on a point that, by its placement, he recognized was a minority view in U.S. law.

The Supreme Court of Canada seemed unaware of these developments when it spoke about user rights in the *CCH* case, its first encounter with fair dealing. Yet it had laid the groundwork for *CCH* two years earlier in a shift away from a mechanistic treatment of copyright issues towards one that more realistically balanced owner, author and user interests:

> The Copyright Act is usually presented as a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator (or, more accurately, to prevent someone other than the creator from appropriating whatever benefits may be generated). . . . The proper balance among these and other public policy objectives lies not only in recognizing the creator's rights but in giving due weight to their limited nature. In crassly economic terms it would be as inefficient to overcompensate artists and authors for the right of reproduction as it would be self-defeating to undercompensate them. . . . Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.[30]

These sentiments were plainly lost on the legal publishers in the *CCH* case, who repeated before the Supreme Court the argument they had lost before the Court of Appeal that "the Act's exemptions, such as the fair dealing provisions, ought to be narrowly construed."[31] The Supreme Court rejected the argument in terms that apply to all statutory defenses to infringement:

> Procedurally, a defendant is required to prove that his or her dealing with a work has been fair; however, the fair dealing exception is perhaps more properly understood as an integral part of the *Copyright Act* than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users'

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[29] 4 DAVID NIMMER & MELVILLE B. NIMMER, Nimmer on Copyright § 13.05, n.4 (2001).

[30] Théberge v. Galerie d'Art du Petit Champlain, Inc., [2002] 2 S.C.R. 336, 2002 SCC 34, paras. 30–32 (holding that the ink transfer of an image did not infringe the right to "reproduce," noting (*id.* para. 72) that it was reaching a similar result to Lee v. A.R.T. Co., 125 F.3d 580 (7th Cir. 1997).

[31] CCH Canadian, Ltd. v. Law Soc'y of Upper Canada, [2002] 4 F.C. 213, 2002 FCA 187, para. 126.

> interests, it must not be interpreted restrictively. As Professor Vaver has explained:[32] "User rights are not just loopholes. Both owner rights and user rights should therefore be given the fair and balanced reading that befits remedial legislation."[33]

In the two fair dealing cases it decided in 2012,[34] the Supreme Court of Canada emphatically reaffirmed the *CCH* case. User rights analysis in copyright law was here to stay: the rights were to be interpreted liberally, and more from a user and public than owner perspective. In a third case decided later that year, the rights of cable television suppliers under the Copyright Act to carry local broadcasting for free were called "user rights" by the Court, which prevented the rights from being undermined by a regulatory order that required the supplier to either pay the broadcaster or blank the signal.[35] These decisions all represent a "move away from an earlier author-centric view" to one that emphasizes user rights as an important tool to balance "protection and access" sensitively, so as to further the public interest in making culture widely available.[36]

The idea that users have rights just as owners do and that users are equals whose rights deserve the same respect as owners' rights is of course anathema to copyright holders and those who act for them. To them, whatever a user can do with copyrighted material is an exception or indulgence, done by grace of the copyright owner, which may be withheld at whim: a case of *auteur,* or more realistically *propriétaire, obligé.*

There is however nothing inherently wrong in treating copyright defenses as user rights. They may not be entitlements that may be transferred or that have correlative duties in the way Hohfeld conceived of rights, but they are entitlements nonetheless: activities that by law are not infringements and so are "beyond the owner's control."[37]

The rhetoric of rights fits well with the Supreme Court of Canada's view that copyright law is about balance: for to balance rights is to balance similar entities, while balancing a right against an exception is either nonsensical or starts off with a linguistic bias against the exception.[38] It is

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32 VAVER, *supra* note 19, at 171.

33 *See* CCH Canadian, Ltd. v. Law Soc'y of Upper Canada, [2004] 1 S.C.R. 339, 2004 SCC 13.

34 SOCAN v. Bell Canada SOCAN, 2012 SCC 36; Alberta (Educ.) v. Canadian Copyright Licensing Agency, 2012 SCC 37.

35 Reference re Broad. Regulatory Policy CRTC 2010-167 & Broad. Order CRTC 2010-168, 2012 SCC 68, paras. 36, 58.

36 *SOCAN*, 2012 SCC 36, paras. 9–11.

37 *Reference re Broad. Regulatory Policy*, 2012 SSC, para. 58.

38 *See also* TRIPs art. 7, which requires intellectual property protection and enforcement to contribute to innovation and dissemination "to the mutual advantage of producers and users of technological knowledge and *in a manner conducive to social and economic welfare, and to a balance of rights and obligations"* [emphasis added].

probably no coincidence that the Court's new perspective on copyright law came after two decades of decisions on the freedom of expression guarantee under the Canadian Charter of Rights and Freedoms of 1982. For copyright law is par excellence an area that deals with the sensitive area of expression of not just authors but everyone — and expression is, as the Supreme Court of Canada has emphasized in its post-Charter cases, a "vital concept" to be restricted only "in the clearest of circumstances."[39] On this theory, cultural access would be treated as the rule, and copyright restriction as the exception.

The rhetoric of rights also has history on its side. Up to the early twentieth century, copyright law, like other intellectual property laws, neither had nor needed many specific user rights because owners had comparatively few rights. The main one was to prevent copying, and copying was taken literally: people could generally freely translate, make sound recordings and three-dimensional reproductions, and fairly adapt and abridge copyrighted works, because none of those acts constituted copying. Put a piano roll of a Stephen Foster song next to its sheet music, and anyone could tell they were not the same, and so clearly not copies.[40] Users thus had rights to do what owners had no right to stop them from doing; user rights began where owner rights stopped.

Even literal copies would not infringe if they did not unfairly appropriate or use the prior author's work.[41] Which brings us back to *Copinger on Copyright*. When W.A. Copinger first published his treatise in 1870, he copied quite a bit from George Curtis's earlier American treatise,[42] including the definition of copyright infringement almost verbatim. There is no record of Curtis's complaining, and there would have been no point. Both Curtis and Copinger said in their books, this time in different words, that infringement required the copier's work to substitute for or otherwise injure the earlier work; if not, the copier's use was fair and not an infringement on either side of the Atlantic.[43]

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[39] Edmonton Journal v. Alberta (A.-G.), [1989] 2 S.C.R. 1326.

[40] Boosey v. Whight, [1900] 1 Ch. 122 (C.A.); White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1 (1908).

[41] Judge Birch's earlier statement (*see* text accompanying *supra* note 27) that the judicial doctrine of fair use merely excuses infringement may need qualification if it means accurately to state the pre-1911 English (and pre-1921 Canadian) law of fair use. It was for the plaintiff to prove the defendant had unfairly taken the plaintiff's work, not for the defendant to disprove it. The defendant may however have had an evidentiary burden to disprove a plaintiff's prima facie showing of unfairness.

[42] GEORGE T. CURTIS, A TREATISE ON THE LAW OF COPYRIGHT (Little & Brown 1847).

[43] For a fuller discussion, see David Vaver, *Harmless Copying*, 25 INTELL. PROP. J. 19, 24-26 (2012).

What Copinger did in the nineteenth century was often called the exercise of "a right of fair use." That is how *Copinger*'s editor Easton described it in the edition that was published straight after the passage of the Copyright Act, 1911 (U.K.), the same Act which the 1921 Canadian Copyright Act substantially copied, and which remains the backbone of current Canadian legislation. The original U.K. Copyright Bill preceding the 1911 *Act* lacked a fair dealing provision. Fair dealing came in as an amendment during debates in Parliament, and Easton could not understand why it was introduced at all. Fair dealing for any purpose had always been acceptable, he said, and surely the new Act did not mean to take away "the rights of fair user [sic] previously enjoyed under the old law."[44]

So in talking of user rights in the twenty-first century, the Supreme Court of Canada has resurrected, perhaps unwittingly, a usage and tradition stretching back into the nineteenth century that had become obscured for most of the twentieth century, until Patterson and Lindberg drew attention to it in their 1991 work.

The usage is however now freighted with the concerns of the twenty-first century rather than the nineteenth. When the Supreme Court speaks of copyright law's need to achieve a "proper balance between protection and access," the language echoes the customary international law of human rights treaties such as the Universal Declaration of Human Rights of 1948. Article 27(1) of the Declaration provides that everyone has "the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits." The Article goes on in subsection (2) to provide for the author's right to "the protection of the moral and material interests resulting from [his] scientific, literary or artistic production." Significantly, this ordering tracks the Supreme Court of Canada's treatment of freedom of expression noted earlier, where access is the rule and protection the exception.[45] Article 15(1) of the International Covenant on Economic, Social and Cultural Rights of 1966 maintains the same order of priority, and its official Commentary also makes clear that intellectual property is a lesser right than the rights to participate in cultural life and enjoy the benefits of scientific progress. In fact, intellectual property is, as in the Universal Declaration, the last on the long list of rights set out — unsurprisingly trumped by such rights as the right to work, equality, social security, health, and education. Being tradable, time-limited, often corporate, and merely statutory, intellectual property can be here today and gone tomorrow while, according to the

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[44] COPINGER ON COPYRIGHT 144 (James M Easton ed., 5th ed. 1915).

[45] See *supra* note 39 and accompanying text.

Commentary, "human rights are timeless expressions of the fundamental entitlements of the human person."[46]

Whether or how far a user right may be restricted or contracted out of is an intriguing question. Equating user rights with human rights would certainly help transform user rights beyond mere defenses and give them substantive content. One might, for example, use human rights concepts to challenge the use of digital locks that deny access to an intending fair dealer; might such a denial unreasonably interfere with the fair dealer's Charter freedom of expression? Are the 2012 amendments to the Copyright Act that support such a denial[47] a valid exercise of Parliament's constitutional power over "copyrights," when a fundamental purpose of copyright, to facilitate access, is thwarted?[48]

IV

The concept of user rights adopted by the Canadian courts may not be universally well-received initially, partly because its full implications have not yet fully been worked out. Author-centric and owner-centric jurisdictions will instinctively react negatively.[49] After all, authors and copyright holders want money, not balance or user equality. By contrast, jurisdictions that view copyright's primary purpose as — to quote *Nimmer*[50] — "not to reward the author but rather to secure the general benefits derived by the public from the labors of authors" may find user rights a concept worth considering for their copyright law. And, while one is at it, why not for all intellectual property laws?

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46 *See* Peter Yu, *IP and Human Rights in the Nonmultilateral Era*, 64 FLA. L. REV. 1045, 1052-53 (2012).

47 Copyright Act, *supra* note 11, secs. 41–41.22.

48 For such a suggestion for Australian law, see Stevens v. KK Sony Computer Entm't, [2005] HCA 58, para. 218; *see also* DAVID VAVER, INTELLECTUAL PROPERTY: COPYRIGHT, PATENTS, TRADE-MARKS 44-45 (2d ed. 2011).

49 *See* RETO HILTY & SYLVIE NÉRISSON, BALANCING COPYRIGHT – A SURVEY OF NATIONAL APPROACHES 19-23 (2012).

50 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.03[A] (2013) (footnotes and internal quotes removed).

PART III

RECENT CANADIAN DEVELOPMENTS

FAIR DEALING: CANADA HOLDS TO ITS POSITION

by YSOLDE GENDREAU*

INTRODUCTION

"How did this happen?" This question may indeed be the reaction to the Supreme Court of Canada decisions on fair dealing that were rendered last July 2012. The first one, *SOCAN v. Bell Canada*,[1] decided that listening to excerpts of musical works before purchasing the entire works amounted to a fair dealing for the purpose of research. In the second one, *Alberta (Minister of Education) v. Canadian Copyright Licensing Agency (Access Copyright)*,[2] the Court found that copies of works that were made at teachers' initiative for students as complementary materials constituted acts of fair dealing for the purpose of private study. In both cases, the Court made ample use of the notion of users' rights, a notion that it had identified in a 2004 decision, *CCH Canadian, Ltd. v. Law Society of Upper Canada*,[3] in order to come to its conclusions.

For any observer of the copyright scene worldwide, a decision by the Supreme Court of any country is usually perceived as an important landmark. In today's world, when this decision touches upon the interpretation of exceptions to copyright law, the event is all the more newsworthy. Here, we have not only one, but two decisions that pertain to the concept of fair dealing, a concept that is pretty much as central to the overall scheme of copyright exceptions in Canadian law as its cousin fair use is in the U.S., but that has not had the same visibility as its U.S. counterpart. That these two decisions were rendered on the same day as three other copyright decisions by the Supreme Court makes them all the more conspicuous. The copyright pentalogy or quintet, as it is increasingly known, provides judicial confirmation of an approach to copyright that also pervades the 2012 amendments to the Canadian Copyright Act.[4]

The purpose of this article is not to analyze the decisions through each step of their reasoning. Rather, I would like to take the opportunity that the passage of time has now allowed to reflect on the context in which these decisions were made. Given that the Supreme Court did indeed grant leave to appeal in these decisions, one may safely assume that it did

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1 2012 SCC 36, (2012) 102 C.P.R. (4th) 241.

2 2012 SCC 37, (2012) 102 C.P.R. (4th) 255.

3 [2004] 1 S.C.R. 339.

4 R.S.C. 1985, c. C-42.

so because it wanted to take the opportunity to make its views known on the subject of fair dealing. The Court certainly had good reasons for intervening on this issue. The difficulties come with the way it has handled some of the elements that lurk in the background of its decisions at that particular point in time in the history of Canadian copyright law.

I. RATIONALES FOR INTERVENTION

Many grids of analysis can be used to read the two Supreme Court decisions on fair dealing. Since there have been few decisions on exceptions in Canadian copyright law, these latest ones can indeed be welcomed for their guidance in the interpretation of exceptions in general within the scheme of the entire Act. Since they come fairly soon after the *CCH Canadian* decision, which also involved the concept of fair dealing, their refinement on the foundations that were laid in that decision can thus be seen as merely bringing grist to the mill of this family of exceptions. However, it is also possible, though less likely, that their impact could be confined to that particular exception in the Copyright Act. The fact that these two decisions involve activities that are particularly relevant nowadays — the use of the Internet as a commercial medium, on the one hand, and education in general, on the other hand — nevertheless increases the bearing of their reasoning. All of these elements can serve as starting points for further reflections on their impact. However, I would prefer to focus here on some background considerations that may have influenced the Court's intervention in the working of the Copyright Act to the extent that it has so achieved.

The first motivation of a general nature for the Supreme Court to intervene in these cases may have to do with the absence of an identifiable philosophical orientation in the Copyright Act. This phenomenon, which has not gone unnoticed by Canadian doctrine,[5] is rooted in both textual and historical considerations.

It is well known that any copyright legislation is at the crossroads of many interests. Yet, nothing in the Canadian Act voices these interests in a clear manner. To wit, when one looks at another statute that is also the terrain of conflicting interests, i.e. the Competition Act,[6] one finds in an opening section a statement as to the competing goals that the Act is designed to protect.[7] No similar exercise has been achieved in the Copyright

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[5] SUNNY HANDA, COPYRIGHT LAW IN CANADA (2002) (especially at chapter 4).

[6] R.S.C., 1985, c. C-34.

[7] The purpose of this Act is to maintain and encourage competition in Canada in order to promote the efficiency and adaptability of the Canadian economy, in order to expand opportunities for Canadian participation in world markets while at the same time recognizing the role of foreign competition in Canada, in order to ensure that small and medium-sized

Act, and it is unlikely that such an action could even be attempted in the context of Canadian copyright law, given the heightened sensitivities that exist in that world; but it would one day be interesting to speculate as to what such goals could be if an entirely new statute were to include a similar provision. Since such an event is unlikely to happen, it is no wonder that the Supreme Court feels a certain duty to fill that void. An introductory section that refers to policy considerations may not be the norm among Canadian intellectual property statutes, but the recent amending legislation to the Copyright Act contained some preliminary elements that can be considered forerunners of this kind of legislative drafting.[8] A move by the Federal Parliament in that direction could be all the more warranted by the fact that, unlike the situation in U.S. law, the constitutional text that confers power to the Federal Parliament over copyright is devoid of legitimising language that can provide guiding principles both for Parliament and the courts. In hard cases or in situations where new life must be breathed into the Act, such language can only assist in developing new approaches.

The absence of policy statements, either through constitutional or statutory language, is a fairly easy context to identify. Less visible, though perhaps equally determinative, is the lack of some historical mystique surrounding the legislation. One has in mind here the kind of storytelling that has always been well kept alive by French doctrine about the beginnings and the development of its legislation since the French Revolution. A constant object of scholarly research,[9] the history of the French authors' rights legislation and movement has given to the French legislator and to the interpreters of their texts a well-documented rallying point for the understanding of the evolution of the law. Whether they agree or disagree with the official take on the copyright legislation, there is a reference point for all involved. One is hard pressed to find a similar reference point in Canadian copyright law. As a child of British colonial copyright legislation, the roots of the current Canadian text are to be found in the 1911 British Copyright Act.[10] The social and political movements surrounding

enterprises have an equitable opportunity to participate in the Canadian economy and in order to provide consumers with competitive prices and product choices.

Id. s.1.1.

8 Before the first section of the act, there are eight paragraphs that start with "whereas": An act to amend the Copyright Act, (2012) 60-61 Eliz. II, c.20 (Copyright Modernisation Act).

9 A list would be too long to provide here, but a window onto this world can be found in Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America*, 147 Rev. Int'le du Droit d'Auteur [R.I.D.A.] 125 (1991).

10 Copyright Act, 1911, 1 & 2 Geo. V, c. 46 (Eng.).

both the British and the Canadian adoption of these texts have certainly not been exploited to the same extent as the beginnings of the French authors' rights system.[11] And the special mixture of nineteenth-century British and Canadian copyright developments that predated it has not been exalted either as a foundation for the identity of contemporary Canadian law.[12] Indeed, if one were to look for an easily identifiable institutional reference point in English copyright philosophy, one might have to go back to the very title of the Statute of Anne of 1710.[13] The time frame, the geographical distance, and the colonial context may all contribute, however, to foster a sense that the various narratives that are increasingly being identified to explain the development of copyright law in the mother country since those days[14] are not as relevant here, if at all, as in England. Consequently, the theoretical void that thus exists can be filled by those who have the power to do so.

The Supreme Court of Canada has had few occasions to step into the arena in order to provide the guidelines that the texts have failed to give. Before its decision in 2002 in *Théberge*,[15] the decision that can be perceived as the turning point in this matter, its last decision had been in 1990.[16] After 2002, the pace accelerated sharply, but not all decisions lent themselves to philosophical musings of the kind that can be seen today. In *Théberge*, reproductions of paintings were at the heart of a conflict between their author and a third party who wanted to use these copies commercially. Two years later, in *CCH Canadian*,[17] a fair dealing exception stood between copyright owners and users who wanted to make use of the works involved. In 2012, fair dealing lies again at the root of two decisions. Of all exceptions in the Copyright Act, fair dealing probably offers the best ground on which to build a doctrine that incorporates the rights and

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11 For some recent texts on these issues, see Uma Suthersanen, *The First Global Copyright Act* and Ysolde Gendreau, *No Copyright Law is an Island, both in* A SHIFTING EMPIRE: 100 YEARS OF THE COPYRIGHT ACT 1911, at 1, 226 (Uma Suthersanen & Ysolde Gendreau eds., 2013).

12 The beginnings of this kind of research can be found in Pierre-Emmanuel Moyse, *Canadian Colonial Copyright: the Colonies Strike Back*, *in* AN EMERGING INTELLECTUAL PROPERTY PARADIGM — PERSPECTIVES FROM CANADA 107 (Ysolde Gendreau ed., 2008); SARA BANNERMAN, THE STRUGGLE FOR CANADIAN COPYRIGHT: IMPERIALISM TO INTERNATIONALISM (2013).

13 An Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Authors or Purchasers of such Copies, during the Times therein mentioned (the Statute of Anne), 1710, 8 Anne c. 19 (Eng.).

14 For a framework for these discussions, see BRAD SHERMAN & LIONEL BENTLY, THE MAKING OF MODERN INTELLECTUAL PROPERTY LAW (1999).

15 Théberge v. Galerie d'art du petit Champlain, Inc., [2002] 2 S.C.R. 336.

16 Télé-Métropole, Inc. v. Bishop, [1990] 2 S.C.R. 467.

17 CCH Canadian, Ltd. v. Law Soc'y of Upper Canada, [2004] S.C.R. 339.

interests of all protagonists in a piece of copyright legislation. *Bell Canada* and *Alberta (Minister of Education)* thus provided the perfect opportunity to consolidate what had been started generally in the *Théberge* decision and more specifically in the *CCH Canadian* decision.

Any opportunity to delve further into the workings of fair dealing, as of any exception generally, must thus have been welcome by a Supreme Court that has grown more activist since the enactment of the Canadian Charter of Rights and Freedoms in 1982.[18] The advent of the Charter started an era where the courts have been highly solicited for their interpretation of broad policy considerations. For copyright purposes, the increasing intervention of the courts in social matters coincides, funnily enough, with a democratisation of communication means that has a tangible impact on the development of copyright law. The Supreme Court, which is now used to intervening more often in the interpretation of legislation, should therefore not be expected to exercise restraint in the interpretation of a statute that pits against each other so many interest groups. Its willingness to hear the five cases that culminated in its 2012 decisions confirms its desire to play an active role in the orientation of copyright law in Canada. It would certainly be preferable to be able to say that its interventions restored order to a particular segment of social and commercial interaction. In the present case, at least with respect to the fair dealing decisions, it would appear, though, that the court has only succeeded in creating more confusion.

II. PROBLEMS WITH THE INTERVENTION

There is little doubt that a large number of people can rejoice over the Supreme Court decisions on fair dealing. All of those who are in favor of users' rights or of free use of copyright-protected materials in many day-to-day instances can find cause for celebration. It is, however, possible to find some difficulty with such an unmitigated embracing of these approaches to copyright law as was demonstrated by the Court. Again, comments made here will not bear on the detailed wording of the decisions, but will rather pertain to some fundamental dynamics that were at play in them.

A first observation is directly derived from the absence of philosophical orientation that was mentioned earlier. The absence of a constitutional clause, of a statutory statement, and of a driving historical dimension, is heightened by the very Canadian conflict between copyright and *droit d'auteur*. The bilingual character of our legislation in and of itself makes this debate inevitable. In an authors' right system, the overall purpose of the legislation is clear: it is to protect the rights of authors or "creators."

[18] R.S.C. (1985), app. II, no 44.

In a copyright system, the nature of the vocabulary does not allow for such an easy conclusion. What has been increasingly clear over time, however, is that the neutrality of the copyright terminology helps to understand that the law is meant to arbitrate among varied and opposing interests and rights. Authors and creators, commercial agents of all kinds, as well as the public, either as end of the line consumers or as new creators, all have to come to a common understanding as to the regime of the intellectual creations that the Act protects. The two systems, however, can converge in the following manner: just as the author's rights countries actually need to make the same arbitration as the copyright countries, the latter also incorporate some of the author's rights perspectives in their doing. Indeed, an attentive reading of the Act can only lead to the conclusion that it is based on the premise that authors and/or copyright owners are all the ones who are exercising *rights*, whereas none of their counterparts have such *rights* to exercise vis-à-vis them. The Supreme Court seems not to have been directed to this very basic observation that is at the root of the relationships between all the parties involved in the dissemination of works. It has elevated users to the same rank as authors and copyright owners without any textual foundation for so doing. While it is true that the rights of the authors and copyright owners are to have some limitations, these limitations can only be articulated on the basis of their counterparts' interests, and not their rights.

It is surprising that this semantic consideration was not brought to the Court's attention during these cases, given that the earlier *CCH Canadian* decision had already set the stage and introduced the concept of users' rights. A friendly reminder of the lack of textual foundation for this new paradigm could have been voiced in order to allow the Court to backtrack gracefully into an allegorical explanation of the use of this vocabulary. A parallel can easily be made here with any consumer legislation. In that context, nobody finds it surprising that the law should be protecting consumers. For this protection to be realistic, it is of course necessary to consider the interest of merchants who will need to accommodate these rights. But one would be hard pressed to consider that a consumer protection statute gives rights to merchants on an equal footing with the rights of consumers. One may wonder why it is difficult to accept that authors and copyright owners can have rights that can be exercised against third parties. Why are we here witnessing such a willingness to put everyone on the same footing? Is there a malaise with the fact that one is dealing here with the protection of intellectual creations? In a society that claims to want to foster a knowledge economy, should not its laws reflect an importance that is to be given to the knowledge that is produced? Or are we condemned

to stay a nation of "hewers of wood and drawers of water?"[19] Yes, the works that copyright protects are not always very intellectual or full of wisdom; but that general debate is better suited to cases that deal with the notion of originality rather than exceptions.[20]

Another problem with the two decisions comes from their interaction with the amendments that were adopted at about the same time as the decisions were made public. It is indeed hard to believe that, throughout the proceedings, the Court was unaware of the very important amendments that were making their way through Parliament at that time. One of the main objectives of *Bill C-11*, which was adopted and sanctioned by Parliament on 29 June 2012,[21] was to update the exceptions in the Copyright Act. Among these amendments was a well-publicised drive to expand the fair dealing exception. While no exception corresponding to the situation in the *Bell Canada* case was introduced, a very charged environment surrounded the extension of fair dealing to education in general.[22] It would have been possible for the Court, in the *Bell Canada* case, to find that no exception governed the situation; it would have been equally possible for the Court to refrain from expanding "private study and research" to the extent that this exception now plays in the backyard of the new exception of fair dealing for "education." Just as it was advocating that private study need not be limited to "splendid isolation,"[23] one may wonder why the Court itself was living in such splendid isolation from directly relevant parliamentary debates. In a previous intellectual property case, the Supreme Court had already taken due notice of parliamentary activities in order to refrain from intervening and creating possible conflicts.[24] Why did it not do so here? Now, thanks to its newly found blinkers, au-

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19 The expression comes from an English author who travelled on this continent in the nineteenth century. *See* ANTHONY TROLLOPE, NORTH AMERICA 57 (J.B. Lippincott & Co. 1863).

20 Even then, cases that turn upon the interpretation of originality do not always lend themselves to such a debate.

21 *See* note 8, *supra*.

22 *See, e.g.*, Meera Nair, *Fair Dealing at a Crossroads*, *in* FROM "RADICAL EXTREMISTS" TO "BALANCED COPYRIGHT": CANADIAN COPYRIGHT AND THE DIGITAL AGENDA 90 (Michael Geist ed., 2010).

23 Alberta (Education) v. Canadian Copyright Licensing Agency (Access Copyright), 2012 SCC 37, ¶ 27, (2012) 102 C.P.R. (4th) 255.

24 Pioneer Hi-Bred, Ltd. v. Comm'r of Patents, (1989) C.P.R. (3d) 257, 271 ("It is true that most countries give the producers of new plant varieties special protection; even in Canada, several legislative proposals for this purpose have appeared over the years. Though this kind of legislation might act as a catalyst in the development of scientific research in Canada, I consider that this Court does not have the right to stretch the scope of patent protection beyond the limits of existing legislation. Accordingly, since the *Patent Act* contains no provisions relating directly to biotechnological inventions and

thors and copyright owners, as well as users of all stripes, have years of litigation ahead to make sense of these conflicts.

The potential overlaps with the new text of the Act are perhaps more pressing concerns than the relationship between court interpretations and international texts. Yet, it is well known by now that the guiding principle for the interpretation of exceptions, when one is faced with a new situation, comes from the three-step test that is found in the Berne Convention and in the TRIPs Agreement. It is equally well known, of course, that international texts are not directly applicable in Canadian law. However, while a WTO case against Canada on the basis of the three-step test remains for the moment speculative, a nod to the existence of this test in the judgement would have been welcome in today's world. After all, in its 1990 decision, the Court made ample use of an argument based on the Berne Convention in order to justify its reasoning.[25] A similar use of Article 9(2) of the Berne Convention could have been made here. In an increasingly globalized world, to repeat a well-worn phrase, such a move would not have seemed out of touch with contemporary realities.

If it has not taken heed of developments in the Canadian Parliament nor of the international context in which the country must position itself, the Supreme Court has nevertheless paid attention to the sirens from a segment of society that would be happy to see a copyright world free of charge. To be able to obtain something of value without paying for it is always an interesting prospect. That prospect has an even greater chance to become a reality when it can be justified on some public interest that benefits people who are perceived to be in need of protection. Here, the John Doe consumer and the pre-university student, figures with which any one can easily associate, have become unwitting parties against the big business of contemporary collecting societies. It is worth observing that the Supreme Court has not seen the authors behind the collecting societies that represent them. Had it first identified authors as the frailer parties in these situations, it might have identified other parties as the stronger ones: in the *Bell Canada* case, these are emblematic telecommunication companies; in the *Access Copyright* case, they would have been educational institutions that willingly pay for desks, chairs, brick, and mortar. In such contexts, the Court could have seen the fundamental issue as one of allocation of payment for the production of protected materials. To conclude that no payment was due would thus have been less of an option than with the pairing of parties that it chose to identify, that is, nameless copyright owners versus members of a public who are generally in need of protec-

new forms of life in particular, this new soybean variety will only be patentable if it meets the traditional conditions and requirements for a patent.").

[25] Télé-Métropole, Inc. v. Bishop, [1990] 2 S.C.R. 467.

tion against big business. With the present decisions, the commercial question of who pays to support the cultural industries that produce materials that everyone needs or wants is given short shrift. The readiness to identify and focus on one kind of relationship to provide context is maybe natural where the multiplicity of parties seems to obfuscate the debate. Do too many chefs spoil the sauce? Well, we now know which ones the Supreme Court prefers to hire until new ones are presented to it.

Indeed, we must now live with the choices that the Supreme Court has made with these two judgments. The Court will ultimately have to unravel the difficult relationship it has de facto created, because of its interpretation, between fair dealing for private study and the new fair dealing for education. That will only come in several years. In the meantime, it will be up to authors, copyright owners, and especially collecting societies, who are perhaps the only ones left with some means to institute court proceedings, to fuel the copyright debate. They must not do so at the expense of their buying public, but they must better explain their role in the functioning of the overall copyright system and their need to be recognized as a pivotal element in the copyright equation. Given the current climate, this mandate is bound to be a difficult one. Just as the authors of the Statute of Anne or of the French Revolution fought for their recognition, the authors of the age of the Internet must lead a similar battle.

PART IV

ADMINISTRATIVE DEVELOPMENTS

PART II

ADMINISTRATIVE DEVELOPMENTS

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Office Releases Report on Copyright Small Claims. The U.S. Copyright Office today released the findings of its two-year study on copyright small claims. The report documents the significant costs and other challenges of addressing copyright claims that have a relatively low economic value in the current federal system, and recommends the establishment of an alternative voluntary system of adjudication to be housed within the Copyright Office.

In a letter to the House Judiciary Committee, which requested the Report, Register of Copyrights Maria A. Pallante expressed appreciation for the many stakeholders who participated in the Office's public process and noted the particularly acute impact of small claims issues with respect to individual creators.

For example, in formal comments to the Office, the American Photographic Artists wrote, "the current system deters authors from asserting their rights, renders these cases difficult for any attorney to take on, and encourages copyright infringement by all phases of society." The Songwriters Guild of America stressed the combined impact of small claims on the livelihoods of individual creators, likening the challenges to "death by a thousand cuts." Organizations that provide *pro bono* assistance to lower-income artists, such as California Lawyers for the Arts and the New York-based Volunteer Lawyers for the Arts, emphasized a pressing need for alternatives to federal litigation.

Although the Copyright Office recommends a streamlined approach for small claims, it also underscores that "alleged infringers must be allowed to defend themselves vigorously." The Report cites the legitimate frustrations of those responding to such claims, who in some circumstances may themselves be smaller actors facing high litigation costs.

In sum, the Office makes the following recommendations:

- Congress should create a centralized tribunal within the Copyright Office, which would administer proceedings through online and teleconferencing facilities without the requirement of personal appearances. The tribunal would be staffed by three adjudicators, two of whom would have significant experience in copyright law —

together having represented or presided over the interests of both owners and users of copyrighted works — with the third having a background in alternative dispute resolution.

- The tribunal would be a voluntary alternative to federal court. Its focus would be on small infringement cases valued at no more than $30,000 in damages. Copyright owners would be required to have registered their works or filed an application before bringing an action. They would be eligible to recover either actual or statutory damages up to the $30,000 cap, but statutory damages would be limited to $15,000 per work (or $7,500 for a work not registered by the normally applicable deadline for statutory damages).

- Claimants who initiated a proceeding would provide notice of the claim to responding parties, who would need to agree to the process, either through an opt-out mechanism or by affirmative written consent. Respondents would be permitted to assert all relevant defenses, including fair use, as well as limited counterclaims arising from the infringing conduct at issue. Certain DMCA-related matters relating to takedown notices, including claims of misrepresentation, could also be considered, and parties threatened with an infringement action could seek a declaration of noninfringement.

- Parties would provide written submissions and hearings would be conducted through telecommunications facilities. Proceedings would be streamlined, with limited discovery and no formal motion practice. A responding party's agreement to cease infringing activity could be considered by the tribunal and reflected in its determination. The tribunal would retain the discretion to dismiss without prejudice any claim that it did not believe could fairly be adjudicated through the small claims process.

- Determinations of the small claims tribunal would be binding only with respect to the parties and claims at issue and would have no precedential effect. They would be subject to limited administrative review for error and could be challenged in federal district court for fraud, misconduct, or other improprieties. Final determinations could be filed in federal court, if necessary, to ensure their enforceability.

The full report is available at http://www.copyright.gov/docs/smallclaims.

LIBRARY OF CONGRESS. COPYRIGHT OFFICE

U.S. Copyright Office Announces Ringer Fellowships and Kaminstein Scholars, Names Brauneis of The George Washington University. Maria A. Pallante, the Register of Copyrights, today announced the creation of two fellowships designed for developing lawyers and established scholars, respectively.

"The programs I'm announcing today are a win-win all the way around for copyright law and public service," Pallante said. "For those who are passionate about copyright, the U.S. Copyright Office offers unparalleled opportunities to study and contribute to the field. And of course we will be the richer for the intellectual talent that these programs are sure to deliver."

The Barbara A. Ringer Copyright Honors Program offers eighteen to twenty-four-month paid fellowships for recent law school graduates and other attorneys in the early stages of their careers. Candidates must have a strong interest in copyright law and a demonstrated record of achievement in law school or in practice. Ringer was the eighth Register of Copyrights, serving from 1973 to 1980. A highly regarded lawyer as well as a mentor, she was both a leader in domestic and international circles and a trusted steward of the Copyright Office staff.

Ringer Fellows will be closely mentored by senior attorneys, and may work on any number of issues, including major studies and analyses, legislation, international developments, and litigation. The program complements the Copyright Office's existing law clerk program, whereby law students and recent graduates spend a semester or summer volunteering in one of the Office's legal divisions, often for academic credit.

The Abraham L. Kaminstein Scholar in Residence Program allows the Register to bring leading academics to the Copyright Office to work on mutually beneficial projects for a sustained period of time. Kaminstein was Register of Copyrights from 1960 to 1971. A well-respected scholar, he presided over many major revision studies and roundtables that laid the foundation for the 1976 Copyright Act.

Professor Robert Brauneis will serve as the first Kaminstein Scholar. Brauneis is a professor of law at The George Washington University and the author of numerous books and articles on copyright law. He will be in residence at the Office during the 2013–14 academic year.

PART V

BIBLIOGRAPHY

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BIBLIOGRAPHY

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