WEEK 1: THE FOUNDATIONS OF COPYRIGHT LAW


  Telephone company sued publisher (Feist) for copyr. infringement; claimed Feist copied Rural's white pages. Supreme Crt. said 1) names, numbers of phone company’s subscribers were not copyrightable and 2) the information was not arranged, selected, etc. in any creative way. "Sweat of the brow" concept.


  Photo of basketball player owned by Mannion; Coors created billboard that was similar; Coors had access to the photo. Court said 1) the photo met the originality required to be protected by CR law; 2) questioned whether the billboard and photo were similar...protection only extends to the components of a work that are original to the author and only requires a minimal degree of creativity. Use of camera, lens, etc. is more of the “sweat of the brow” but selection of lighting, staging do count as creative.

  Test for similarity: an ordinary observer would overlook similarities and regard the appeal as the same; another test: separate the unprotectable elements from consideration and determine if the protectable elements are the same (not favored, as it would reduce everything to the point of unprotectable). Idea/expression.


  Alexander, author of “Jubilee”, sued Haley, author of “Roots”, for infringement. Alexander showed the Haley had access to her work, but court said the similarities were scenes a faire...typical thoughts, images of that time which would not be copyright protected.

1. Introduction

   [http://www.copyright.gov]

2. The System of Multilateral Treaties - 7 major multilateral agreements= Berne convention

   TRIPS - 159 member countries parallels Berne but different “most controversial”


   3 Step Test - in most treaties:

   1) is it a special case,

   2) does it conflict with “normal” exploitation,

   3) does it prejudice the interest of the author

3. Originality [Joann’s notes]
17 U.S.C. 102
(a) Must be original and fixed
   1. independent creation
   2. requires modest/minimum amount of creativity (Feist) ex. putting something in alpha order is mechanical...not creative

(b) Limits of CR, no protection for ideas, procedures, systems, facts, etc.

(c) “Aesthetic neutrality” (in U.S.A.)...not the court’s place to determine whether it is “pleasing” or not, only that it is meeting minimum standard of creativity

4. The Idea/Expression Distinction
   a. “merger doctrine” ... if there is only one set of words to express idea, it is not protected
   b. “scenes a faire” … similar concepts, thoughts, ideas found in thinking/talking about a topic or subject...these are not protected...ex. a wizard would bring to mind white beard, pointy hat, robes, etc.
Week 1
Lecture 1: The Foundations of Copyright Law

Readings:

17 U.S.C. 102 - Subject matter of copyright: In general

http://www.law.cornell.edu/uscode/text/17/102


decision by the Supreme Court of the United States establishing that information alone without a minimum of original creativity cannot be protected by copyright. In the case appealed, Feist had copied information from Rural's telephone listings to include in its own, after Rural had refused to license the information. Rural sued for copyright infringement. The Court ruled that information contained in Rural's phone directory was not copyrightable and that therefore no infringement existed.


The case examined the copyrightability of photographs and determined that photographs possess three forms of originality that may be subject to copyright protection—their rendition, their timing, and the creation of their subject matter. If these three elements in the offending photograph are substantially similar to the copyrighted photograph then direct liability copyright infringement will have occurred. In this case, the photograph in question was found to be original, but it set a precedent for copyright protection of the visual arts.


a court might first remove from consideration any portion of the work which is not unique or original, and then compare it to the potential infringing copy (the case involved the movie “Roots,” and on its way to finding insufficient similarity to conclude that there was copying, the court did not consider the scenes which were usual in portraying life in the slave states).
WEEK 2: FAIRNESS AND PERSONALITY THEORIES

Nagham’s Notes
· IP lawyers make normative statements about what the law should look like. You have to be able to argue effectively about what the law should be, not only know what the law is.
· There have been four main clusters of copyright theory
  Fairness: people get what they deserve. Get rewarded for ‘what you deserve’. Robust system of protection
  Personality: certain kinds of bonds between people and objects they create are necessary for human flourishing. Copyright law should protect those bonds, recognizing the special and continuing psychic bond artists have to their creations
· They argue that the law should be crafted to give authors what they deserve. The rights and rewards to which authors are morally entitle, their because they worked hard or because they have contributed importantly to our culture
· Concerned with rewarding labor
· Popular and influential in common law countries
· How can you ensure the rights of creators of “traditional knowledge”, which typically results from the intellectual labor of many generations?
· Does fairness require only giving authors appropriate monetary rewards or does it require giving them control over the physical embodiments or performances of their work?
  Personality:
· They argue that law should be crafted to give people the rights or powers or protections they need in order to fully realize or enjoy personhood
· More popular in civil law countries
· Less concerned with rewarding labor, more concerned with respecting and protecting a special kind of emotional bond between artist and creation
· Certain kinds of bonds with objects are crucial for human flourishing and so the law should respect those bonds by creating and enforcing private property rights
· Intellectual products are manifestations or extensions of the personalities of their creators. The artist defines herself through her art so she is consequently entitled to considerable continuing control over their products
· Welfare:
· Focus on the welfare of society at large
· Contend that copyright law can and should be crafted to produce the greatest good of the greatest number
· The law should create a system of incentives that will induce potential authors to generate works from which we will all benefit and then make the fruits of those efforts widely available
· The law should combine in an optimal mixture, on the one hand stimuli for creativity and on the other hand mechanisms for distributing creative works to consumers
· Culture:
· They content that the law should be crafted so as to foster a just and attractive culture. In determining what a just and attractive culture should be, these theories do not limit themselves to aggregate consumer welfare, but instead seek to identify and cultivate conditions that will support widespread human flourishing
· Reading:
  · Intellectual property shares much of the origins and orientation of all forms of property. At the same time, however, it is a more neutral institution than other forms of property: its limited scope and duration tend to prevent the very accumulation of wealth that Burke championed. Because such accumulation is less typical, the realm of intellectual property has less of the laborer/capitalist hierarchy of Marxist theory.
  · At the most practical level, intellectual property is the property created or recognized by the existing legal regimes of copyright, patent, trademark, and trade secret.
  · Developing countries may fail to promulgate or enforce intellectual property laws simply because these laws are not critical to maintaining immediate social order. Other developing countries intentionally deny protection to intellectual property as part of their official development strategy (ex. Taiwan).
  · Copyrighted materials may be copied within the broad limits of statutorily recognized "fair use." "Fair use" focuses on personal use or use which is not directly for profit. Yet such uses can be public, such as quoting another's work.
  · A unique product of one's labor can receive property protection even if there is no unique underlying idea. Ex. Zapruder's film of the Kennedy assassination
· Illicit copying is copying an expression, "the total concept and feel" of a work, not just the idea.
Week 2

Lecture 2: Fairness and Personality Theories

Readings

http://www.justinhughes.net/docs/a-ip01.pdf

A.A. Hoehling v. Universal City Studios, Inc., 618 F.2d 972 (2d Cir. 1980)

Copying historical facts - "A grant of copyright in a published work secures for its author a limited monopoly over the expression it contains. The copyright provides a financial incentive to those who would add to the corpus of existing knowledge by creating original works. Nevertheless, the protection afforded the copyright holder has never extended to history, be it documented fact or explanatory hypothesis. The rationale for this doctrine is that the cause of knowledge is best served when history is the common property of all, and each generation remains free to draw upon the discoveries and insights of the past. Accordingly, the scope of copyright in historical accounts is narrow indeed, embracing no more than the author's original expression of particular facts and theories already in the public domain. As the case before us illustrates, absent wholesale usurpation of another's expression, claims of copyright infringement where works of history are at issue are rarely successful."
WEEK 3: THE SUBJECT MATTER OF COPYRIGHT (Joann’s notes)

Cases

Pivot Point International, Inc. v. Charlene Products, Inc. and Peter Yau, 372 F. 3d 913
The court decided the Mara mannequin was copyrightable. The issue was whether the mannequin was a useful article (sec. 101, utilitarian or mechanical aspects of a work are not subject to CR protection). The court applied the separability test where the usefulness aspects of the mannequin were separated from the artistic and creative elements which would be the basis to decide if there was sufficient creativity to exist separate from its utilitarian value in order to warrant copyright protection.

The court decided the “Lotus menu command hierarchy is uncopyrightable subject matter.” The “method of operation” of this program coding is much like a method, system, process as described in sec. 102(b)...like the buttons to operate a VCR, therefore, not meeting the requirements for originality.

Fictional characters - 2 tests to determine whether character can be protected by CR
1. Majority - view is sufficiently delineated
2. Minority - harder test is “Sam Spade”...the character must embody the story being told, must be integral to the story

Test for utilitarian aspect of article
1. Is the thing a useful article - like a table, a lamp (note the flourishes can be copyright protectable)
2. The general test is conceptual separability...think of a hood ornament, it can be physically separated from the car, therefore it can be evaluated separately as a creative work...many works cannot be physically separated...you will have to consider the individual components separately to determine originality
  a. Ex. a lamp has to light a room, that is the function; but that does not dictate the form...which could be copyrightable
  b. Look at which aspect of the article is primary...does the aesthetic appeal dominate the function?...can it stand on its own as a work of art?...would it sell the same as a work of art?
  c. Also, look at the intent of the creator and the process of the creator
Once they have been made available to one person, it is difficult to prevent them from being made available, for free, to other people. Enjoyment of them by one person does not materially curtail the ability of other people to enjoy them; and Profit maximizing price and profit maximizing output is where marginal revenue = marginal cost. This will leave many consumers. Monopoly profits/producer surplus will replace what was consumer surplus if there is copyright protection. This is perfect price. In the absence of copyright, copying and competition will drive the price down close to marginal cost. How copyright law functions from the standpoint of the welfare theory. Describe the overall framework of the utilitarian perspective that underlies the welfare theory: · Based on utilitarianism · Utilitarianism: Government and law should provide the greatest happiness to the greatest number · Contrast to the fairness theory: o The utilitarian approach is prospective in orientation, it looks forward in time and seeks to craft the law to induce people to act in the future in a way that maximizes the happiness of all. The fairness theory is retrospective, it seeks to create laws that reward people for their conduct in the past o Utility theory is collective, it focuses on the welfare of society as a whole rather than the needs of individuals. Public goods · Public goods: non-rivalrous and non-excludable. Ex. Lighthouse, national defense (army/navy), roads. Public goods are under produced · Inventions and reproducible art are examples of public goods o As a poet, recognizing the difficulty of making money from my poem I will be discouraged from writing poems o Circumstances that exacerbate the public goods problem: These circumstances heighten the need for government intervention o High cost of creation: risk of underproduction. Ex. New pharmaceutical products o High uncertainty: if a potential innovator is unsure of success they are likely to give up at the threshold. In settings where innovators are risk takers, meaning naturally inclined to gamble, this problem is decreased o Low marginal cost of production: if it is easy to make copies of an invention then the risk that it will be spread without any compensation to the original creator are especially high. Ex. Sound recordings and films, it is virtually cost-less to reproduce digital recordings o Ease of reverse engineering o Strong positive externalities from the public good · Circumstances that mitigate the public goods problem and thus reduce the need for government intervention o Lead time protects first mover. Innovators obtain through lead time enough of an advantage over copiers to be able to cover the cost of their innovation thus reducing the need of a government stimulus o Custom or extralegal norms protect first mover o Opportunities for increasing excludability through self-help: in some contexts, innovators can use self-help maneuvers to prevent promiscuous reproduction and knock-offs of their innovations. Ex. Encryption of blu-ray disks and contracts (such as Lexis to access databases for law opinions) o Alternative motivations for production. Ex. Passion, prestige/fame, tenure, norms of science, advertising, collaborative voluntary creation (ex. Wikipedia) § Passion: the utilitarian argument for IP falls away because public goods tend to be under produced. But if all poets write for passion and not for money this reduces the need for law o Philanthropy. This used to be a main way though which musical composition was funded. IP products where public goods problem is serious: Ex. Full length entertainment films or new vaccines. If a government recognizes the risk that such things will be under produced and seeks to overcome it, how can it do so? Governments have attempted to overcome the public goods problem in 5 different ways: 1. Government provides the good (since it will be under produced by private parties) ex. Space research, agricultural research, medical research, national defense, navigational aids 2. Government selects and subsidizes private innovators who are able to provide the good 3. Government issues prizes to successful/ private producers 4. Legal reinforcement of self-help strategies. Ex. Restrictions of reverse engineering, trade secret law, anti-circumvention rules, technology mandates 5. Government protects producers against competition. How copyright law functions from the standpoint of the welfare theory · In the absence of copyright, copying and competition will drive the price down close to marginal cost o This is socially beneficial. Anti-trust laws are designed to create this type of behavior. Anticipating this effect, film makers will not make any films. The social benefits of having no copyrights will result in the creation of very few films, if any. · Monopoly profits/producer surplus will replace what was consumer surplus if there is copyright protection. This is perfect price discrimination (charging each consumer with the maximum price they are willing to pay) · Profit maximizing price and profit maximizing output is where marginal revenue = marginal cost. This will leave many consumers happy (consumer surplus) The heart of welfare theory is the proposition that unless creators can recoup the cost of their creations, their so called cost of expression, they won’t produce those creations in the first instance and the way that the laws enable them to recoup their cost of expression is suppress competition in the creation and distribution of their works. The absence of competition in turn enables the creators to price copies of their creations above the price of making and distributing them, which enables the...
creators to reap monopoly profits. This leaves consumers who were able to purchase the goods better off than before but negates a certain set of consumers who cannot afford the good. We tolerate this to stimulate creativity.

Applications and refinements of the welfare theory
- IP= “Necessary evil” according to the welfare theory. Copyright should not be used in contexts where they are not necessary. Copyright should not be extended to innovations that would be produced in optimal numbers without them.
  - Counterargument to the disaggregation of the copyright system: increased administration and litigation costs and increase hazard of “industry capture”
- Scope of protection: incentive/loss ratio
  - Principle: when adjusting IP law, grant creators entitlements with high ratios and deny them entitlements with low ratios. Ex. Right to prevent reproduction of excerpts in critical reviews (welfare theory would be against this)

Copyright law is one way that governments seek to offset the risk that public goods will be under produced
- Advantages:
  1. Relies upon the market to drive research toward areas of high social value. Undermined in some contexts by imperfect connection between “willingness and ability to pay” and social value
  2. Relies upon private parties’ knowledge of the costs of R&D, marketing, etc.
  3. Imposes costs of innovation upon (initial) users of innovations. Practice of recouping costs through monopoly pricing avoids the distortions associated with cross subsidies
  4. Competition in the quest for the pot of gold fosters fast, focused research
- Disadvantages:
  1. The pricing practices enabled by copyright usually give rise to deadweight losses
      - Under appropriate market conditions, may be mitigated by price discrimination
      - Might be mitigated by delay and uncertainty in patent enforcement
  2. Administrative and litigation costs
  3. Impediments to cumulative innovation
      - Mitigated by opportunities for licensing (such as sequential innovation). If you cannot ascertain who has a license then you cannot build on it
      - Exacerbated by impediments to licensing. Imperfect registration systems. Multiple parties/ multiple patents
  4. Rent dissipation: the unfortunate tendency of IPRs to draw excessive numbers of people into the competition for generating a socially beneficial innovation.
      - Wasteful duplicative research at primary level
      - Wasteful duplicative research and secondary (improvements) level
      - Wasteful efforts to “invent around” patents or copyrights
      - Division of spoils through oligopoly, diminishing the share of profits that stimulate innovation

Ineffectiveness in digital environment

Culture Theory
Idea: craft rules to create just and attractive culture. Not aggregate utility but cultivate conditions that themselves promote human flourishing. The premises upon which the approach is built are that “there exists such a thing as human nature, which is mysterious and complex but nevertheless stable and discoverable, that people’s nature causes them to flourish more under some conditions than others, and that social and political institutions should be organized to facilitate that flourishing.” Like the personality theory, this approach seeks to identify conditions or “functionings” necessary for the full realization of personhood, but offers a more capacious conception of what those conditions are.

Contends that to achieve full self-realization, a person needs: health, anatomy, meaningful work, civic engagement, and privacy. Making widely available a life of this sort would require many things, but among them are cultural diversity, a culture embodying a rich artistic tradition, free, empowering education, political democracy, and semiotic democracy.

Chris Anderson: “the long tail”
WEEK 5

5.1 Sole Authorship

https://www.youtube.com/watch?v=0O3uX97CZsA&feature=youtu.be

QUESTION: Who owns the copyright?

Statute: 17 USC 201

1. Author vs Owner
2. Author vs Worker
3. Author vs Operator

1. Author vs Owner

1.1 Example: Letter

1.1.1 Author holds the copyright
1.1.2 Recipient of the letter owns the actual document

1.2 Conflicts with Theory

1.2.1 Welfare: copyright unnecessary to induce production
1.2.2 Personality: privacy; idea-expression provides poor protection as facts reportable

2. Author vs Worker

2.1 Employee

2.1.1 Company owns copyright if products within scope of job

2.2 Independent Contractor
2.2.1 copyright vests with author

2.2.2 contract can transfer ownership

2.2.3 Source of most disputes
   
   2.2.3.1 Moral intuitions of the parties conflict
   
   2.2.3.1.1 Company: already paid; further demands = extortion
   
   2.2.3.1.2 Contractor: deserve a share of revenue from further use

2.2.3.2 Lesson: don't rely on trust; clarify with contract

2.3 EXAMPLE: Meshwerks vs Toyota

   2.3.1 Meshwerks created wireframe models which Toyota reused

3. **Author vs. Operator**

   3.1 Author DEF: high degree of control such that final product reflects concept or vision

   3.1.1 hands-on, direct operation unnecessary

Week 5

1. Lecture 5: Cultural Theory (or Fisher's "Social Planning" Theory);

Readings:

   a. initial ownership:  
      i. CR\(^1\) in a work vests initially in the author or authors of the work;  
      ii. authors of a joint work are co-owners of CR in the work;  
   b. ownership in WFH\(^2\):  
      i. employer or other person for whom the work was prepared is the author and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the CR rights;  
   c. ownership in contributions to collective works:  
      i. CR in each separate contribution to a collective work:  
         1. is distinct from CR in the collective work as a whole;  
         2. vests initially in the author of the contribution;  
      ii. CR in the collective work as a whole:  
         1. in the absence of an express transfer of the CR or of any rights under it, the owner of CR in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of such collective work, and any later collective work in the same series;  
   d. transfer of CR ownership:  
      i. means: may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession;  
      ii. scope: any of the exclusive rights specified by §106 may be transferred and owned separately. Owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the CR owner;  
      iii. involuntary transfer: when an individual author’s ownership of CR or of any of the exclusive rights under CR, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the CR, or any of the exclusive rights under CR, shall be given effect;  
   e. joint authorship (§101):  
      i. “joint work” is a work prepared by 2 or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole;

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1 CR - means copyright, copyrighted.

2 WFH - means work(s) for hire.
ii. **to prove co-authorship status** it must be shown by the individual claiming co-authorship status that each of the putative co-authors:
   1. fully intended to be co-authors, and
   2. made independently copyrightable contributions to the work. See *Lindsay v. Titanic*.

2. Cases:
   a. *Lindsay v. The Wrecked and Abandoned Vessel R.M.S. Titanic (1999)*: 
      P (documentary filmmaker) sued D seeking damages based upon his share of revenues generated by the salvage operations conducted at a shipwreck site. 
      CR work at issue consists of the illuminated underwater footage that was filmed utilizing the large light towers that P helped design and construct. 
      i. Issue:
         1. whether P was the author of the film; 
         2. whether D were co-authors of the film; 
         3. whether P is entitled to accounting of D's profits; 
      ii. Rule:
         1. **authorship:** 
            a. author of a work is the person who actually creates the work - that is the person who translates an idea into a fixed, tangible expression entitled to CR protection; 
            b. authors may be entitled to CR protection even if they do not perform with their own hands the mechanical tasks of putting the material into the form distributed to the public; 
            c. individual claiming to be an author must show the existence of [the] facts of originality, of intellectual production, of thought, and conception of his in the work; 
            d. party can be considered an author when his or her expression of an idea is transposed by mechanical or rote transcription into tangible form under the authority of the party; 
      e. 2. **joint authorship:** 
         a. intend to be co-authors: 
            i. where one contributor retains a so-called "veto" authority over what is included in a work, such control is a strong indicator that he or she does not intend to be co-authors with the other contributor; 
            ii. important indicator of authorship is a contributor's decision making authority over what changes are made and what is included in a work"; 
         b. **right to license:** 
            i. joint author has the right to license the joint work to third parties;
ii. each joint author has the right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint owner for any profits that are made;

3. **CR in photograph/film:**
   a. in the context of film footage and photography, it makes intuitive sense that the "author" of a work is the individual or individuals who took the pictures, i.e. the photographer;
   b. photographs may receive CR protection in so far as they are representatives of original intellectual conceptions of the author;
   c. some elements of originality in a photograph include: posing the subjects, lighting, angle, selection of film and camera, evoking the desired expression, and almost any variant involved;
   d. **where P exercised such a high degree of control over the film operation and content such that the final product duplicated his conceptions and visions of what the film should have looked like, P is the author;**

iii. Analysis:
   1. P's contributions to the work at issue:
      a. directed daily planning sessions with the film crew to provide them with "detailed instructions for positioning and utilizing the light towers";
      b. actually "directed the filming" of the Titanic from on board the Ocean Voyager, the salvage vessel that held the crew and equipment;
      c. screened the footage at the end of each day to "confirm that he had obtained the images he wanted."
   2. P's alleged control over the filming rendered the film crew's role to one of no more than "rote or mechanical transcription that [did] not require intellectual modification," a contribution that would not be independently copyrightable;

iv. Conclusion:
   1. P is the author:
      a. where P alleges that he exercised such a high degree of control over a film operation—including the type and amount of lighting used, the specific camera angles to be employed, and other detail-intensive artistic elements of a film—such that the final product duplicates his conceptions and visions of what the film should look like, P may be said "author" within the meaning of the Copyright Act;
      b. exercised virtually total control over the content of the film as "the director, producer and cinematographer" of the production;
   2. D are not co-authors: as P did not intend any D to be a co-author;
3. P is not entitled to an accounting of profits: as defendants were not co-authors of the CR.

b. *Aalmuhammed v. Lee (1999)*:
P (consultant for making of movie “Malcolm X”) sued producers of movie and others, claiming that he was co-author of the movie, seeking declaratory relief and accounting for profits.
   i. Issue: whether P was co-author of the movie.
   ii. Rule:
      1. **authorship**:
         a. author is he to whom anything owes its origin; originator; maker; one who completes a work of science or literature;
         b. requires more than a minimal creative or original contribution to the work;
         c. is the person to whom the work owes its origin and who superintended the whole work, the master mind;
      2. **joint authorship**:
         a. claim of co-authorship: must be brought within 3 years of when it accrues;
         b. for a work to be a joint work there must be:
            i. copyrightable work,
            ii. 2 or more authors, and
            iii. authors must intend their contributions be merged into inseparable or interdependent parts of a unitary whole;
            iv. requires each author to make an independently copyrightable contribution to the disputed work;
         c. **contribution of independently copyrightable material**:
            i. joint authorship is not the same thing as making a valuable and copyrightable contribution;
            ii. valuable CR contribution to a work intended to be an inseparable whole will not suffice to establish authorship of a joint work;
         d. **evidence of intent to be co-authors**:
            i. contract:
               1. best objective manifestation of a shared intent;
               2. that is a saying that the parties intend to be or not to be co-authors;
            ii. in the absence of contract (factors):
               1. **author superintends the work by exercising control**:
                  a. will likely be a person who has actually formed the picture by putting the persons in position, and arranging the place where the
people are to be the man who is the effective cause of that, or the inventive or master mind who creates, or gives effect to the idea;

b. **control in many cases will be the most important factor**: lack/absence of control over the work is strong evidence of the absence of co-authorship;

c. in movies usually someone at the top of the screen credits -} the chief cinematographer, sometimes producer, sometimes the director, possibly the star, or the screenwriter—someone who has artistic control;

2. putative co-authors make objective manifestations of a shared intent to be coauthors;

3. audience appeal of the work turns on both contributions and the share of each in its success cannot be appraised.

iii. Conclusion:

1. although P made substantial and valuable copyrightable contributions to the movie, P is not a co-author of the movie as a joint work.

3. **Lecture & class:**

   a. **sole authorship:**
   
   i. the person who expresses an idea in tangible form;
   
   ii. not essential whether the author have physical control over the tools of creativity. See *Lindsay v. Titanic*;

   b. **joint authorship:**
   
   i. **requirements:**
   
   1. 2 or more authors make copyrightable contributions to a work;
   
   2. all intend that their contributions be merged into a unitary whole;

   ii. **effects:**
   
   1. each joint author shares in the ownership of the whole work;
   
   2. each joint author may use the work or license it unilaterally;

   c. **WFH (employment relationship):**
   
   i. 2 routes by which a work can become WFH:
   
   1. prepared by employee within scope of employment:
   
   a. employee (CCNV factors):
   
   i. hiring party's right to control;
   
   ii. skill required;
   
   iii. source of the tools;
   
   iv. location of the labor;
   
   v. duration of the relationship;
   
   vi. right to assign additional projects;
vii. control over hours of work;
viii. method of payment;
ix. right to hire assistants;
x. business of the hiring party;
xii. tax treatment. *CCNV v. Reid.*

b. scope of employment (3-prong *Avtec test*):
   i. work was of the type for which employee was hired to perform;
   ii. employee’s creation of the work occurred “substantially within the authorized time & space limits” of his job, and
   iii. was “actuated, at least in part, by a purpose to serve” employer’s interests. *Avtec Systems v. Peiffer.*

2. 9 types of commissioned works by independent contractors, when parties agree in writing:
   a. contribution to a collective work;
   b. part of a motion picture or other audiovisual work;
   c. translation;
   d. supplementary work (foreword, illustration, etc.);
   e. compilation;
   f. instructional text;
   g. test;
   h. answer to a test;
   i. atlas;

ii. effects of classification as WFH:
   1. CR ownership;
   2. moral rights are n/a³ to WFH;
   3. duration of WFH: 95 years from first publication or 120 years from creation;
   4. renewal rights for old CR;
   5. termination provisions n/a to WFHs.

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³ N/a - means non-applicable.
WEEK 6: THE MECHANICS OF COPYRIGHT

Formalities (Ginsberg link in pdf 13-14 has detailed chart)

- Published 1909 – 1977
  - Notice – mandatory upon publication (common law copyright would lapse upon publication)
    - Two kinds of publication as defined by courts – e.g. MLK speech
      - Limited – would not trigger requirement
      - General – would trigger requirement (defined narrowly)
        - Tangible copies are distributed to public so that they can exercise dominion and control
        - Displayed in a way that allows unrestricted copying/reproduction by public
    - Registration – prerequisite for infringement suit, mandatory for renewal
    - Deposit – with LOC, failure punished w forfeiture & fines

- Published 1978-1989
  - Notice mandatory within 5 years of publication
  - Registration – application prereq. For infringement suit; necessary for statutory damages & atty fees
  - Deposit – with LOC; failure punished with fines

- Published 1989-
  - Notice optional, but may affect statutory damages
  - Registration – application prereq. for infringement suit involving US works; necessary for statutory damages & atty fees
  - Deposit with LOC; failure punished with fines

- Societal Benefits of Formalities – opt in regime
  - Registration requirement facilitated beneficial licenses
  - Notice requirement meant more works fell into public domain; if you didn’t want to assert copyright just publish w/o notice

Duration

- 1909 Regime
  - 28 + 28 years if renewal filed – second term considered new estate
  - Renewal Could be exercised by
    - Author
    - Surviving spouse or children
    - Author’s executor
    - Author’s next of kin

- 1976
  - Second renewal period extended to 47 years
    - Works created after 1975 receive life + 50 years
    - 100 years from creation and 75 years from publication for anonymous/work for hire

- 1998
  - Second renewal period extended to 67 years
    - Works created after 1998 receive life + 70
    - 100 years from creation and 75 years from publication for anonymous/work for hire

- 1992
  - Renewal made automatic after initial 28 term

- 2014/Currently
  - Categories of works
    - Works published before 1923
      - All in public domain
    - Works published 1923-1963
      - Rescued by CTEA and copyrights will begin to expire in 2018
      - Must have been properly renewed
    - Works published 1964-1977
      - Automatic renewal – not yet in public domain
      - Make sure notice was followed
      - Incentives for voluntary renewal
    - Works created but not published before 1978
      - Life of author or 12/31/2002 whichever is later
      - If published before 12/31/2002 they get life + 70 years or 12/31/2047
    - Works created in 1978 or later
      - Life of author +70 years
      - Notice also a problem if not cured within 5 years of publication
      - 120/95 for works for hire/anonymous

Transfers
Fisher case
- Involved author who assigned renewal rights – expectancy interest
- Legislative history of copyright law indicated that author could not assign renewal right – to give option to renegotiate to author
- Author assigned initial term and expectancy right to publisher but on 28th year he claimed assignment of renewal was invalid
- SCOTUS finds that renewal rights are assignable – individualism prevails (altruism is other side of argument – protecting authors)
- However if author dies before 28th year, assignees had separate rights

Termination Rights
Works created in 1978 or later
- Sec 203 – right to terminate assignment 35 years after initial assignment, rights are nonwaivable
Works published 1964-1977
- Sec 203 – right to terminate assignment after 1978 at 35 years after renewal
- Sec 304 – 56 years after the date of the original publication, 75 year second window
- Both rights are nonwaivable
Works published 1923-1963
- Sec 203 if assignment made 1978 or later
- Sec 304 if assignment made before

Works for hire – termination rights do not apply
**Stewart v. Abend**

**Facts:** In 1945, author Cornell Woolrich agreed to assign the motion picture rights to several of his stories, including the one at issue, to petitioners' predecessor in interest. He also agreed to renew the copyrights in the stories at the appropriate time and to assign the same motion picture rights to the predecessor in interest for the 28-year renewal term provided by the Copyright Act of 1909. The film version of the story in question was produced and distributed in 1954. Woolrich died in 1968 without a surviving spouse or child and before he could obtain the rights in the renewal term for petitioners as promised. In 1969, his executor renewed the copyright in the story and assigned the renewal rights to respondent Abend. Apparently in reliance on Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (CA2)—which held that the owner of the copyright in a derivative work may continue to use the existing derivative work according to the original grant from the author of the pre-existing work even if the grant of rights in the pre-existing work lapsed—petitioners subsequently re-released and publicly exhibited the film. Abend filed suit, alleging, among other things, that the re-release infringed his copyright in the story because petitioners' right to use the story during the renewal term lapsed when Woolrich died. The District Court granted petitioners' motions for summary judgment based on Rohauer and the “fair use” defense. The Court of Appeals reversed, rejecting the reasoning of Rohauer. Relying on Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 80 S.Ct. 792, 4 L.Ed.2d 804—which held that assignment of renewal rights by an author before the time for renewal arrives cannot defeat the right of the author's statutory successor to the renewal rights if the author dies before the right to renewal accrues—the court concluded that petitioners received from Woolrich only an expectancy in the renewal rights that never matured, and that his executor, as his statutory successor, was entitled to renew the copyright and to assign it to Abend. The court also determined that petitioners' use of Woolrich's story in their film was not fair use.

**Ruling:** The Supreme Court, Justice O'Connor, held that: (1) when author dies before renewal period arrives, his statutory successors are entitled to renewal rights even though the author has previously assigned the renewal rights to another party; (2) owner of derivative work does not retain right to exploit that work when the death of the author causes the renewal rights in the preexisting work to revert to the statutory successors; and (3) motion picture was not fair use of the story. The film does not fall into any of the categories of fair use enumerated in 17 U.S.C. § 107 (1988 ed.); e.g., criticism, comment, news reporting, teaching, scholarship, or research. Nor does it meet any of the nonexclusive criteria that § 107 requires a court to consider. First, since petitioners received $12 million from the film's re-release during the renewal term, their use was commercial rather than educational. Second, the nature of the copyrighted work is fictional and creative rather than factual. Third, the story was a substantial portion of the film, which expressly used its unique setting, characters, plot, and sequence of events. Fourth, and most important, the record supports the conclusion that re-release of the film impinged on Abend's ability to market new versions of the story.

**Eldred v. Ashcroft**

**Facts:** The Sonny Bono Copyright Term Extension Act (or CTEA) extended existing copyright terms by an additional 20 years from the terms set by the Copyright Act of
1976. The law affected both new and existing works (making it both a prospective extension as well as a retroactive one). Specifically, for works published before January 1, 1978 and still in copyright on October 27, 1998, the term was extended to 95 years. For works authored by individuals on or after January 1, 1978 (including new works), the copyright term was extended to equal the life of the author plus 70 years. For works authored by joint authors, the copyright term was extended to the life of the last surviving author plus 70 years. In the case of works-for-hire, anonymous or pseudonymous works, the term was set at 95 years from the date of first publication, or 120 years from creation.

The practical result of this was to prevent a number of works from entering the public domain in 1998 and following years, as would have occurred under the Copyright Law of 1976. Materials which the plaintiffs had worked with and were ready to republish were now unavailable due to copyright restrictions. Various corporations, associations, and individuals that utilized formerly copyrighted works which had fallen into public domain brought action against Attorney General, challenging constitutionality of Copyright Term Extension Act of 1998 (CTEA). The United States District Court for the District of Columbia, June L. Green, J., 74 F.Supp.2d 1, entered judgment on pleadings for Attorney General, and plaintiffs appealed. The United States Court of Appeals for the District of Columbia, Ginsburg, Circuit Judge, 239 F.3d 372, affirmed. Certiorari was granted.

Ruling: The Supreme Court, Justice Ginsburg, held that: (1) CTEA did not violate constitutional requirement that copyrights endure only for “limited times,” and (2) CTEA did not violate plaintiffs' First Amendment rights. The court relied heavily on the Copyright Acts of 1790, 1831, 1909, and 1976 as precedent for retroactive extensions. One of the arguments supporting the act was the life expectancy has significantly increased among the human population since the 18th century, and therefore copyright law needed extending as well. However, the major argument for the act that carried over into the case was that the Constitution specified that Congress only needed to set time limits for copyright, the length of which was left to their discretion. Thus, as long as the limit is not “forever,” any limit set by Congress can be deemed constitutional. A key factor in the CTEA’s passage was a 1993 European Union (EU) directive instructing EU members to establish a baseline copyright term of life plus 70 years and to deny this longer term to the works of any non-EU country whose laws did not secure the same extended term. By extending the baseline United States copyright term, Congress sought to ensure that American authors would receive the same copyright protection in Europe as their European counterparts.
LECTURE 7: THE RIGHTS TO REPRODUCE AND MODIFY
17 U.S. 106 CR owner exclusive rights of reproduction, derivative works, distribution, performance, display

To prove infringement of 106(1) right of reproduction, must show 3 things/tests:
1. Def. created a copy
2. Def. created a copy of work created by Pl.
   a. Direct evidence
   b. Access and similarity
   c. Striking similarity
   d. Def. copy contains common errors of Pl. copy
3. Improper appropriation
   a. Direct evidence
   b. Fragmented literal similarity (pieces copied)
   c. Comprehensive non-literal similarity (inspired by it, but not exact copy)

To prove infringement of 106(2) right to make derivative works, must show 3 things:
1. Derivative work must be fixed
2. Derivative work must be taken without consent from CR owner of pre-existing work
3. Substantial similarity between expression in derivative work and pre-existing work

Substantial similarity tests:
1. Extrinsic/intrinsic
2. Same aesthetic appeal
3. Apparent appropriation
4. Total concept and effect
Lecture 7.1 Right to Reproduce and Modify: Reproduction

Economic Rights
1. **Reproduction**
2. Modification
3. Distribution
4. Public Performance and Display

[ See MAP: Copyright Law > III. Entitlements > Rights > Economic Rights ]

Statutory Basis of Economic Rights
2. Qualified by limitations **17 USC 107-122** [ See [http://www.law.cornell.edu/uscode/text/17/chapter-1](http://www.law.cornell.edu/uscode/text/17/chapter-1) ]
3. Scope of rights a tension between 106 and limitations in 107-122

Reproduction Right
Statute: 17 USC 106 (1) grants the copyright owner the exclusive right “to reproduce the copyrighted work in copies or phonorecords”

To show Infringement of Reproduction Right [ See Map Copyright Law>>>Economic Rights > Reproduction > Plaintiff must show ]
1. **Copying** (Way generated)
2. only if *copy* (Character of infringing work)

**Copying: Definition**
1. Independent Creation is ok in copyright law; not ok in patent law
   1. EX. Two authors write identical poems independently.
2. mechanical reproduction (EX. rip a CD)
3. having the copyright in mind when creating a substantially similar embodiment
   1. Subconscious copying [ See Three Boys Music Corp. v. Michael Bolton, 212 F.3d 477 (9th Cir. 2000) ]
      1. EX Chiffon “He’s so Fine” & George Harrison “My sweet lord”
      2. Innocent Copying no excuse; intent not essential
         1. Policy: as a practical matter, proof difficult enough already
4. replicating the work in a different medium
   1. EX. doll of a cartoon character; photo of a ballet

**How to Prove Copying**
[ See Map: Copyright Law >>> Reproduction > Plaintiff must show > Copying > Ways of proving “copying”]
1. Direct Evidence
   1. Admission
   2. Testimony by witnesses
2. Access + Similarity
   1. particular chain of events EX. Book on shelf
2. widespread dissemination EX. Beatles song; bond movie
3. Probative Similarity: support an inference the way work created wrong; not the amount taken was too much
3. Striking Similarity: EX. unusual aspects
4. Common Errors
   1. deliberate: EX. made up sites in a travel guide
   2. inadvertent EX. inaccurate citations

Show created a Copy
1. Statute: 17 USC 101
   [See Map: Copyright Law >>> Reproduction > Plaintiff Must Show > What D created is a “copy”]
2. Requirements
   1. tangible
   2. fixed (EX. Cablevision’s cloud based RS-DVR service’s 1.2 second buffer)
      1. embodied in a medium for more than transitory duration
   3. intelligible

Lecture 7.2 Right to Reproduce and Modify: Improper Appropriation

How to Prove Improper Appropriation
[ See Map: Copyright Law >>> Plaintiff must show > Improper Appropriation ]
1. Comprehensive copying (i.e. verbatim copy of entire work)
2. Fragmented Literal Similarity (i.e. verbatim copy of pieces)
   1. EX parts of songs played by Prof. Fisher in course
   2. Plaintiff must show
      1. part includes a copyrightable expression, not ideas
      2. part is big enough; a substantial part both qualitatively and quantitatively
         1. EX Kookaburra vs. Men at Work “Down Under” (Larrikin Australia 2010)
         2. “De Minimis” doctrine (Davis CA 2 2001): trivial copying
            1. No Sampling: Special rule for sound recordings EX. Funkadelics vs NWA
               (Bridgeport CA6 2005); 17 USC 114(b) imitation ≠ infringement; only actual reproduction
   3. Comprehensive Nonliteral Similarity (no verbatim copying)
      1. Substantial Similarity Test
         1. Additions usually not relevant
         2. Separating protected and unprotected material
            1. Totality analysis: compare two works in totality
            2. More discerning observer [Boisson CA2 2001]
               1. observer must filter unprotected elements (e.g. public domain) and only compare protected elements, yet as a whole
               3. filtration: remove all unprotected material; compare (EX computer software)
            1. Abstract-Filtration-Comparison Test (Altai CA2 1992)
               1. Nichols “Pattern Test: Idea-Expression mirrors General-Specific levels of abstraction
2. Filter out unprotected parts
3. compare protected elements of defendant and plaintiff’s works

**Substantial Similarity: Definition**

[See Map: Copyright Law >>> Reproduction > Plaintiff must show > Improper Appropriation > Comprehensive Nonliteral Similarity > formulations ]

1. same aesthetic appeal: Ordinary observer would regard aesthetic appeal as the same [EX Manion Case]
2. apparent appropriation: lay observer would recognize appropriation
3. total concept and feel:
   1. sometimes from typical audience member’s perspective
4. extrinsic/intrinsic test
   1. Extrinsic: expert opinion; objective comparison of specific elements
   2. Intrinsic: subjective; total concept and feel
Derivative Works

Unauthorized modifications of © works implicates two distinct interests of © owners: 1) modifications can threaten the © owner’s moral rights (recall cases of Berlin train station or Canadian Geese sculpture); or 2) can threaten economic rights (© owners make $ from licensing modifications of their works. If they can’t prevent unauthorized modifications, they would earn less.

Section 106(2) of the statute: © owner has the exclusive right to prepare derivative works based upon the © work. A derivative work is a work based upon one or more pre-existing works – e.g., translation, musical arrangement, dramatization, fictionalization, etc. -- any form in which a work maybe recast, transformed, or adapted. Not a lot of case law re: 106(2) because the reproduction rights shielded by 106(1) is now so broad that it encompasses almost all territory that you expect to be covered by 106(2). Scope of 106(2) most often defined by 106(1) -- if D’s work does not incorporate enough of P’s work to violate reproduction right, it does not constitute a derivative work and thus does not violate 106(2). Good illustration of the way in which the derivative work right is now overshadowed by the reproduction right is the case of Castle Rock Entertainment v. Carol Publishing. Ps own the © in Seinfeld TV series. D prepared trivia book which posed questions about show. Not obvious that P should have won though. Can creator of a work of fiction prevent others from writing a separate work that ask questions concerning the plot? If high school English teacher assigns a novel and then creates a multiple choice quiz that require students to answer questions concerning what happened in the book, is she engaging in © infringement? what if she sells compilations for quizzes to other teachers?

Here concerned with the statutory basis of ruling. At beginning, seems key issue will be whether the trivia book constitutes a derivative work, an adaptation that will bring it within the statutory definition of a derivative work. First sentence of pertinent section of court's opinion: the Copyright Act 1976 grants © owners a bundle of exclusive rights, including the rights to reproduce the © work in copies and to prepare derivative works based upon the © work. But in the second sentence, the opinion the court shifts to reproduction: “© infringement is established when the owner of valid © demonstrates unauthorized copying. Section 106(2) then plays no further role in the court's opinion. In this respect the castle rock opinion is typical -- rarely does
a © owner’s right under Section 106(2) to control derivative works give him power greater than he already enjoys under 106(1).

But once in a while the difference between the two provisions matters. Principal examples are if D purchased an authorized copy and then altered it or integrated with another work – can’t be liable for reproduction, only derivative work (example case where Ds purchased books containing copies Ps’ © artwork, cut out individual images and glued to tiles and sold. court found that section 106(2) had been violated). Another context in which 106(1) and 106(2) might diverge concerns the requirement of fixation. To establish a violation of the right of reproduction P must show that D made a copy of P’s work and that in turn requires that the thing D produced be fixed for more than a transitory duration. Language of 106(2) is different, doesn’t mention copies or phonorecords, instead refers to “preparing” derivative works. Seems to leave open possibility that 106(2) could be violated without making anything firm. but courts have been reluctant to accept violations in the absence of some kind a fixation.

When one prepares a derivative work without permission, © forfeited. Example case of Pickett making guitar using symbol that artist-formerly-known-as-Prince used as name. Prince had another guitar maker make guitars incorporating symbol and Pickett filed © infringement suit based on it being a derivative work (even though Prince held valid © in the symbol) and contended that Prince could not make a copy of guitar without Pickett’s permission. Court found in favor of Prince, unauthorized derivative work meant that Pickett had no © protection.

Lemley has observed patent law works differently. A person who without permission makes an improvement on a patented invention may obtain a patent for improvement. Creates a situation of “blocking patents” – neither holder of the patent on the original invention nor the holder of patent an improvement can make the improvement without permission to the other so is the net result that the improvement never gets manufactured, but what usually happens is that the two parties negotiate deal in which they divide in some way the benefits for now improved invention. In Lemley’s view, this setup creates a more efficient pattern of incentives for both primary and secondary innovators than the © system.
17 U.S. Code § 106 - Exclusive rights in copyrighted works
Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

1. to reproduce the copyrighted work in copies or phonorecords;
2. to prepare derivative works based upon the copyrighted work;
3. to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
4. in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
5. in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
6. in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.
The Economic Rights of a Copyright Owner
1. Exclusive right to reproduce
2. Exclusive right to make modifications- derivative works
3. The right to control the distribution, importation, and exportation of copies of a work
4. The right to control public performances or public displays of the work

The right to reproduce
Reproduction has three independent dimensions. To prevail, a plaintiff must satisfy all three.
1. The way in which the defendant generated the allegedly infringing things. Only if he did so by copying is the defendant viable (independent creation is not viable)
   - Mechanical reproduction
   - Having the copyrighted work in mind when creating a substantially similar embodiment (includes subconscious copying, intention to infringe is not necessary)
   - Replicating the work in a different medium
   - Ways of proving “copying”
     a. Direct evidence: admission or testimony by witness
     b. Access and similarity: plaintiff must prove that the defendant had access to his work and that there is sufficient similarity between the works to make plagiarism more likely than independent creation (“probative similarity”)
     c. Striking similarity (can be overcome if the defendant can prove that he did not have access to the defendant’s work)
     d. Common errors: same errors in both works (inadvertent or deliberate errors)
2. What the defendant create is a “copy”. The character of the allegedly infringing things. Only if they constitute “copies” is the defendant viable
   - Requirements:
     a. Tangible
     b. Fixed (fixation is a precondition for copyright protection under US law).

Cablevision (CA2 2008)
“Copies,” as defined in the Copyright Act, “are material objects . . . in which a work is fixed by any method . . . and from which the work can be . . . reproduced.” Id. § 101. The Act also provides that a work is “fixed” in a tangible medium of expression when its embodiment . . . is sufficiently permanent or stable to permit it to be . . . reproduced . . . for a period of more than transitory duration.” Id. (emphasis added). We believe that this language plainly imposes two distinct but related requirements: the work must be embodied in a medium, i.e., placed in a medium such that it can be perceived, reproduced, etc., from that medium (the “embodiment requirement”), and it must remain thus embodied “for a period of more than transitory duration” (the “duration requirement”). Unless both requirements are met, the work is not “fixed” in the buffer, and, as a result, the buffer data is not a “copy” of the original work whose data is buffered.
c. Intelligible

3. The nature and amount of the material the defendant took from the plaintiff. Only if it rises to the level of “improper appropriation” is the defendant viable
   a. “Comprehensive copying”: Plaintiff can show that the defendant made a verbatim copy of his work. Ex. P2P sharing of sound recordings
   b. “Fragmented literal similarity”: copying a piece of a work. Plaintiff must show two things:
      - Must show that the portion copied includes some copyrightable expression, not merely ideas or facts.
      - Must show that the portion copied must be “substantial” part of the plaintiff’s work (both qualitatively and quantitatively)
      - “de minimis doctrine”. Does not apply to sound recordings (imitation does not constitute infringement for sound recordings, Bridgeport Music CA6 2005)

C. Comprehensive Nonliteral Similarity (“Substantial Similarity” test)
   - The amount that the defendant may have added to the plaintiff’s work is irrelevant. Sheldon (CA2 1936): “no plagiarist can excuse the wrong by showing how much of his work he did not pirate”
   - Methods for separating protected and unprotected material: spectrum of approaches
• Totality approach: compare the two works in their totality and decide if they are substantially similar
• “More discerning” ordinary observer

  [In the Folio Impressions case,] part of the plaintiff's fabric was not original and therefore not protectible. We articulated the need for an ordinary observer to be “more discerning” in such circumstances.

  "The ordinary observer would compare the finished product that the fabric designs were intended to grace (women's dresses), and would be inclined to view the entire dress – consisting of protectible and unprotectible elements – as one whole. Here, since only some of the design enjoys copyright protection, the observer's inspection must be more discerning."

  Shortly after Folio Impressions was decided, we reiterated that a "more refined analysis" is required where a plaintiff's work is not "wholly original," but rather incorporates elements from the public domain. In these instances, "what must be shown is substantial similarity between those elements, and only those elements, that provide copyrightability to the allegedly infringed compilation." In contrast, where the plaintiff's work contains no material imported from the public domain, the "more discerning" test is unnecessary."

  In applying this test, a court is not to dissect the works at issue into separate components and compare only the copyrightable elements. To do so would be to take the "more discerning" test to an extreme, which would result in almost nothing being copyrightable because original works broken down into their composite parts would usually be little more than basic unprotectible elements like letters, colors and symbols. This outcome – affording no copyright protection to an original compilation of unprotectible elements – would be contrary to the Supreme Court's holding in Feist Publications.

• Filtration: the essence of this strategy is that the one must remove all unprotected work from the plaintiff’s work before comparing it to the defendants’

• Formulations
  • “Same aesthetic appeal”

  Peter Pan Fabrics (1960)

  Boisson (CA2 2001): “Generally, an allegedly infringing work is considered substantially similar to a copyrighted work if the ordinary observer, unless he is set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same.”

  Mannion (SDNY 2005)

• Apparent appropriation

  Ideal Toy Corp. (CA2 1986): “whether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work”

  Steinberg (SDNY1987)

  Rogers (CA2 1992)

  variation: "wrongful appropriation"

• “Total concept and feel”: Kroft (1977), Kisch (SDNY 1987)

• Extrinsic/intrinsic test (CA9)
  • Expert opinion is relevant for the extrinsic test but not the intrinsic
• Kroft (1977): extrinsic= “similarity of ideas”. Intrinsic= “similarity in expression.” Hard to reconcile with the fact that copyright does not protect ideas at all
• Cavalier (2002): extrinsic= “objective comparison of specific expressive elements”. Intrinsic= “subjective comparison/ total concept and feel”
• Swirsky (2004): extrinsic= “whether two works share a similarity of ideas and expression as measured by external, objective criteria”. Intrinsic= “total concept and feel” to an “ordinary, reasonable person”

• Unauthorized modifications can threaten the owner’s moral rights.

Economic rights related to modifications

• Derivative work right is overshadowed by the reproduction right (Castle Records opinion)
• Rare circumstances in which difference in the scope of reproduction 106(1) and derivative 106(2) matters:
  o Alteration of a lawfully obtained copy of a copyrighted work. Defendant has not violated 106(1), can only be liable for making a derivative work
  o Absence of fixation? 106(2) could be violated without making anything firm
  o Courts are reluctant to accept violations of 106(2) without anything fixed
  o Statutory provisions that treat derivative works more favorably than reproductions. Ex. 104A(d)(3)
• 106(2)- Right to Modify/Derivative Works
  1. A derivative work must exist in concrete permanent form (fixed)
  2. The material derived from the preexisting work has to be taken without consent
3. Substantial similarity (between expression in original work and the new work)

- Penalty:

- Unauthorized derivative works do not have copyright protection

To prove unauthorized reproduction, you must show three things

1. Defendant created a copy
2. Defendant created his copy by copying for me (the plaintiff)
   1. Step One: Did defendant make the copy?
   2. Step Two: How can you show defendant was copying you?
      1. Direct evidence
      2. Access + similarity
      3. Striking similarity
      4. Common errors
3. Improper Appropriation
   5. Direct evidence of copying
   6. Fragmented literal similarity (took substantial slice of my copyrightable expression)
   7. Comprehensive non-literal similarity
      1. A bunch of different ways to go about showing this (e.g., abstraction and filtration)
WEEK 7 READING: Right to Reproduce and Modify

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

Plaintiff (owner’s of Isley Brother’s song) sued singer-composer Bolton and others for a song written by Bolton of the same name 20-30 years later, claiming that access and similarity show that it was not an independent creation.

ISSUE:
1) whether D had a reasonable opportunity to view P work
2) whether concrete elements in D’s work are similar to P’s
3) whether a reasonable person would find D & P’s works similar
4) whether a reasonable mind would accept the evidence as adequate to support the conclusion

RULE:

Plaintiff must prove:
1) Ownership of the copyright
2) Infringement
   1) DEF: copied protected elements of the work
   2) Proof
      1) direct evidence of copying
      2) Indirect Evidence of copying; two prongs:
         1) Access to the work
         2) Substantial similarity

Proof of Indirect Access
1) Inverse Ratio Rule
   1) Balance struck between Access and Substantial Similarity
      1) Lesser showing of similarity ok IF greater showing of access
      2) Even no proof of access is ok IF striking similarity shown
      3) However, a weak showing of access does not require a stronger showing of similarity
   2) Access: Was there a reasonable opportunity to view plaintiff’s work?
      1) reasonable opportunity more than bare possibility
         1) bare possibility = conjecture or speculation; “anything is possible”
         2) Circumstantial Evidence
            1) Establish a particular chain of events between plaintiff’s work and defendant’s
               access
            2) Show plaintiff’s work widely disseminated
               1) Often paired with a theory of subconscious infringement
      3) Substantial Similarity
         1) Proof shown by two part test (process)
            1) First, apply the Extrinsic Test: Identify the concrete elements based on objective criteria
               1) analytic dissection of the work and expert testimony
2) Second, apply the **Intrinsic Test**: Would an ordinary, reasonable person find the total concept and feel of the work to be similar?
   1) Trier of fact uniquely suited to decide

**Standard of Review for Copyright Appeals**
1) Judicial Deference: reluctant to overturn jury verdicts
   1) Proving direct Access and substantial similarity are difficult
   2) reasonable minds may come to different conclusions
2) Question to address: Does the evidence support the findings?
   1) Would a reasonable mind accept the evidence as adequate to support the conclusion?
   2) Credibility of witness’ not subject to review

**ANALYSIS:**
1. The Jury, after hearing testimony from both sides, found that the unique combination of protectable elements in Bolton’s song were substantially similar and not found in prior art.
2. They found access plausible based on (1) Bolton being a fan of the genre in his youth (2) the song being played at the time and place Bolton grew up (3) Bolton’s statements indicating familiarity with the Isley Brothers’ work.
3. Acknowledging a reasonable mind might disagree with the jury’s finding, the court of appeals deferred to them as triers of fact who had adequately weighed the evidence and found no erroneous applications of the law. Their determination of the profits attributable to the infringing work and the damages allocated based on that were found equally sound.

**CONCLUSION:**
Although D’s copying of P’s work occurred many years later, the trier of fact was reasonable in finding the chain of events allowing for access and similarity of the works to show infringement.
Chapter 8 Notes
Right to distribution and public performances

The right to control distribution
The right to control public performances and displays

The right of distribution
- Strong economic rights of copyright owners vs. attitudes hostile to copyright owners yearning embodiment of their works
- Interests of copyright owners
  1. Leverage over intermediaries. Owners are able to attack intermediaries (who do not make themselves unauthorized copies) but who traffic in unauthorized copies.
  2. Maximize demand for copies. Copyright owners would like to suppress, if possible, resale and lending of copies of their work. They would like to prevent the first purchaser of their copy from lending it on to others because the result would be to increase demand for copies and thus to enhance to copyright owner’s income. Ex. Novelists would like to prevent resale of used copies of their works
  3. Restrict arbitrage and thus facilitate differential pricing. Differential pricing (price discrimination) is charging different consumers different prices for access to the same good or service. A more subtle version of differential pricing is charging different consumers different prices for different versions of the same good or service when the variations cannot be explained by differences in the cost of the different versions. Ex. When museums have different rates for students or senior citizens.
- Price discrimination is possible only when three conditions coincide:
  o The firm ordinarily must have market power. There must not be readily available easy accessible substitute for the good or service the firm is selling.
  o The firm must be able to differentiate among its customers on the basis that the values they place on the firm’s product or service. First degree price discrimination: the firm gathers information about individual buyers and attempts to charge each one the most they are able and willing to pay. Second degree price discrimination: the seller does not know how much buyers are able and willing to pay but induces them to reveal their resources or their preferences through their purchasing decisions (ex. Volume discounts and versioning). Third degree price discrimination: the seller does not know the purchasing power of individual buyers but is able to separate them into
groups that correspond roughly to their wealth or eagerness (ex. Student discounts). Second and third degree price discrimination can be found in the software industry, software companies sell versions of their products to students for different prices. An example of second-degree price discrimination is how book publishers release hard cover books and then later release cheaper paper back copies.

- Attitudes resistant to restrictions on distribution
  1. Resentment of greed. Copyright owners have already been paid once, they don’t have to be paid when copies are made. This principle is loosely tied to the principle of proportionality of the fairness theory of copyright.
  2. Skepticism concerning continuing control over objects. Once you have bought an object you are free to do with it as you wish.
  3. Hostility to differential pricing
It is possible that the first sale doctrine qualifies the importation doctrine as well as the right to control domestic distribution of copies of the work.

The first sale doctrine is the limit on the right of distribution 109(a).
First Sale Checklist

• The copy was lawfully manufactured (with owner authorization)
• That particular copy was transferred under the copyright owner’s authority;
• D qualifies as the lawful owner of that particular copy
  – If software company puts in enough conditions, it’ll be a license and not a sale. Then, won’t meet this requirement [Vernor v. Autodesk].
• D thereupon disposed of that particular copy (and opposed to, for example, reproducing it)
  o Once a copy is sold, cannot control resale
• The first sale doctrine embodied in 109(a) has exceptions

- Vernor test to decide if someone is a licensee or an owner. Just because you call someone a licensee does not mean that they are a licensee for purposes of the first sale doctrine. You need to look at the content of a license agreement and what use restrictions are there.
Vernor Test

– (1) whether the copyright owner specifies that a user is granted a license
– (2) whether the copyright owner significantly restricts the user’s ability to transfer the software
– (3) whether the copyright owner imposes notable use restrictions

The relationship between 109(a) and 602(a) is important because it determines the power of copyright owners to engage in international geographic price discrimination (ex. Omega watch case: Omega argues because the copies were not made in the US they were not under the statute and thus Omega had a right under 602 to bar importation bearing their logo). Quality King case: a copyright owner could not block importation of copies that he had sold outside the United States. The ruling in Omega has been superseded by the ruling in Kirtsaeng (the Supreme Court reversed the ruling of the lower Court holding that one way parallel important, like round trip parallel importation, is privileged by section 109. The statutory phrase “lawfully made
under this title” is not a geographic limitation, so long as copies of a work are made with the authorization of the copyright holder they are lawfully made under this title. This decision is a win for some consumers of the US who will be able to obtain copies of this book for cheaper prices. This disadvantages the residents of poorer countries because the sellers of copyrighted materials are likely to find it harder to engage in international geographic price discrimination. Book publishers will either decrease the prices of their books in the US or increase their prices in foreign countries and thus disadvantage consumers.

Vernon Case
We hold today that a software user is a licensee rather than an owner of a copy where the copyright owner
(1) specifies that the user is granted a license;
(2) significantly restricts the user's ability to transfer the software; and
(3) imposes notable use restrictions

When software companies provide customers copies of their programs in return for money requirements a and b are automatically satisfied. However, if the software firm adds to the transaction enough conditions to make the deal appear to be a lease of a copy and thus not a sale then requirement c is not satisfied and thus the customer does not have a privilege to sell that copy. This is highly beneficial to software firms for two reasons: first, by suppressing resales of copies it enables the firm to sell more original copies and second it helps the firms suppress arbitrage of
copies sold cheaply to students, etc. and thus protects the firms primary market consisting of adults or commercial users. This makes software firms happy and customers unhappy

**Rights to public performances and display**

- Performance, display and public are the crucial terms. Definitions:
  
  - Step 1 is to identify all of the performances. When dealing with music you have to look for performances of musical composition and sound recordings
  - Step 2: determine which performances are public. If they are not public you do not have to worry about them
  - Step 3: to survey the public performances and examine if there are any grounds for exempting them from the reach of the statute. If the work publicly performed is a sound recording and if
the way in which it is performed is not in digital audio transmission then it is not covered by section 106(4) or 106(6)

- Performances are public (audiovisual works) when they involve transmissions in the same place or separate places at the same time

What does **publicly** mean?

Three ways
1) “place” that is open to the public
   - “place” is not individual booths but the store itself, which houses lots of individual booths for patrons [Reid Horne]. Such a store is public.
2) any place where a substantial number of persons outside a normal circle of family and social acquaintances is gathered
3) to “transmit” or otherwise communicate a performance or display of the work to a place that is open to the public and/or where a substantial number of persons outside a normal circle of family and acquaintances is gathered or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.
   - METHOD: look at who is capable of receiving the performance being transmitted: that particular transmission, not the potential audience for the work as a whole. If the universe of people capable of receiving it is a single subscriber who made a unique copy, then not “publicly” performed [Cartoon Network]. If lots of people are capable of receiving a single transmission, even sequentially (and such that no two can receive simultaneously) seen as public. [Cartoon Network/Cablevision] (not transmitted publicly under Cablevision – unique copy sent to a unique user).

Exceptions and limitations to rights of public display

- classroom
- distance learning
- religion
- nonprofit
- homestyle
- FMLA
- some webcasts
- real-space displays
- compulsory licenses
Public Display 106(5)

- **Display**: to show a **copy** of it, either directly or by means of a film, slide, TV image, or any other device or process
- **copy**: (1) embodiment; (2) duration
- the person showing the copy must be the one who owns the copy (versus in-linking/framing other person’s copy) [Perfect 10 v. Google – thumbnails Google stored and displayed but full size images it in-linked to but didn’t store, so Google did not have the copy].
- displaying a photo image by using a computer to show it on a computer screen with a copy fixed in the computer’s memory is a “display” under the Act [Perfect 10 v. Google]

Read Cable vision and perfect 10 v. Google

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Summary:

9.1. History
9.2. Shape of fair use doctrine today
9.3. Other countries

9.1. History
- English law, mid 18th century ("fair and bona fide abdigidgements", "justifiable uses"): no liability
- in deciding whether to excuse a particular use, one should look at the nature and objects of the selections made, the quantity and value of
  the materials use, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects of the original
  work.
- by the middle of the 20th century, fair use becomes an affirmative defense excusing otherwise unlawful conduct
- since 1976 fair use enter in section 107 of the copyright statute: "the fair use of copyrighted work [...], for purposes such as criticism,
  comment, news reporting, teaching [...], scholarship, or research, is not an infringement of copyright". The factors to be considered shall
  include: (1) purpose and character of the use, (2) nature of copyrighted work, (3) substantiality, (4) effect of the market.
- this is an "ad hoc" case-specific doctrine: it has to be applied on a case by case basis considering the 4 factors (and others)
a. Betamax case
Late 1970s: the birth of VCRs (videocassette recorders) disrupted the usual revenue system upon the film studios depended (Advertisers
  feared that people then could avoid ads, with severe consequences on their revenues)
- Disney and Universal decide NOT to sue any lawsuit against "people": they were too many, they did not want to alienate them. So,
  they sued against Sony, that invented the technology (for "contributory copyright infringement")
- Trial court was in favour of Sony; 9th circuit in favour of Universal; Supreme Court (1984) decided for Sony (5-4 votes)
Reasons: (1) Sony devices were not built only for infringing use (they were capable of substantial noninfringing use); (2) timeshifting is a
  fair use (for example, for watching programs that were broadcasted in inconvenient times)
The district court analyzed the 4 factors of section 107, and added another criteria to its analysis: "The District Court's conclusions are
  buttressed by the fact that to the extent time-shifting expands public access to freely broadcast television programs, it yields societal
  benefits". The Supreme Court confirmed the district court; Justice Blackmun dissenting:
  a. the exceptions listed in sect.107 were for "productive use[s]" (the reproduction for the sole benefit of the use seems not to be
    productive)
  b. emphasis on the word "potential" in sect.107: "potential market" means that VCRs are depriving majors the access to the "market
    consisting of those persons who finded impossible or inconvenient to watch the program at the time they are broadcasted, and to watch
    them at other times"
Jack Valenti: "the VCR is to the American film producer and the American public as the Boston strangler is to the woman home alone". But
  in the end the home video market revealed its huge potential
b. Harper & Row case
Contract between Harper and Time Magazine, but The Nation scooped the book and wrote an article (quoting verbatim about 300-400
  words); Time canceled the contract, Harper sued The Nation.
The district court was in favour of Harper and Row; the court of appeal reversed (modest amount: fair use); Supreme court reversed again
  (6-3), seeing all the 4 exceptions in sect.107 as favourable to the plaintiff (and using many Blackmun's reasons in the Betamax case):
  a. it was a profit making venture
  b. "fair use presupposes good faith and fair dealing"
  c. quotation were more expressive than factual; the work was unpublished, and particularly vulnerable
d. The Nation quoted the essential heart of the book, exploiting potential markets
Can't qualify as a cover: the intention was to alterate the melody and the fundamental character of the original composition
Trial court in favour of the defendant; 6th circuit reversed; the Supreme Court reversed again (unanimous opinion) again thanks to Justice
  Blackmun (dissenting): "the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative
  works. Such works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright [...]
  and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against
  a finding of fair use"; parodies are considered "at least in part, [as] comments on that author's works". Regarding (3) substantiality, the
  position of the Supreme Court is neutral: if the parody did not "cover" the heart of Orbison's composition, it is difficult to understand how
  it was a parody. So, there was no excess in choosing the main melody core

9.2. Shape of fair use doctrine today
still to do, any volunteer?
9.3. Other countries

a. **Fair use:**
- USA (see above)
- Israel: very similar to the US system, but without any emphasis on the commercial aspects; also, the Minister has an opportunity to mitigate the doctrine
- Singapore: very similar to the US system, also has a point (5), limiting/promoting the fair use via licenses

In these models, judges has considerable power.

b. **Enumerated permissible uses:**
No "ad hoc" system; we know in advance the circumstances in which the use is permitted. (This is a model more spread in the world, than fair use.)
- EU: exhaustive lists of the things that EU members must adopt, and may adopt; so there is no discretion
- China: shorter list of exception; Copyright law, article 22: (9) grant gratuitous live performance (no money for people nor for performers); (10) grant for copying (drawing, photographing, videorecording) work of art displayed outdoor in public places; (11) grant for translation of Chinese works from Han into minority nationality languages

c. **Hybrid models:**
Defendant's activity must fall within one of the enumerated categories, but also there is the need to demonstrate that the activity is justified by a list of factors (similar to the US ones)
- UK "Fair dealing": adequately acknowledge the plaintiff's work (giving credit to the original author)
- other examples: Canada, Australia, New Zealand, Taiwan

Differences between **standards** and **rules**:
- **standards** (similar to fair use: see below) make direct reference to policy objectives, leaving officials a lot of discretion
- **rules** constraint discretion with a strict rules and determinate responses

Standards are flexible and less predictable; rules are more predictable but also less conducive to biases. Standards are more inclined to promote policy goals then rules. Context can help us to decide if standard or rule is the best solution.

(Actually, fair use is not a standard: it only provide some factors that judges should consider, but without telling what is the goal of the system: the policy goal, in fact, are decided case by case by the judges. In this sense, fair use is less than a standard.)
Fair Use:

Fair use in USA: section 107 copyright act

Fair use statutory factors:

**Purpose and character of the defendant’s use:** 1. (character) 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, in other words, whether and to what extent the new work is transformative. 2. (purpose) whether the allegedly infringing work has a commercial or nonprofit educational purpose

**Nature of the copyrighted work:** 1. whether the work is expressive or creative, with a greater leeway being allowed to a claim of fair use where the work is factual or informational. 2. whether the work is published or unpublished, with the scope for fair use involving unpublished works being considerably narrower.

**Amount of copying:** whether the quantity and value of the materials used are reasonable in relation to the purpose of the copying; in other words, courts consider the proportion of the original work used, and not how much of the secondary work comprises the original. The extent of permissible copying varies with the purpose and character of the use.

**Impact on potential market:**

‘Betamax case’:

**Facts summary:** Sony released a device to make copies of the movies and tv shows transmitted on tv. Films produces and the studios where worried that people wouldn’t watch ads, they would have recorded skipping the ads. Advertiser threaten to reduce the fees they where pay the networks; networks threaten to reduce the licence fees they were paying to the studios; Disney and Universal could brought a lawsuit against Sony: they were encouraging unlawful behaviour.

**Supreme Court: Purpose and Character** 1. the manufacturer is liable for copyright infringement if and only if the device is not capable of substantial non infringing uses. 2. Time shifting copyrighted programs is a fair use. 3. The court also said: the recorder are used to ‘libraring’ to record the shows and have the possibility to watch them repeatedly. They are used to record the shows giving the users the possibility to watch them when they are physically at home and able to see them. Using device able to time-shifting qualifies as fair use. 4. The behaviour of VCR users was not commercial; time-shifting for home use is non commercial use. **Nature of copyrighted work** (doesn’t say). **Amount of copying** (neutral). **Impact on potential market:** 1 A particular use is harmful; 2 If that use becomes widespread it would adversely affect the potential market for the copyrighted work. Present harm has to been shown in order to prove future harm. The studios failed to prove a present harm or probable harm in the future.

**Element not provided in the statue:** the device has substantial benefits for the consumers.
Harper & Row v. Nation Enterprises

**Facts:** Former President Gerald Ford had written a memoir, including an account of his decision to pardon Richard Nixon. Ford had licensed his publication rights to Harper & Row, which had contracted for excerpts of the memoir to be printed in Time. The Nation magazine published 300 to 400 words of verbatim quotes from the 500-page book without the permission of Ford, Harper & Row, or Time magazine. Based on this prior publication, Time withdrew from the contract (as it was permitted to by a clause therein), and Harper & Row filed a lawsuit against The Nation for copyright infringement. The Nation asserted as a defense that Ford was a public figure, and his reasons for pardoning Nixon were of vital interest, and that appropriation in such circumstances should qualify as a fair use.

A Federal trial judge ruled in favor of Harper & Row and awarded damages. The Second Circuit Court of Appeals reversed the ruling, finding that The Nation's actions in quoting the memoirs were protected by fair use privilege.

**SCOTUS:** None of the Fair use requirements is engaged. The right of first publication is a particularly strong right, and held that there was no 'public figure' exception to copyright protection. The court applied the traditional four factor test to determine if the use was fair, and made the following findings: 1. The purpose or character of the use was commercial (to scoop a competitor), meaning that The Nation's use was not a good faith use of Fair Use in simply reporting news. 2. The nature of the copyrighted work was informative. 3. The amount and substantiality of the portion used in relation to the copyrighted work as a whole was great. Although the "amount" was small, it constituted a "substantial" portion of the infringer's work because the excerpt was the "heart of the work" (the Court noted that the infringer could not defend plagiarism by pointing to how much else they could have plagiarized, but did not) 4. The effect of the use on the potential market for the value of the copyrighted work was also great, because there was an actual harm - the cancelled contract. This inquiry must take account not only of harm to the original, but also of harm to the market for derivative works.

Campbell v. Acuff-Rose Music:

**Facts:** The members of the rap music group 2 Live Crew composed a song called "Pretty Woman," a parody based on Roy Orbison's rock ballad, "Oh, Pretty Woman." The group's manager asked Acuff-Rose Music if they could get a license to use Orbison's tune for the ballad to be used as a parody. Acuff-Rose Music refused to grant the band a license but 2 Live Crew nonetheless produced and released the parody. Almost a year later, after nearly a quarter of a million copies of the recording had been sold, Acuff-Rose sued 2 Live Crew and its record company for copyright infringement.

**SCOTUS ruling:** The Supreme Court held that 2 Live Crew's was substantially a parody may be a fair use within the meaning of § 107. Supreme Court established that a commercial parody can qualify as fair use. That money is made does not make it impossible for a use to be fair; it is merely one of the components of a fair use analysis. Under the first requirement of fair use “the purpose and the character”: it is a parody! Moreover it must be considered how much a work is “transformative”. “The goal of copyright to promote science and art is generally furthered by
the creation of transformative works”. “Such works lie at the fair use doctrine’s
guarantee of breathing space within the confines of copyright”. The work is
substantially transformative. “The more transformative the new work, the less
will be the significance of other factors, like commercialism, that may weigh
against a finding of fair use.” The nature of the copyrighted work would disfavor
them. The amount of copying is neutral (the heart of the infringed song is taken but is
also the heart of the parody) . Regarding the fourth factor (impact on the market)
“The cognizable harm is market substitution, not any harm from criticism. As
to parody pure and simple, it is unlikely that the work will act as a substitute
for the original, since the two works usually serve different market
functions.”

Cariou v. Prince (Court of Appeal Second Circuit)

Facts: Photographer brought copyright infringement action against well-known
appropriation artist, gallery, and gallery owner based on the artist's use of
photographer's copyrighted photographs of Rastafarians and Jamaican landscape in
paintings that were marketed and sold by gallery and owner.

Ruling: The Court of Appeals, Barrington D. Parker, Circuit Judge, held that: 1. to
qualify as fair use, a new work generally must alter the original with new expression,
meaning, or message, and 2. 25 of artist's 30 paintings were transformative as a
matter of law and thus constituted fair use of the copyrighted photographs.

Character and purpose: substantially transformative

Nature: “whether the work is expressive or creative, ... with a greater leeway being
allowed to a claim of fair use where the work is factual or informational[...] whether
the work is published or unpublished, with the scope for fair use involving unpublished
works being considerably narrower.” there is no dispute that Cariou's work is creative
and published. Accordingly, this factor weighs against a fair use determination.
However, just as with the commercial character of Prince's work, this factor “may be of
limited usefulness where,” as here, “the creative work of art is being used for a
transformative purpose.”

Amount: Prince used key portions of certain of Cariou's photographs. In doing that,
however, we determine that in twenty-five of his artworks, Prince transformed those
photographs into something new and different and, as a result, this factor weighs
heavily in Prince's favor.

Impact on the market: “Prince's audience is very different from Cariou's, and there
is no evidence that Prince's work ever touched—much less usurped—either the
primary or derivative market for Cariou's work. There is nothing in the record to
suggest that Cariou would ever develop or license secondary uses of his work in the
vein of Prince's artworks.”

Author's Guild v. Google, 05 Civ. 8136 (S.D.N.Y. November 14, 2013)
Facts: Organization of published authors and individual copyright owners brought putative class action against internet search engine operator, alleging that operator infringed copyrights in connection with digitally reproducing millions of copyrighted books. Following rejection of proposed settlement, 770 F.Supp.2d 666, and vacatur of class certification, 721 F.3d 132, parties moved for summary judgment with respect to operator's fair use defense.

Ruling: The District Court, Chin, Circuit Judge, sitting by designation, held that operator engaged in fair use in digitally reproducing millions of copyrighted books, making them available for its library project partners to download, and displaying “snippets” from the books to the public.

Character of the use: “(It) strongly favours finding that internet search engine operator engaged in fair use in digitally reproducing millions of copyrighted books, making them available for its library project partners to download, and displaying “snippets” from the books to the public; operator transformed expressive text into comprehensive word index that helped readers, scholars, researchers, and others find books, operator opened new fields of research and allowed use of words in books in a way they had not been used before, and, although operator was for-profit entity and benefited commercially in that users were drawn to its websites, it did not sell scans, sell snippets, or run ads on pages that contained snippets.”

Nature of the copyrighted work: “(It) favours finding that internet search engine operator engaged in fair use in digitally reproducing millions of copyrighted books, making them available for its library project partners to download, and displaying “snippets” from the books to the public; vast majority of the books were non-fiction, and the books were published and available to the public.

Amount and substantiality: “(..) of portion used in relation to the copyrighted work as a whole, weighed slightly against finding that internet search engine operator engaged in fair use in digitally reproducing millions of copyrighted books, making them available for its library project partners to download, and displaying “snippets” from the books to the public; although operator limited the amount of text it displayed in response to a search, full-work reproduction was critical to operator's functioning”

Impact on the market: “Google does not sell its scans, and the scans do *293 not replace the books. While partner libraries have the ability to download a scan of a book from their collections, they owned the books already—they provided the original book to Google to scan. Nor is it likely that someone would take the time and energy to input countless searches to try and get enough snippets to comprise an entire book. Not only is that not possible as certain pages and snippets are blacklisted, the individual would have to have a copy of the book in his possession already to be able to piece the different snippets together in coherent fashion. To the contrary, a reasonable fact finder could only find that Google Books enhances the sales of books to the benefit of copyright holders”
Definition of commercial: Narrow = Harper and Row

Broad = Napster: Napster users fair use? Nineth circuit said No, it should be considered commercial. Commercial behaviour: avoiding paying money

**Sega v Accolade case: Reverse engineering fair use.** The behaviour of was not commercial, it was simply ‘studying’; moreover is beneficial for the general public.

**Texaco case:** Texaco’s scientists where making copies of academic articles for research. The use of the articles leads to the production of commercial products. No fair use.

The term transformative, what exactly means transformative is not settled.

**It is pacific when is parody.** Cases: Demi Moore pregnant photo on vanityfair v naked gun 33 1/3 poster. Infringing but fair use because it is a parody: ‘commenting trough ridicule’

Other cases about parody/criticism: **Forsythe’s photos of Barbie.**

Non parody decisions, possible meaning of transformative: socially beneficial, different purpose, creative, physical modification. Free Republic decision (2000) Lennon (2008);

**The physical transformation however is generally disfavoured because the authors do have the right to authorize derivatives works.**

The bad faith is not determinant, neither the good faith

**Impact on the potential market:** plaintiffs cannot claim:

they were prevented to charge users with a fee.

Loss of revenue in order to make transformative work cannot count as well (Castel rock)

Injury from criticism

**Potential:** present and future harm; injures other works owned by the plaintiff. ‘Potential market’ Galoop case market developed or that is likely to develop (but narrow approach).

**Other countries:**

Countries that have provisions close to section 107:

Israel; Singapore;

European Copyright Directive. There is a list of circumstance in which a copyrighted work can be used but Member States cannot adopt an open ended provision as US

United kingdom Canada: ‘fair dealing’
I. Entitlements
   A. Case Law
      1. Factor #1: Purpose and Character of D’s Activity
         i. Commercial
            • Definitions:
              - Rarely defined explicitly, usually defined as revenue generating or profit-making
              - Alternative Definition: Whether the user stands to make profit through copyright w/o paying customary price
              - Alternative Definition: Repeated and Exploitative copying to avoid paying money [i.e., Behavior of Napster Users]
            • Contributing to an overall objective of profit (Uncertainty - Initial research may lead to commercially valuable products and could be infringement or fair use)
              - Interoperability Strategy #1: Operating System (Microsoft) grants Application Program Developers free access to interfaces
              - Interoperability Strategy #2: Operating System (Nintendo) grants Application Program Developers licenses to develop games [i.e., Sega v. Accolade – Accolade (for profit company) reverse engineered Sega’s console to get source code] [Texaco case – Texaco researched petroleum industry technologies and copied scientific journals for its many scientists]
              - Interoperability Strategy #3: Operating System (MAI) grants no licenses to maintain total control
         ii. Transformative
            • Parody [i.e., Vanity Fair cover vs. Naked Gun 33 1/3 poster, Barbie v. Forsyth naked Barbie photos] – not per se entitled to fair use defense, but it helps a great deal, question of law not public opinion
            • Not a Parody [i.e., Koons sculpture of puppies photo, Seinfeld book]
            • Criticizes, but does not mock [i.e., Use of an excerpt of John Lennon’s song “Imagine”]
            • Possible Meanings of “Transformation”: Socially Beneficial, Different Purpose, Physical Modifications, Creative [Diagram with Cases is shown at time index 30:00 in Lecture 9.2]
         iii. Shady
            • Good faith and fair dealing
            • bad faith is not dispositive and is down played
         iv. Customary
            • Author gives implied consent to “reasonable and customary” use
            • Not followed much due to new technology
      2. Factor #2: Nature of P’s Work
i. Unpublished works get more protection than published works
ii. Creative works get more protection than factual works
iii. Computer software gets less protection than other works

3. Factor #3: Amount
   i. Quantitative v. Qualitative
      • If you take a small part, but an important part of the copyrighted work, you are in trouble [i.e., Betamax case – copying an entire work on VHS tape was fair use, Harper and Row – took 300 words from a large work and this was not fair use]
      • It does not matter how much of your own work it takes up

4. Factor #4: Impact on Potential Market – Greater the injury, the less likely it will be fair use
   i. Not all injuries count
      • Prevention of charging a license fee
      • Inability to charge for the right to create transformative uses
      • Criticism [Tarnishment is not clear]
      • No collateral injuries to other works owned by Plaintiff
   ii. Damage that do count
      • Damage to existing markets counts
      • Damage to potential markets counts
      • Damage that will occur to markets counts
      • Markets the Plaintiff has developed or is likely to develop
      • Any group of people who would pay for access
      • Traditional, reasonable or likely to be developed markets
      • Many others
Week 10

1. **Lecture 10: Cultural Theory** (or Fisher's "Social Planning" Theory):
   a. **Statute (17 U.S.C. 106A):**
      i. rights of attribution & integrity ("moral rights" for works of visual art):
         1. claim authorship;
         2. prevent use of the author's name for WVA\(^1\) he didn't create;
         3. prevent use of the author's name if his WVA was modified (e.g. distortion, mutilation) in a way that would damage author's reputation;
         4. prevent any intentional distortion, mutilation, modification of WVA, which would damage author's reputation;
         5. prevent any intentional or grossly negligent destruction of WVA of recognized stature;
      ii. scope & exercise:
         1. limited to the authors of WVA;
         2. author of WVA has moral rights whether or not he is the CR owner;
         3. authors of a joint WVA are co-owners of these moral rights;
      iii. exceptions:
         1. work modification as a result of the passage of time, inherent nature of the materials, conservation or public presentation is not a distortion, mutilation, or other modification;
         2. any reproduction, depiction, portrayal, or other use of WVA is not a destruction, distortion, mutilation, or other modification;
      iv. duration:
         1. life of the author, or life of the last surviving author for joint WVA;
         2. all terms of these rights run to the end of the calendar year in which they would otherwise expire;
         3. separate duration for works created before effective date of the VARA\(^2\) of 1990: if title was not transferred from the author, moral rights shall expire at the same time as §106 exclusive rights;
   v. **transfer & waiver:**
      1. transfer:
         a. non-transferrable;
         b. transfer of ownership of any copy of a WVA, or of a CR or any exclusive right under a copyright IS NOT a waiver of the moral rights;
      2. waiver:

\(^1\) WVA - a work of visual art.

a. but may be waived by means of a written instrument signed by the author (identify the WVA and its uses to which the waiver applies);
b. waiver by one of co-authors, waives moral rights for all the authors in a joint WVA;
c. waiver of the moral rights IS NOT a transfer of ownership of any copy of that work, or of ownership of a CR or of any exclusive right under a CR in that work.

b. **Cases:**
   i. *Martin v. City of Indianapolis (7th Cir. 1999)*:
      1. **Issue:**
         a. whether a large outdoor stainless steel sculpture may qualify as WVA of "recognized stature."
      2. **Rule:**
         a. "**recognized stature**":
            i. is a necessary finding under VARA to protect a WVA from destruction;
            ii. is not defined in VARA;
            iii. natural reading of the term indicates **2 elements:**
                1. merit or intrinsic worth; and
                2. **public acknowledgment** of that merit by society or the art community (concurring judge Manion);
         b. **stature test** requires that:
            i. visual art in question has "stature," i.e. is **viewed as meritorious**, and
            ii. this stature is "recognized" by art experts, other members of the artistic community, or by some cross-section of society (2nd prong generally requires an expert witnesses testimony);
         c. newspaper articles may be admitted into evidence only or a limited purpose to acknowledge "recognition" of WVA, but not enough to prove the "stature" element;
      3. **Conclusion:**
         a. defendant violated plaintiff's VARA rights;
         b. defendant's conduct was not found willful so to award VARA damages to plaintiff;
         c. award of costs and attorney's fees was affirmed.
   ii. *Dastar Corporation v. Twentieth Century Fox Film Corporation (2003)*:
      1. **Issue:**
         a. whether § 43(a) of the Lanham Act prevents the unaccredited copying of a work;
         b. if so, whether a court may double a profit award under § 1117(a), in order to deter future infringing conduct;
         c. what § 43(a)(1)(A) of the Lanham Act means by the "origin" of "goods."
      2. **Rule:**
a. § 43(a) of the Lanham Act:
   i. is one of the few provisions that goes beyond trademark protection;
   ii. created a federal remedy against a person who used in commerce either "a false designation of origin, or any false description or representation" in connection with "any goods or services";
   iii. prohibits actions like trademark infringement that deceive consumers and impair a producer's goodwill;
   iv. but: because of its inherently limited wording, it can never be a federal 'codification' of the overall law of 'unfair competition, but rather applies only to certain unfair trade practices prohibited by its text;

b. "origin of goods" under LA:
   i. source of wares—is the producer of the tangible product sold in the marketplace (here, physical Campaigns videotape sold by Dastar);
   ii. refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods;

c. non-infringing copying under TM:
   i. right to copy and to copy w/o attribution, once a copyright has expired, like "the right to make an article whose patent has expired—including the right to make it in precisely the shape it carried when patented—passes to the public";
   ii. "in general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying";
   iii. once the patent or copyright monopoly has expired, the public may use the invention or work at will and w/o attribution;

d. purposes of LA:
   i. to avoid misuse or over-extension" of trademark and related protections into areas traditionally occupied by patent or copyright;
   ii. to prevent competitors from copying "a source-identifying mark,"
   iii. to "reduce customer's costs of shopping and making purchasing decisions," and
   iv. to "help assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product";

e. right of attribution under CR:

3 LA - the Lanham Act.
i. attaches only to specified works of visual art;
ii. is personal to the artist, and
iii. endures only for the life of the author;

3. Conclusion:
   a. Dastar was the "origin" of the products it sold as its own, respondents cannot prevail on their Lanham Act claim;
   b. no opinion as to whether petitioner's product would infringe a valid copyright in General Eisenhower's book.

c. Lecture & class:
   i. foundations:
      1. there exists such a thing as human nature, which is mysterious and complex but nevertheless stable and discoverable;
      2. people's nature causes them to flourish more under some conditions than others;
      3. social & political institutions should be organized to facilitate that flourishing;
   ii. conditions for necessary for the full realization of personhood:
      1. good life:
         a. life: living a long life, not dying prematurely, or before life is so reduced as to be not worth living;
         b. health: have good health, as illness impairs flourishing;
         c. autonomy: being, to some important degree, a person of one's own creating, making, choosing; autonomous motivations and voluntary choice increase problem solving and job performance, especially when requires creativity;
         d. engagement:
            i. meaningful work: that requires skill & concentration on problems that can be overcome with initiative & creativity;
            ii. civil engagement: active participation in politics and commitment to the welfare of the polity as a whole;
            iii. semiotic engagement: retaking control over the semiotic world so to not be alienated from our own culture;
         e. self-expression: projecting oneself into or onto the world (Personhood Theory);
         f. competence: we feel and do better, when we feel capable of performing the tasks we address - sense of incompetence triggers depression;
         g. connection: persistent correlation of "sociability" with happiness - we flourish when we feel affiliated with others;
         h. privacy: zone for experimentation and privacy - need for relief from crowd;
2. **distributive justice:**
   a. problem: access to these conditions is currently both limited and systematically unequal;
   b. goal: to expand and (to some degree) equalize access, e.g. via democratic equality and redistribution of wealth and opportunity;

3. **culture:**
   a. **diversity:** the more multifarious lifestyles and ideas on public display, the more each of its members must decide for herself what to think and how to act, thereby developing her own "mental and moral faculties" and rendering the culture as a whole even more "rich, diversified, and animating;"
   b. **art:** the more complex and "resonant" the "shared language" of a culture -- the richer it is in the raw materials of representation, metaphor, and allusion -- the more opportunities for creativity and subtlety in communication and thought it affords the members of the culture;
   c. **education:** if universally available - empowering;
   d. **democracy:** politico-semantic (see above);

iii. **concerns:**
   1. **paternalism:**
      a. we engage too much in activities that do not bring us happiness or satisfaction: spend money on large houses far from work, which necessitate commuting;
      b. we engage too little in activities that do bring us happiness or satisfaction: socializing and education;
   2. **hazards of governments:** bureaucracy, rent-seeking, corruption;
   3. **partial response:** alter the types of organization to which we confer this power:
      a. capitalize on the deterioration of the public/private distinction;
      b. institutions that have increasing control over our lives: employers and suppliers of information services (e.g. Google and Facebook with respect to privacy);

iv. **implications (Copyright Reform):**
   1. **education:**
      a. more generous exceptions for distance learning;
      b. create exceptions to anti-circumvention rules for teaching, studying, scholarship:
         i. educators: exceptions to rights of distribution and public performance;
         ii. students: exceptions to right of reproduction;
      c. differential pricing in the context of s/w is good thing;
   2. **idea-expression distinction:** no protection for things essential to deliberation and civic engagement -\} e.g., use by GBH of excerpts of speeches by Martin Luther King;
   3. **fair use:**
a. adjust incentive/loss ratios associated with potential entitlements to reflect impact on: culture and opportunities for access to the good life;

b. increase opportunities for commentary and criticism - e.g. parody;

c. increase opportunities for creative reuse of CR works - construe "transformative" as "creative";

d. decrease privileges for consumptive uses;

e. most broadly, construe the 4 statutory factors in section 107 in light of the normative beacon of the good life and good society;

4. moral rights:
   a. weaker protections for right of integrity;
   b. strengthened rights of attribution (reconsider Dastar);

5. libraries:
   a. opt-out rule for digital libraries - e.g. Google Print Library Project;
   b. no public lending rights, at least if patrons would bear cost, BUT: if lending rights are merely a mechanism to shift costs to governments, not so bad;

6. formalities:
   a. registration systems to facilitate location of owners;
   b. (qualified) privileges for non-permissive use of "orphan works";

7. compulsory licensing:
   a. lower rates for socially beneficial activities;
   b. increased reliance on liability rules (violations of §106(2):
      i. reduce impediments to free flow of information;
      ii. increase diversity of works available to the public;

8. differential pricing:
   a. pros:
      i. may increase incentives for innovation, while reducing social costs;
      ii. equalize access to entertainment and informational product - e.g. Kirtsaeng;
   b. cons:
      i. corrodes the spirit of altruistic sharing;
      ii. fosters invasions of privacy - possibly manage through restrictions on gathering and using data;

9. supplementary government funding: - e.g., European cinema (Welfare Theory);

10. alternative compensation system (recorded entertainment):
    - among other benefits, increase consumers' access to diverse arrays of recordings (traditional outlets as radio are becoming less diverse), see Welfare Theory;

11. traditional knowledge:
   a. more legal protection:
i. community: are one way a community defines and sustains itself;
ii. diversity: resist global cultural homogenization;
iii. distributive justice: temper inequality of wealth and resources;

b. less legal protection:
   i. semiotic democracy: encourage creative refashioning of culture;
   ii. autonomy: increase cultural choices; freedom to select among them.
1. **Lecture 11: Supplements to Copyright: Secondary Liability and Para-copyright**

1. **Cases:**


      i. **Issue:** when a distributor of a product capable of both lawful and unlawful uses is liable for CR infringements by third parties using the product.

      ii. **Rule:**

         1. **Secondary liability:**
            a. one infringes a CR contributorily by intentionally inducing or encouraging direct infringement;
            b. one infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it;

         2. **Going after Secondary Infringer:**
            a. when a widely shared service or product is used to commit infringement, it may be impossible to enforce rights in the protected work effectively against all direct infringers, the only practical alternative being to go against the distributor of copying device for secondary liability on a theory of contributory or vicarious infringement;

         3. **Substantial Lawful Uses Defense to a Secondary Liability:**
            a. whenever a product is capable of substantial lawful use, producer can never be held contributorily liable for third parties’ infringing use of it, even when an actual purpose to cause infringing use is shown by evidence independent of product design & distribution, **unless distributors had “specific knowledge of infringement at a time at which they contributed to infringement, and failed to act upon that information.”**

         4. **Inducement Theory:**
            a. engagement purposeful, culpable expression & conduct that fosters infringement;
            b. intent to promote/encourage infringement & distribution of a device suitable for infringing use;
            c. evidence of actual infringement by consumers of a device.

   iii. **Analysis:**

      1. **Direct Infringement:** actual infringement by s/w consumers took place;

      2. **D’s Involvement:**

         a. Ds distribute free s/w products that allow computer users to share electronic files through peer-to-peer networks, i.e. users’ computers communicate directly with each other, not through central servers;

         b. Ds prominently employed those networks in sharing CR music & video files w/o authorization;
3. knowledge:
   a. although D don’t know when particular files are copied, few searches using their s/w would show what is available on the networks the s/w reaches - nearly 90% were CR works;
   b. Ds learned about their users’ infringement directly:
      i. from users: who have sent e-mails to each company with questions about playing CR movies they had downloaded, to whom Ds responded with guidance;
      ii. from Ps: who notified Ds of 8 million CR files that could be obtained using their s/w;

4. material contribution: Ds clearly voiced the objective that recipients use it to download CR works (unlawful objective), and each took active steps to encourage infringement (intentional facilitation of infringing uses):
   a. express promotion, marketing of s/w for infringing uses:
      i. both Ds showed to be aiming to satisfy a known source of demand for CR infringement - market comprising former Napster users:
         1. one by introducing itself to some potential advertisers as a company ”which is similar to what Napster was”;
         2. another by sending users a newsletter promoting its ability to provide particular, popular CR materials;
         3. both Ds communicated a clear message by responding affirmatively to requests for help in locating and playing CR materials;
      ii. business models employed by Ds confirm that their principal object was use of their s/w to download CR works;
   b. income:
      i. both companies generate income by selling advertising space, and they stream the advertising its users while they are employing their programs;
      ii. the more s/w is used, the more ads are sent out, and the greater Ds’ advertising revenue becomes;
   c. attempts to act on infringement:
      i. no evidence that either D made an effort to develop filtering tools or other mechanisms to diminish infringing activity;
      ii. no evidence they attempted to filter CR material from users’ downloads or otherwise impede the sharing of CR files.

iv. Conclusion:
   1. one who distributes a device with the object of promoting its use to infringe CR, as shown by clear expression or other affirmative steps to foster infringement, is liable for resulting infringement by third parties.
   2. concurring opinions:
      a. Justice Ginsberg: “substantial” should be viewed in percentage terms of absolute numbers, e.g. distributing a device that 90-95% of users use to infringe would trigger liability;
      b. Justice Breyer: distributor of a dual-use technology may be liable
for infringing activities of third parties where he actively seeks to advance the infringement.

b. **Viacom v. YouTube (2012):**

Ps alleged direct & secondary CR infringement based on public performance, display & reproduction of approximately 79,000 audiovisual “clips” that appeared on D's website in 2005-2008.

1. Issue:
   
a. clarify contours of “safe harbor” provision of DMCA that limits liability of online service providers for CR infringement that occurs “by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider;

b. whether SH\(^1\) at issue requires “actual knowledge” or “awareness” of facts or circumstances indicating “specific & identifiable infringements.”

2. Rule:
   
a. §512(c)\(^2\) SH requires actual knowledge or awareness of specific infringing activity \(
   \) actual knowledge/awareness of facts/circumstances that indicate specific & identifiable instances of infringement will disqualify a service provider from SH;

b. “right and ability to control” infringing activity under §512(c)(1) (B) “requires something more than ability to remove or block access to materials posted on a service provider's website”;

c. to qualify for protection under any of SH, a party must meet:

   i. set of threshold criteria:
      
      1. be a service provider—“provider of online services or network access, or an operator of facilities”:
         
         a. §512(c) “is clearly meant to cover more than mere electronic storage lockers”;

         b. §512(c) SH extends to s/w functions performed “for the purpose of facilitating access to user-stored material”;

         c. related videos function is also protected by §512(c) SH;

      2. “conditions of eligibility” \(
   \) adoption & reasonable implementation of a “repeat infringer” policy that “provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network.”

      3. accommodate “standard technical measures” that are

\(^1\) SH means "safe harbor."

\(^2\) §512(c) refers to "hosting"—data storage at the direction of users/cyber-lockers: e.g. web hosting services, storing content comprising websites that are maintained by independent sponsors of those websites (YouTube, Facebook, etc., which provide a very detailed, structured context for the content that is uploaded by users), that involves data reproduction and public performance.
“used by CR owners to identify or protect CR works.”

ii. **requirements of a particular SH**, e.g. §512(c)—by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider:

1. **doesn’t have actual knowledge** that material or activity using the material on the system or network is infringing:
   a. in the absence of such actual knowledge, is **not aware of facts or circumstances** from which infringing activity is apparent; **OR**
   b. upon obtaining such knowledge or awareness, **acts expeditiously to remove**, or disable access to, identified material;

2. **doesn’t get financial benefit** directly attributable to infringing activity, in a case in which the service provider has the right and ability to control such activity; and

3. upon notification of claimed infringement, **responds expeditiously to remove, or disable access** to the material that is claimed to be infringing or to be subject of infringing activity;

iii. **notification scheme requirements**: service providers must “designate an agent to receive notifications of claimed infringement,” while CR owners must specify required components of a proper notification—“takedown notice.”

d. **triggers of obligation to expeditiously remove infringing material**:

   i. **actual knowledge** of infringing material, or
   
   ii. **awareness of facts or circumstances** that make infringing activity apparent, or
   
   iii. **receipt of a takedown notice**.

  e. **"red flag knowledge" vs. "actual knowledge"**:

  i. **actual knowledge test**:

     1. **actual knowledge** that material or activity using the material is infringing;
     
     2. **specific**;
     
     3. **subjective** –} subjectively knew of specific infringement;

  ii. **"red flag" knowledge test**:

     1. **awareness of facts/circumstances** from which infringing activity is apparent;
     
     2. **generalized**;
     
     3. **objective** –} subjectively aware of facts that would have made the specific infringement “objectively” obvious to a reasonable person;

  iii. **BUT**: both apply only to specific instances of infringement, –} specific knowledge of particular
infringing activity IS REQUIRED.

f. "willful blindness" doctrine (DMCA\textsuperscript{3} context):
   i. may be applied to demonstrate knowledge or awareness of specific instances of infringement under DMCA;
   ii. DMCA SH protection cannot be conditioned on affirmative monitoring by a service provider -} no duty to monitor or otherwise seek out infringing activity based on general awareness that infringement may be occurring;
   iii. if D was aware of the possibility of infringement, then the court will impute the knowledge, and if D didn't remove infringing material, then D will not be able to use SH defense.

3. Analysis:
   a. D's policy: account registration process requires user to accept YouTube's Terms of Use agreement: user “will not submit material that is CR unless he is the owner of such rights or has permission from their rightful owner to post the material and to grant YouTube all of the license rights granted herein;
   b. knowledge:
      i. foregoing Premier League e-mails request the identification removal of “clearly infringing, official broadcast footage.”
      ii. D's founder's March 2006 report indicates his awareness of specific clips that he perceived to be “blatantly illegal.”
      iii. D's internal e-mails refer to particular clips in the context of correspondence about whether to remove infringing material from the website.

4. Conclusion:
   a. D had actual knowledge of specific infringing activity, or was at least aware of facts or circumstances from which specific infringing activity was apparent—at least with respect to a handful of specific clips;
   b. holding: three of the challenged D's s/w functions (replication, playback, and the related videos feature) occur “by reason of the storage at the direction of a user” within the meaning of § 512(c) (1), thus fell within a SH.

2. Lecture & class:
   a. generally:
      i. CR holder files infringement suit against secondary infringer (e.g., Youtube) -} establishes direct liability (i.e., by Youtube users) -} then claims contributory liability (i.e., against Youtube) -} secondary infringer may rebut by proving that infringing product is capable of substantial non-infringing uses -} CR holder then claims liability under the "inducement theory," which may be proven by secondary infringer's advertising. See COSNU and Betamax (time-shifting is non-infringing use);
   b. secondary liability:
      i. judge-made doctrines:
         1. contributory infringement:

\textsuperscript{3} DMCA means Digital Millennium Copyright Act.
a. claim requires:
   i. direct infringement;
   ii. D' knowledge (actual or constructive, including "willful blindness");
   iii. material contribution to infringement:
      1. websites: if substantially assists website to distribute infringing materials, will find materially contributing if had knowledge and could take simple measures to prevent further damage, but failed to do so (Perfect 10 v. Google);
      2. marketplace: could be established by showing that D provided sites and facilities for infringement (Fonovisa v. Cherry Auction - flea market & pirated CDs);

b. defense - capable of substantial non-infringing uses (COSNU), but limited by "inducement" or "willful blindness" P's rebuttal:
   i. inducement theory:
      1. may override Betamax defense;
      2. responsible: if D distributes his technology with the object of promoting its infringing uses shown by clear steps of to foster infringement;
   3. test:
      a. weigh evidence that D aimed to satisfy a known source of demand for infringement:
         i. ads to known infringers;
         ii. assistance to users engaging in infringement;
         iii. communications (internal or to the public);
         iv. evidence of willful blindness;
      b. evidence that D failed to develop mechanisms to reduce its products use for infringement (Perfect 10 v. Google):
         i. lack of content filtering;
         ii. formal steps taken lack any meaningful effort;
         iii. implementation of technical features conductive to infringement;
      c. evidence that D's business model is predicated on infringement:
         i. massive amount of infringement;
         ii. large percentage of revenue from infringement;
      4. relevant evidence: advertising illegal uses, targeting customers known to engage in illegal uses, failure to adapt infringement-reducing technologies (insufficient on its own), and

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4 Betamax refers to Sony v. Universal Studios.
"commercial sense" of the enterprise depends on illegal uses (insufficient on its own);

ii. **willful blindness:**
   1. may override Betamax COSNU defense;
   2. if infringing uses are substantial, D must also show that it would have been disproportionately costly to design its product so as to eliminate or reduce infringing uses.

2. **vicarious infringement** requires:
   a. direct infringement;
   b. financial interest in the infringement;
   c. had right & ability to supervise/control the direct infringer, -} BUT failed to exercise the right to stop/limit infringement (*Grokster*5):
      i. control -} has both legal right and practical ability to stop/limit the directly infringing conduct, or
      ii. right & ability to prevent users from infringing activities -} D created a closed system and can terminate user accounts.

ii. **statutory safe harbors** (17 USC §512):
   1. types:
      a. ISPs (passive intermediaries) exempt6;
      b. no liability for passive caching7;
      c. OSPs (store information for mass distribution to others) exempt if comply with notice-and-takedown provisions8 (*Viacom*9);
      d. search engines (information location tools) exempt if comply with notice-and-takedown;
      e. penalties for abusive notice-and-takedowns;
      f. duty to terminate repeat infringers and to "accommodate ... standard technical measures" used by copyright owners10;
      g. no duty to monitor.

2. **Viacom holdings:**
   a. disqualification contained in §512(c)(1)(A)(i) is triggered only by actual, "subjective" knowledge of specific infringing material on the D's site or "willful blindness";
   b. disqualification contained in §512(c)(1)(A)(ii) (the "red flag" provision) is triggered only by actual, "subjective" knowledge of facts that would have make infringement "objectively" obvious to a reasonable person;
   c. disqualification contained in §512(c)(1)(B) is triggered only by proof of somewhat greater control over the infringing behavior than is required for vicarious infringement:
      i. ability to block access to material posted on its service is

5 *Grokster* refers to *MGM v. Grokster*.
6 For detailed elaboration see Fisher's map under IV. Supplements.
7 See above.
8 See above.
9 *Viacom* refers to *Viacom v. Youtube*.
10 For detailed elaboration see Fisher's map under IV. Supplements.
not enough;
ii. "purposeful, culpable expression and conduct" of the sort
at issue in Grokster might be enough;
iii. remand to District Court to consider this issue further.
d. §512(c) applies to all s/w functions performed "for the purpose of
facilitating access to user-stored material".

c. para-copyright:
i. 17 USC §1201:

1. "access controls":
   a. circumvention (1201(a)(1)(A)): no person shall circumvent a
technological measure that effectively controls access to a CR
work;
   b. trafficking in circumvention technologies (1201(a)(2)):
      i. no person shall manufacture, import, offer to the public,
provide, or otherwise traffic in any technology, product,
service, device, component, or part thereof, that:
         1. (A) is primarily designed or produced to
circumvent a technological measure that
effectively controls access to a CR work;
         2. (B) has only limited commercially significant
purpose or use other than to circumvent a
technological measure that effectively controls
access to a CR work (Sony standard for
contributory infringement); or
         3. (C) is marketed by that person or another acting in
concert with that person with that person's
knowledge for use in circumventing a
technological measure that effectively controls
access to a CR work (Grokster theory of
inducement);
   ii. prohibits technologies that have limited non-infringing
uses (Betamax) or fall under inducement-advertising to
infringers (Grokster);

2. "copy controls":
   a. no prohibition on circumvention;
   b. 1201(b)(1): no person shall manufacture, import, offer to the
public, provide, or otherwise traffic in any technology, product,
service, device, component, or part thereof, that:
      i. (A) is primarily designed or produced to
circumvent protection afforded by a technological measure that
effectively protects a right of CR owner in a work or a
portion;
      ii. (B) has only limited commercially significant purpose or
use other than to circumvent protection afforded by a
technological measure that effectively protects a right of a
CR owner in a work or its portion; or
      iii. (C) is marketed by that person or another acting in concert
with that person with that person's knowledge for use in
circumventing protection afforded by a technological
measure that effectively protects a right of a CR owner under this title in a work or its portion;

c. definitions:
   i. circumvent: to "circumvent a technological measure" -{→} to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, w/o the authority of the CR owner;
   ii. effectively controls: a technological measure "effectively controls access to a work" if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the CR owner, to gain access to the work;

d. exceptions:
   i. libraries may circumvent to decide whether to buy;
   ii. police may circumvent to conduct an investigation;
   iii. 1201(f): reverse engineering for interoperability;
   iv. 1201(g) encryption research (to analyze flaws and vulnerabilities of encryption technologies);
   v. 1201(h) protecting minors from pornography (to prevent the access of minors to material on the Internet);
   vi. special exemptions created by Copyright Office applicable only to circumvention of access controls:
      1. persons making noninfringing uses of the following six classes of works will not be subject to the prohibition against circumventing access controls until the conclusion of the next rulemaking:
         a. educational uses of movies;
         b. cell phone apps;
         c. cell phone network access;
         d. security testing of video games;
         e. handicap access to ebooks;
         f. obsolete dongles.
   vii. 1201(c)(1): fair use of materials, but not access to those materials.

   ii. 17 USC §1202: no person shall w/o the authority of the CR owner or the law:
      1. intentionally remove or alter any CR management information,
      2. distribute or import for distribution CR management information knowing that CR management information has been removed or altered w/o authority of the CR owner or the law, or
      3. distribute, import for distribution, or publicly perform works, copies of works, or phonorecords, knowing that CR management information has been removed or altered w/o authority of the CR owner or the law, knowing, or having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any CR right.

   iii. remedies:

11 For detailed elaboration see Fisher's map under IV. Supplements.
12 For detailed elaboration see Fisher's map under IV. Supplements.
1. civil (§1203):
   a. equitable;
   b. damages:
      i. actual;
      ii. statutory;
2. criminal (§1204):
   a. fine;
   b. imprisonment.
WEEK 12

LECTURES:

See Copyright Law map – V. Remedies.

12.1 - Equitable relief

- 3 types of remedies – Equitable, legal, criminal
- main form of equitable relief is injunction
- 17 USC 502 statutory basis for injunctions
- preliminary and permanent injunctions
- Test for PERMANENT Inj: (a) irreparable harm; (b) not compensable by monetary damages; (c) balance of hardships favours plaintiff; and (d) public interest would not be disserved by granting injunction.
- Test for PRELIMINARY Inj: All of the above + (e) likelihood of success on the merits.
- Before eBay case, injunctions in infringement cases were commonly granted – demonstration of likelihood of success on merits gave rise to a presumption of irreparable harm.
- After eBay, injunctions were not granted so automatically. Salinger case confirms that eBay case (a patent infringement case) applies to copyright cases
- Recently, courts have been more commonly denying injunctions, and instead awarding damages for infringement – in effect, creating a judicially created compulsory licensing system.

12.2 – Damages

- Actual damages – 504(b) – compensate for injury actually sustained
  - loss of revenue
  - value of use - amount that a willing licensee would have paid for a license
  - indirect damages – eg: costs of modifying product to compete with infringing product; loss of goodwill; etc.
- Defendant's profits – 504(b) – defendant’s profits attributable to infringement, as long as those profits don’t duplicate amounts awarded as actual damages – no double recovery.
  - Most beneficial to plaintiffs where:
    - many competitors in industry, and defendant's infringement would have diverted sales from many competitors, not just plaintiff.
    - Defendant is a much larger company than plaintiff, and is capable of profiting on a much larger scale than plaintiff would have been able to.
  - Defendant can deduct costs
    - can deduct income taxes unless infringement was willful.
- Rogers v Koons case (sculpture of couple holding dogs) – Koons argued that his profits from sales of sculptures were not all attributable to infringement – eg: his prestige in the art world. Appeal court agreed, and allowed Koons to deduct amounts not directly attributable to infringement.
- Statutory damages – 504(c).
  - innocent infringement - $200-$30,000
  - Regular infringement - $750-$30,000
  - Willful - $750-$150,000
- Statutory damages factors - “the amount the court (ie: the jury) considers just”
- Statutory damages are PER WORK. Individual pieces are considered independent works if they have independent economic value.
- Statutory damages require registered copyright (17 USC 412). Must have been registered prior to infringement.
Court costs (17 USC 505) and attorney’s fees (17 USC 505) can be recovered in some cases. Registration of copyright required for recovery of attorney’s fees (17 USC 412)

Purposes of damages:
1. compensation
2. avoid unjust enrichment
3. deterrence
4. punishment/retribution
5. maintain balance between rights of creators and public interest

Most countries don’t have statutory damages. Only 24 countries of the 177 member states have statutory damages. US is lobbying for implementation of statutory damages in other jurisdictions.

Criticism of statutory damages:
• taking on a more and more punitive role – critics say this is not appropriate role for private lawsuits
• broad range of stat damages gives judges and juries too much discretion, resulting in unpredictable and arbitrary awards.
• Stat damages can have perverse results where a defendant infringes many works, each of which has only modest economic value

in file sharing cases, stat damage awards can be huge. (Capitol Records, Inc. v. Thomas-Rasset)

Constitutionality of huge stat damage awards has been questioned, but Supreme Court hasn't spoken on the issue.

12.3 - Criminal Penalties

Retribution and deterrence may not be appropriate roles for civil suits. Maybe more suited to criminal law.

1994 – David Lamacchia – set up BBS, encouraged users to upload and share copyrighted software. At the time, S. 506(a) of the Copyright Statute required proof that Defendant had acted willfully and for the purpose of commercial advantage or private financial gain. Lamacchia didn't seek to profit, so he escaped liability. Congress responded by amending 506(a) to allow prosecution without proving intent for financial gain.

Growth of Criminal copyright:
• 1997 – No Electronic Theft Act - amended 506(a) to allow prosecution without proving intent for financial gain.
• 1998 – Digital Millennium Copyright Act (DMCA) – added s. 1201 – criminalizes circumvention of technical protection measures
• 2004 - Anti-counterfeiting Amendments Act – criminalized trafficking in counterfeit labels on copyrighted works
• 2005 – Family Entertainment and Copyright Act – criminalized recording films in movie theatres.
• 2008 - Pro-IP Act – converted most copyright offences from misdemeanors to felonies.

Now, ACTA and TPP seek to further extend criminalization copyright

Discussion of The Pirate Bay case, Kim Dotcom/MegaUpload case, Winny filesharing case (acquittal based on substantial non-infringing uses)

Discussion of Aaron Schwartz case – downloading of academic papers from Jstor – ended up committing suicide. Fisher feels this case was an abuse of prosecutory discretion.
READINGS:

Infringement of copyright

Remedies for infringement: Injunctions

Remedies for infringement: Impounding and disposition of infringing articles

Criminal offenses

Salinger v. Colting, 607 F.3d 68 (2d Cir. 2010)

Catcher in the Rye case. Fredrik Colting writes "60 Years Later: Coming through the Rye", a story of a 76 year old Holden Caulfield. Salinger sues for infringement. District Court grants a preliminary injunction restraining Colting from publishing/promoting/selling/etc. his derivative Holden Caulfield story.

Statutory basis for injunctions - 17 U.S.C. 502

Test for preliminary injunction (from eBay, Inc. v. MercExchange, L.L.C., 547 U.S. 388, a patent infringement case): "(a) irreparable harm and (b) either (1) likelihood of success on the merits or (2) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the party requesting the preliminary relief. See, e.g., NXIVM Corp. v. Ross Inst., 364 F.3d 471, 476 (2d Cir.2004)"

Test for permanent injunction: "Issuance of injunctive relief against [the defendants] is governed by traditional equitable principles, which require consideration of (i) whether the plaintiff would face irreparable injury if the injunction did not issue, (ii) whether the plaintiff has an adequate remedy at law, (iii) whether granting the injunction is in the public interest, and (iv) whether the balance of the hardships tips in the plaintiff's favor."

Put another way: "According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction."

Court maintains preliminary injunction - holding that the eBay test for permanent injunctions in the context of patent infringement applies equally to copyright infringement cases. The court will not presume irreparable harm - clear, nonspeculative evidence of irreparable harm is needed - "eBay's central lesson is that, unless Congress intended a “major departure from the long tradition of equity practice,” a court deciding whether to issue an injunction must not adopt “categorical” or “general” rules or presume that a party has met an element of the injunction standard."


Moran is a video rental business owner. FBI seized various unauthorized copies of films from Moran. Moran had made unauthorized copies of films onto videotapes, and had rented those copies out to customers.

Moran claimed that he made the copies to "insure" his original copies of the films - ie: he was worried customers would damage the tapes, so he kept the original, and rented out a copy. That way, if the copy was damaged, he would still have the original and could replace the damaged copy. He did not rent both the original and the copy. Moran took the position that "insuring" videos in this way was legal as long as he didn't rent both the original and the copy, while outright "pirating" was not legal.

There was no evidence that Moran made multiple copies, or rented both the original and the copy. Moran argued that 17 USC 506 used the word "willfully", and therefore requires a specific intent to break the law - ie: that in order to be convicted, the defendant must have known that what he was doing was illegal, and committed the act nevertheless.

Court held that under 17 U.S.C. § 506(a) "willfully" means that in order to be criminal the infringement must have been a "voluntary, intentional violation of a known legal duty."

Court found that Moran was not acting with a willful intention to violate the copyright laws - he believed (wrongly) that his process of "insuring" the tapes was legal.