Chapter 1: An Overview of Copyright

I. History

The history of copyright[1] is generally regarded as beginning with the invention of the printing press. That was when the copying of works, beyond what could be done by hand, became possible. Copyright law has reacted to changes in technology ever since. By the end of the 15th century, movable-type printing presses were in use in England,which permitted the rapid and inexpensive reproduction of written material (at least when compared to hand-copying or custom-engraving an entire page). This, in turn, created a new market of readers who could not previously afford books, as well as an industry to supply those readers.

Initially, there was no problem with unauthorized copying, since the number of printers were few and well-known to one another. The first regulation of printing was not to prevent unauthorized copying, but to prevent works critical of the Crown from being printed. A royal charter as the exclusive printer of books was given in 1557 to the Worshipful Company of Stationers of London, a group of printers. To print a book, a printer had to register it with the Stationers Company, and registration was not allowed if another printer had previously registered the manuscript.

I.A. The Statute of Anne

The Stationers' monopoly ended in 1692, and independent printers began to compete with the members of the Stationers Company. The Stationers asked Parliament for legislative help, and on April 10, 1710, the Statute of Anne became the first English copyright law. (Its full name is quite a descriptive mouthful: "An act for the encouragement of learning, by vesting the copies of printed books in the authors or purchasers of such copies, during the times therein mentioned.")

The Statute of Anne was not the solution the Stationers had wanted. Instead of providing perpetual rights to a work, it granted protection for new works for 14 years from the date of publication and allowed authors to renew the protection for another 14 years if they were alive at the end of the initial protection period. Existing works were protected for 21 years from the effective date of the law.

More important, the Statute of Anne granted the rights to control copying to the author of a book, not the publisher. Publishers enjoyed rights to print a book only if granted to them by its author, certainly not what the Stationers Company desired from Parliament.

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[1] An excellent discussion of the history of copyright can be found in Chapter 1 of *Copyright Law and Practice* by William Patry (BNA Books, 1994).

Registration with the Stationers Company was required before publication so that printers wouldn't innocently infringe an author's copyright, and if there had not been that registration, no copyright would have existed under the law. A later amendment also required that a notice of the copyright registration be included in each printed copy. Any assignment of the copyright had to be recorded with the Stationers Company. Finally, copies of the best edition of the book had to be deposited at nine specified libraries.

I.B. Federal Copyright

As in England,the first copyright laws in the American colonies were used to control what was published. Shortly after the Revolutionary War, the Continental Congress recommended that the states adopt copyright laws. With the new Constitution, the Congress was given the power "to promote the Progress of Science and the useful Arts, by securing, for limited Times, to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries."[2] the "Patent and Copyright Clause." As the terms were used at that time, "science" referred to knowledge, and the "useful arts" are what we now call technology. One can see that there are two parallel themes running through the clause: science-authors-writings and useful arts-inventors-discoveries.

An observation here – there is very little discussion of the history of the clause in the Constitution. In Federalist Paper 43, Madison states:

> The utility of this power [to grant patents and copyrights] will scarcely be questioned. The copy right of authors has been solemnly adjudged in Great Britain to be a right at common law. The right to useful inventions, seems with equal reason to belong to the inventors. The public good fully coincides in both cases, with the claims of individuals. The states cannot separately make effective provision for either of the cases, and most of them have anticipated the decision of this point, by laws passed at the instance of Congress.

Arguably, the reason for the clause was to make clear that such protections would be national in scope, rather than a patchwork system in which each state had its own rules. A special clause was necessary to give Congress the authority to put in place such a national system. But Article I, Section 8 also gives Congress other powers. In particular, the Commerce Clause gives Congress the authority "to regulate commerce with foreign nations, and among the several states." Starting at the time of the New Deal, the courts have read that clause expansively, saying that it gives Congress the authority to regulate virtually anything that affects interstate or foreign commerce. Given today's broad reading of the Commerce Clause, and the national and international scope of copyright and patents, there is little need for a separate Patent and Copyright Clause.

Many commentators now treat the Patent and Copyright Clause as a limitation on Congress, not a grant of authority. Patents and copyrights must have limited durations, even though there would be no such restriction if Congress legislated them under the Commerce Clause. (Federal trademark protection gets its authority from the Commerce Clause, and trademarks are protected as long as they are being used.) Others argue that any copyright or patent law passed by Congress must be shown to

[2] U.S. Const., Article I, §8.

"promote the Progress of Science and the useful Arts" when they feel that copyright or patent is limiting something that they feel is worthwhile. And the Supreme Court has said that "originality is a constitutional requirement" for copyright protection.[3]

Federal copyright can be viewed as a bargain between the creator of the writing or invention and the people, as represented by the federal government. In trade for protection for a limited term (and the ability to commercially exploit the writing or invention during that time because of that protection), the creator lets the public have all rights to the writing or invention after the term of protection ends. The writing or invention enters the "public domain," where anybody can do whatever he or she wishes with it. (Since Congress continues to extend the term of copyright protection, there are some that question whether this original bargain theory holds today.) This public bargain theory of copyright is in contrast to the copyright theory for most European countries (except England), where a writing is treated as the "sacred child of its creator," and is protected not only from unauthorized reproduction but also from things that change its appearance or integrity or its attribution to its creator. These "moral rights" are recognized in United States copyright law only for works of fine art, like oil paintings, that are produced in limited numbers.

I.C. The Early Statutes

Congress initially protected the works of authors by private bills, in part because some authors believed the constitutional provision ("*Congress* shall have the power to protect . . .") required Congress to provide the protection for each specific work. Clearly, this would be unworkable, and on May 31, 1790, President Washington signed the United States' first general copyright act into law. The Copyright Act of 1790 was based on the Statute of Anne, granting initial rights in a work to its author for 14 years with a renewal term of another 14 years. Although a notice was not required, registration of the work with the clerk of the district court and publication of the registration in a newspaper for four weeks was necessary. One copy of the work also had to be deposited with the Secretary of State within six months of publication.

The 1790 Act gave protection to any "map, chart, or book" and also protected unpublished manuscripts. But protection was limited to United States citizens, allowing the unrestricted copying of foreign (chiefly English) books.

The copyright laws have been revised many times, including complete revisions in 1831, 1870, 1909, and 1976. Between those revisions, amendments were made to accommodate additional subject matter, new technologies, and a more international view of copyright. For example, in 1802 historical and other prints were included as copyrightable subject matter and a requirement of a notice of copyright on every printed copy was added. The consequence of a lack of a proper notice was not spelled out, but a court case held that protection was lost without the notice. Later revisions to the copyright statutes clarified that protection would be lost without proper notice at the time of publication.

In 1846, an amendment required the deposit of copyrighted works with the Smithsonian Institution and the Library of Congress, along with the original requirement of deposit with the Secretary of State. A performance right for dramatic works was added in 1856, and photographs were given protection in 1865. In the major revision of 1870, administration of copyright registration was centralized in the

[3] Feist v. Rural Telephone, 499 U.S. 340, 346, 18 USPQ2d 1275, 1278 (1991).

Library of Congress, where it remains to this day, and many other types of works (including paintings and statues) were included within its scope. The deposit requirement of two copies to the Library of Congress provided a free copy of virtually every book published for the national library.

In 1891, the United States finally recognized the copyright of foreign authors if they registered their copyright in the United States and the book included the proper notice. But copyright of foreign books written in English was conditioned on the work being printed in the United States or from plates first made in the United States. This manufacturing clause would remain in the copyright statutes until 1986.

I.D. The Copyright Act of 1909

At the start of the twentieth century, it was clear that there was a need for an omnibus revision of the copyright statutes. New media and types of works needed to be addressed. The result was the Copyright Act of 1909,[4] which would remain the framework for copyright protection until the Copyright Act of 1976 became effective in 1978. The 1909 Act expanded the list of protected works and included a catchall indicating Congress's intent to protect "all the works" of an author. It also extended the copyright term to an initial period of 28 years and a one-time renewal period of 28 years, dating from the first publication with proper notice. Publication without notice still resulted in loss of copyright protection.

To solve a dispute over the protection of mechanical reproductions of musical compositions, such as phonograph records, a compulsory license was introduced.[5] After the recording of a musical composition was allowed by its author, any other performer could record the work and pay a statutory royalty. Almost as an afterthought, Congress exempted from copyright the public performance of a recorded work in a jukebox.

The deposit requirement, registration formalities, and manufacturing clause of the previous copyright law were continued. Along with the bifurcated term of 56 years, these formalities kept the United States from joining the oldest international copyright agreement, the Berne Convention, which had been established in 1886 by a number of countries to provide international copyright protection. Because the United States would not change its laws to meet the Berne requirements by eliminating formalities such as notice and registration, and going to a term of at least 50 years after the death of the author, the Universal Copyright Convention (UCC) was established in 1952 by the United States and other countries, and in 1954 the United States made minor amendments to the copyright statutes to accommodate the UCC. [6] Primarily, these consisted of changing the form of the required notice, limiting the deposit requirement for foreign works, and exempting many foreign works from the manufacturing clause.

In 1971, copyright protection was extended to sound recordings, which had previously been protected only by state law, if at all.[7] However, it had again become clear that because of new technology and types of works, the Copyright Act of 1909 needed another major revision. In 1955, Congress authorized the Copyright Office to

[4] 35 Stat. 1 (1909).
[5] Copyright Act of 1909, §1(e).
[6] Pub. L. No. 83-743, 61 Stat. 655.
[7] Pub. L. No. 92-140, 85 Stat. 391.

begin a study on a new copyright act. A draft bill was proposed in 1961, but legislation was not passed until 1976.

I.E. The Copyright Act of 1976

The Copyright Act of 1976 represented a dramatic change in the nature of copyright. While publication was the touchstone of the past copyright laws, the 1976 Act protected both published and unpublished works from the time of their fixation in a tangible medium of expression. It specifically preempted any state copyright law protecting unpublished works.[8]

The 1976 Act covered all "original works of authorship." Following the Berne Convention approach, the copyright term ran until 50 years after the death of the author, rather than a term measured from the date of publication.[9] It gave broad rights to the copyright owner, but tempered these rights with a series of exceptions for particular cases, establishing a balance between authors and users of copyrighted works. It also codified a "fair use" exception, permitting the use of copyrighted works to be judged for fairness on a case-by-case basis.[10]

But while its scope and term of protection brought United States law in line with the Berne Convention, the Act retained the formalities of notice and registration and the manufacturing requirement, so the United States was still unable to join the Berne Convention.

Even though the 1976 Act took more than two decades to draft, at the time of its passage there were still difficulties in deciding how to treat computer programs and computer databases. Rather than further delay the passage, Congress established the National Commission on New Technological Uses of Copyrighted Works (CONTU) to study these issues and report back to Congress. In the meantime, a placeholder Section 117, preserving the status quo, was included in the 1976 Act. In 1978, CONTU issued its report, and in 1980 the Act was revised by adding a definition of computer programs and replacing Section 117.[11]

I.F. Later Legislation

In 1988, a few major changes were made to try to meet the requirements of the Berne Convention. The manufacturing clause had expired in 1986 and was no longer a hindrance. The mandatory notice requirement was eliminated, although notice could still be placed on a work. Registration was no longer necessary for foreign works, although it still is required for domestic works involved in litigation. Finally, after a century of considering it, the United States joined the Berne Convention.

Other amendments were made to the copyright statute to address digital recordings, satellite distribution of television, and other new technologies. But perhaps the most dramatic amendment came in 1998, when Congress passed the Digital Millennium Copyright Act (DMCA)[12] to address aspects of copyright particular to digital information. The DMCA made clear that copyright protected works transmitted

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[8] 17 U.S.C. §301.
[9] 17 U.S.C. §302.
[10] 17 U.S.C. §107.
[11] 17 U.S.C. §117.
[12] Pub. L. 105-304, 112 Stat. 2860.

in cyberspace, but it provided special liability exceptions for service providers on the Internet. It also provided legal support for technical measures to protect copyrighted material from unauthorized access.

Also in 1998, the duration of a copyright was extended by 20 years, so that it now stands at the life of the author plus 70 years.[13] This continued the trend of extending the term of copyright so that works that were still protected when the Copyright Act of 1976 was passed will not enter the public domain until 95 years after they were first published.

II. Current Copyright Law

II.A. How Copyright Comes Into Being

The current copyright law in the United States, the Copyright Act of 1976 (which became effective on January 1, 1978), represents a substantial change in the way copyright protection comes into being. Before that Act, a work had to be published with a copyright notice, and the claim to copyright registered in the U.S. Copyright Office, for the work to be fully protected. But now, according to Section 102(a) of the Copyright Act:

> Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.[14]

Copyright protection "subsists," which means that it comes into being, whenever something original is fixed in a medium of expression – in other words, at the moment of its creation. We'll use the term "copyrighted" to mean "protected by copyright," although "copyrighted" incorrectly implies that some action other than the fixing of the work in a medium of expression was required.

Before the Copyright Act of 1976, an unpublished work was not protected by federal law. Instead, any protection would have to come from state law, either some type of state copyright or a misappropriation action. The Copyright Act of 1976 included unpublished works within its scope, and explicitly preempted any state laws that might provide a similar protection.[15]

II.A.1. Fixation of a Work

Section 101 defines when something has been fixed:

> A work is "fixed" in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, that are being transmitted, is "fixed" for purposes of this title if a fixation of the work is being made simultaneously with its transmission.[16]

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[13] Pub. L. 105-298, 112 Stat. 2827.
[14] 17 U.S.C. §102(a).
[15] 17 U.S.C. §301.
[16] 17 U.S.C. §101.

Fixation can be the writing of a work on a piece of paper, the typing of a work into a computer (assuming it is then stored on a disk or even in RAM), or any other act that will enable the work to be perceived later by somebody else. It doesn't include the speaking of a work, unless that work was previously written down or is recorded at the time it is spoken, or having the work in your head. Works that are not fixed are protected by a state statute or a common law theory, if at all.

The fixed work does not have to be directly perceivable by a person but can be one that requires some machine or device for its display or performance. In a report that accompanied the passage of the Copyright Act of 1976, its drafters said:

> This broad language is intended to avoid the artificial and largely unjustifiable distinctions . . . under which statutory copyrightability in certain cases has been made to depend upon the form or medium in which the work is fixed. Under the bill it makes no difference what the form, manner, or medium of fixation may be – whether it is in words, numbers, notes, sounds, pictures, or any other graphic or symbolic indicia, whether embodied in a physical object in written, printed, photographic, sculptural, punched, magnetic, or any other stable form, and whether it is capable of perception directly or by means of any machine or device "now known or later developed."[17]

Works can be fixed in either "copies" or "phonorecords," which are defined in Section 101:

> "Copies" are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term "copies" includes the material object, other than a phonorecord, in which the work is first fixed.
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> "Phonorecords" are material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term "phonorecords" includes the material object in which the sounds are first fixed.[18]

As noted by the Act's drafters, "'copies' and 'phonorecords' together comprise all of the material objects in which copyrightable works are capable of being fixed."[19] If it's not a phonorecord, it's a copy. While the distinction between phonorecords and copies may be important in some aspects of the copyright law, and reflects a historically different way of treating them, in most cases discussed here it will make no difference.

The drafters noted a difference between the work and the medium of expression in which it is fixed:

> The definitions of these terms in section 101, together with their usage in section 102 and throughout the bill, reflect a fundamental distinction between the "original work" which is the product of "authorship" and

[17] H.R. Rep. No. 94-1476 at 52.
[18] 17 U.S.C. §101.
[19] H.R. Rep. No. 94-1476 at 53.

> the multitude of material objects in which it can be embodied. Thus, in the sense of the bill, a "book" is not a work of authorship, but is a particular kind of "copy." Instead, the author may write a "literary work," which in turn can be embodied in a wide range of "copies" and "phonorecords," including books, periodicals, computer punch cards, microfilm, tape recordings, and so forth. It is possible to have an "original work of authorship" without having a "copy" or "phonorecord" embodying it, and it is also possible to have a "copy" or "phonorecord" embodying something that does not qualify as an "original work of authorship." The two essential elements – original work and tangible object – must merge through fixation in order to produce subject matter copyrightable under the statute.[20]

Section 101 also discusses when a work is created:

> A work is "created" when it is fixed in a copy or phonorecord for the first time; where a work is prepared over a period of time, the portion of it that has been fixed at any particular time constitutes the work as of that time, and where the work has been prepared in different versions, each version constitutes a separate work.[21]

So, if you are writing a book or a computer program or anything else, when you have written part of it and take a break, you have created a work protected by copyright. When you write a little more, you create another work protected by its own copyright, although it includes the first copyrighted work.

II.A.2. Types of Works

Section 102(a) goes on to illustrate the types of works that are copyrightable:

> Works of authorship include the following categories:
> (1) literary works;
> (2) musical works, including any accompanying words;
> (3) dramatic works, including any accompanying music;
> (4) pantomimes and choreographic works;
> (5) pictorial, graphic, and sculptural works;
> (6) motion pictures and other audiovisual works;
> (7) sound recordings; and
> (8) architectural works.[22]

Of most interest to us, as we consider copyright protection of digital information such as computer programs or Web pages, are literary works, which Section 101 defines as

> works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords, film, tapes, disks, or cards, in which they are embodied.[23]

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[20] H.R. Rep. No. 94-1476 at 53.
[21] 17 U.S.C. §101.
[22] 17 U.S.C. §102(a).
[23] 17 U.S.C. §101.

Computer programs, for example, are literary works. But programmers shouldn't start comparing themselves to Shakespeare as authors of literary works, because the drafters of the Copyright Act noted that

> The term "literary works" does not connote any criterion of literary merit or qualitative value: it includes catalogs, directories, and similar factual, reference, or instructional works and compilations of data. It also includes computer data bases, and computer programs to the extent that they incorporate authorship in the programmer's expression of original ideas, as distinguished from the ideas themselves.[24]

They make the same observation about other works. Section 101 also defines "pictorial, graphic, and sculptural works," "motion pictures," and "architectural works." Of possible interest to the protection of digital information are "audiovisual works" and "sound recordings," because digital information may fall into these definitions, rather than the general "literary works":

> "Audiovisual works" are works that consist of a series of related images which are intrinsically intended to be shown by the use of machines or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied.
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> "Sound recordings" are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied.[25]

If a work is both an audiovisual work and a computer program (which is a literary work), the Copyright Office will accept a single registration that covers both aspects of the work. Because of this, it is most common to consider computer programs as literary works even though they also may have aspects of an audiovisual work.

While the Act specifies eight different categories for copyrighted works, with respect to copyrightability it makes no difference the category in which a work falls. All that is important for copyright protection to attach to the work is that it be original and fixed.

But the classification of a work will determine which of the protections available under copyright will be available for the work. For example, the public performance right only applies to sound recordings that are in digital form.[26] Furthermore, the copyright laws contain a variety of special exceptions that apply to one type of work, or use of a work, and not another.[27] The copyright laws are a series of compromises, some general, some very specific, between the broad rights of the copyright owners and the public's use of the work. Just because something may be allowed for one

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[24] H.R. Rep. No. 94-1476 at 54.
[25] 17 U.S.C. §101.
[26] *See* 17 U.S.C. §106.
[27] *See* 17 U.S.C. §§108-122.

category of work in a particular situation doesn't mean that it is allowed for other categories of works, or in other situations.

II.A.3. Originality Is Required

Besides fixation, the law requires originality for copyright protection. But the standard for originality is very low. The Supreme Court discussed that standard in one of its major copyright cases, *Feist Publications v. Rural Telephone Service*:[28]

> To qualify for copyright protection, a work must be original to the author. Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, no matter how crude, humble or obvious it might be. Originality does not signify novelty; a work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying. To illustrate, assume that two poets, each ignorant of the other, compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable.[29]

II.B. Compilations, Collections, And Derivative Works

Copyright can protect not only an original work but also works that are collections of other works, or works based on preexisting works. But in those cases, the scope of the new copyright is limited to the parts of the collection or derivative work that are original. Before looking at those special provisions, it is necessary to understand more terms defined in Section 101:

> A "compilation" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term "compilation" includes collective works.
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> A "collective work" is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.
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> A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work".[30]

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[28] 499 U.S. 340, 18 USPQ2d 1275 (1991).
[29] 499 U.S. at 345-346, 18 USPQ2d at 1278 (citations omitted).
[30] 17 U.S.C. §101.

The drafters of the Copyright Act explained the differences between a compilation and a derivative work this way:

> Between them the terms "compilations" and "derivative works" which are defined in section 101, comprehend every copyrightable work that employs preexisting material or data of any kind. There is necessarily some overlapping between the two, but they basically represent different concepts. A "compilation" results from a process of selecting, bringing together, organizing, and arranging previously existing material of all kinds, regardless of whether the individual items in the material have been or ever could have been subject to copyright. A "derivative work," on the other hand, requires a process of recasting, transforming, or adapting "one or more preexisting works"; the "preexisting work" must come within the general subject matter of copyright set forth in section 102, regardless of whether it is or was ever copyrighted.[31]

II.B.1. Reproductions or Derivative Works?

There is also a gray area between reproducing a work and creating a derivative work. One does not need to produce a perfect copy in order to infringe a copyright. Otherwise, a copier could simply make a minor change (an unimportant word in a book, or a pixel or two in a computer image) and avoid infringing. The test for infringement established by court cases is whether the copy is "substantially similar" to the original work. There is no hard-and-fast rule determining when something is a substantially similar copy, and when it is a derivative work, since both will incorporate the original work in some way and also have changed material. (There are few hard-and-fast rules in intellectual property law.) But the touchstone for a derivative work is the "recasting, transforming, or adapting" of the original work, often to a new form.

II.B.2. Special Provisions

The special provisions for compilations and derivative works are contained in Section 103:

> (a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.
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> (b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.[32]

In the legislative history, the drafters explained those provisions:

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[31] H.R. Rep. No. 94-1476 at 57.

[32] 17 U.S.C. §103.

> The most important point here is one that is commonly misunderstood today: copyright in a "new version" covers only the material added by the later author, and has no effect one way or the other on the copyright or public domain status of the preexisting material. . . .
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> The second part of the sentence that makes up section 103(a) deals with the status of a compilation or derivative work unlawfully employing preexisting copyrighted material. In providing that protection does not extend to "any part of the work in which such material has been used unlawfully," the bill prevents an infringer from benefiting, through copyright protection, from committing an unlawful act, but preserves protection for those parts of the work that do not employ the preexisting work. Thus, an unauthorized translation of a novel could not be copyrighted at all, but the owner of copyright in an anthology of poetry could sue someone who infringed the whole anthology, even though the infringer proves that publication of one of the poems was unauthorized. Under this provision, copyright could be obtained as long as the use of the preexisting work was not "unlawful," even though the consent of the copyright owner had not been obtained. For instance, the unauthorized reproduction of a work might be "lawful" under the doctrine of fair use or an applicable foreign law, and if so the work incorporating it could be copyrighted.[33]

Many works are protected by a number of copyrights. For example, when a movie is made from a best-selling novel, the material that comes from that novel is protected by the novel's original copyright. The screenplay is a derivative work of the novel and has its own copyright covering its original aspects. (For example, added dialogue or the instructions for the staging of a scene.) Both are literary works. The actual movie, an audiovisual work, has its own copyright covering the things that are original to the movie and not in the screenplay, such as the director's particular arrangement for a shot. The musical score of the movie also has its own copyright. In each case, the copyright covers only what is original to that particular work.

II.C. Copyright Notice And Registration

It used to be a requirement that a copyright notice be included with a published work for copyright protection to attach to the work. Works protected under the 1909 Act required notice at the time of first publication, or copyright would be lost forever. The 1976 Act continued to require notice, but was somewhat forgiving if the notice was omitted. Since theUnited States joined the Berne Convention in 1989 and amended the Copyright Act, notice is optional.

II.C.1. Form of the Notice

Section 401 gives the requirements for a proper notice:

> (a) General Provisions.– Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section may be placed on publicly distributed copies from which the work can be visually perceived, either directly or with the aid of a machine or device.

[33] H.R. Rep. No. 94-1476 at 57-58.

> (b) Form of Notice.– If a notice appears on the copies, it shall consist of the following three elements:
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> (1) the symbol © (the letter C in a circle), or the word "Copyright", or the abbreviation "Copr."; and
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> (2) the year of first publication of the work; in the case of compilations, or derivative works incorporating previously published material, the year date of first publication of the compilation or derivative work is sufficient. The year date may be omitted where a pictorial, graphic, or sculptural work, with accompanying text matter, if any, is reproduced in or on greeting cards, postcards, stationery, jewelry, dolls, toys, or any useful articles; and
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> (3) the name of the owner of copyright in the work, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner.
>
> (c) Position of Notice.– The notice shall be affixed to the copies in such manner and location as to give reasonable notice of the claim of copyright. The Register of Copyrights shall prescribe by regulation, as examples, specific methods of affixation and positions of the notice on various types of works that will satisfy this requirement, but these specifications shall not be considered exhaustive.[34]

Sections 401 through 406, along with the Copyright Office regulations, give the various rules for copyright notices. And while notice is now optional, Section 401(e) indicates the advantage to the copyright owner of including proper notice:

> If a notice of copyright in the form and position specified by this section appears on the published copy or copies to which a defendant in a copyright infringement suit had access, then no weight shall be given to such a defendant's interposition of a defense based on innocent infringement in mitigation of actual or statutory damages, except as provided in the last sentence of section 504(c)(2).[35]

Section 504 has to do with statutory damages, and Section 504(c)(2) covers innocent infringement by the employee of a nonprofit educational institution, library, or public broadcasting station. But the penalties for somebody who is not an innocent infringer are much higher than those for an innocent infringer, so it is valuable to place a copyright notice on a work even though it is no longer required.

II.C.2. Registration of Copyright

As with notice, registration of a copyright is optional. Copyright protection exists from the moment of creation and fixation, regardless of notice and registration. But registration is required before any infringement suit can be filed for a domestic work,[36] and timely registration is required for certain remedies.[37] Registration is simple and inexpensive. You simply fill out a form and send it to the Copyright Office, along with

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[34] 17 U.S.C. §401.
[35] 17 U.S.C. §401(e).
[36] 17 U.S.C. §411.
[37] 17 U.S.C. §412.

two copies of the work and a $30 registration fee. Information regarding registration, and the necessary forms, can be found at the Copyright Office's Web site:

http://www.loc.gov/copyright

Finally, to help build the collection of the Library of Congress, Section 407 requires that copies of published works be given at no cost to the Library. If the required deposit is not made, the Library can fine the copyright owner and purchase the work. The Librarian of Congress may exempt certain works, whose donation would work a hardship on the copyright owner, or can reduce the number of copies required from two to one.

II.D. Federal Government Works

II.D.1. Exemption from Copyright

The Copyright Act of 1976 specifically exempts works created by the federal government from copyright protection, continuing a provision from the previous copyright acts. Section 105 states:

> Copyright protection under this title is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise.[38]

Section 101 clarifies what this includes:

> A "work of the United States Government" is a work prepared by an officer or employee of the United States Government as part of that person's official duties.[39]

Note that this is a special rule that federal government works are always in the "public domain." Public domain works have no copyright owner, and anyone can use the work as they see fit without infringement. Besides federal government works, public domain works include those works so old that their copyright has expired, works that fell into the public domain because of a failure to comply with a requirement like notice or registration, and works whose authors have dedicated them to the public.

The 1976 Act is silent on whether the works of state or local governmental agencies can be copyrighted, but there are cases holding that works published by state or local governments are eligible for copyright protection.

II.D.2. Government Contract Works

The prohibition against copyrights for United States Government publications does not apply to the works produced under government contracts. This was discussed by the drafters of the Act:

> A more difficult and far-reaching problem is whether the definition should be broadened to prohibit copyright in works prepared under U.S. Government contract or grant. As the bill is written, the Government agency concerned could determine in each case whether to allow an independent contractor or grantee, to secure copyright in

[38] 17 U.S.C. §105.
[39] 17 U.S.C. §101.

> works prepared in whole or in part with the use of Government funds. The argument that has been made against allowing copyright in this situation is that the public should not be required to pay a "double subsidy," and that it is inconsistent to prohibit copyright in works by Government employees while permitting private copyrights in a growing body of works created by persons who are paid with Government funds. Those arguing in favor of potential copyright protection have stressed the importance of copyright as an incentive to creation and dissemination in this situation, and the basically different policy considerations, applicable to works written by Government employees and those applicable to works prepared by private organizations with the use of Federal funds.
>
> The bill deliberately avoids making any sort of outright, unqualified prohibition against copyright in works prepared under Government contract or grant. There may well be cases where it would be in the public interest to deny copyright in the writings generated by Government research contracts and the like; it can be assumed that, where a Government agency commissions a work for its own use merely as an alternative to having one of its own employees prepare the work, the right to secure a private copyright would be withheld. However, there are almost certainly many other cases where the denial of copyright protection would be unfair or would hamper the production and publication of important works. Where, under the particular circumstances, Congress or the agency involved finds that the need to have a work freely available outweighs the need of the private author to secure copyright, the problem can be dealt with by specific legislation, agency regulations, or contractual restrictions.[40]

A reasonable test of whether a government contractor should be allowed to copyright a work produced under the contract, either for its own benefit or for transfer to the government, should include whether the information is necessary in the normal functioning of government. If the government contracts to have its laws or regulations written, or for something that is incorporated by reference in a law or regulation, that work should not be protected by copyright. Although when such a law or regulation is written, it will automatically be copyrighted, the contractor should be required to dedicate the copyright to the public, or agree to distribute it to anybody, charging only for the cost of copying.

II.E. Ideas Versus Expression

Through both court decisions and specific language in the Copyright Act of 1976, the scope of copyright has been limited to particular expression of an idea, not the idea that underlies that expression. We will discuss this in more detail when we look at copyright protection for computer programs. The specific provision is in Section 102(b):

> In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in

[40] H.R. Rep. No. 94-1476 at 59.

which it is described, explained, illustrated, or embodied in such work.[41]

This provision was described by the drafters:

> Copyright does not preclude others from using the ideas or information revealed by the author's work. It pertains to the literary, musical, graphic, or artistic form in which the author expressed intellectual concepts. Section 102(b) makes clear that copyright protection does not extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.
>
> Some concern has been expressed lest copyright in computer programs should extend protection to the methodology or processes adopted by the programmer, rather than merely to the "writing" expressing his ideas. Section 102(b) is intended, among other things, to make clear that the expression adopted by the programmer is the copyrightable element in a computer program, and that the actual processes or methods embodied in the program are not within the scope of the copyright law.
>
> Section 102(b) in no way enlarges or contracts the scope of copyright protection under the present law. Its purpose is to restate, in the context of the new single Federal system of copyright, that the basic dichotomy between expression and idea remains unchanged.[42]

II.E.1. Two Key Supreme Court Cases

The law at the time of the passage of the Copyright Act of 1976 regarding copyright protection for expression but not for the underlying ideas or any functional aspects of the work, comes primarily from two Supreme Court cases. In 1879, the Supreme Court decided in *Baker v. Selden*[43] that the copyright of a book that described a particular bookkeeping technique did not protect the forms necessary to use the technique.

> There is no doubt that a work on the subject of book-keeping, though only explanatory of well-known systems, may be the subject of a copyright; but, then, it is claimed only as a book. Such a book may be explanatory either of old systems, or of an entirely new system; and, considered as a book, as the work of an author, conveying information on the subject of book-keeping, and containing detailed explanations of the art, it may be a very valuable acquisition to the practical knowledge of the community. But there is a clear distinction between the book, as such, and the art which it is intended to illustrate. The mere statement of the proposition is so evident, that it requires hardly any argument to support it. The same distinction may be predicated of every other art as well as that of book-keeping. A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs,

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[41] 17 U.S.C. §102(b).
[42] H.R. Rep. No. 94-1476 at 56-57.
[43] 101 U.S. 99 (1879).

> or watches, or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective, would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein.[44]

In 1954, the Supreme Court restated the principle that copyright protects expression, but not function. In *Mazer v. Stein*,[45] the Court addressed the scope of copyright protection for a sculpture that formed the base of a lamp. They found that the artistic aspects of the sculpture were protected by copyright, but not the functional aspects associated with being a lamp base:

> Unlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea – not the idea itself. Thus, in *Baker v. Selden*, the Court held that a copyrighted book on a peculiar system of bookkeeping was not infringed by a similar book using a similar plan which achieved similar results where the alleged infringer made a different arrangement of the columns and used different headings. The distinction is illustrated in *Fred Fisher, Inc. v. Dillingham*, when the court speaks of two men, each a perfectionist, independently making maps of the same territory. Though the maps are identical, each may obtain the exclusive right to make copies of his own particular map, and yet neither will infringe the other's copyright. Likewise a copyrighted directory is not infringed by a similar directory which is the product of independent work.[46]

The test of whether something is an unprotectable idea or protectable expression is inherently ad hoc, and bodies of law have been developed through court cases for different types of copyrighted works. But there are a number of themes that run through most idea-expression analyses.

II.E.2. Idea-Expression Merger and *Scènes À Faire*

When there are only a limited number of ways that a concept or idea can be expressed, there is little difference between the idea and its expression, and it is therefore said that the two have "merged." When this happens, the limited number of ways of expressing the idea are not entitled to copyright protection because, in essence, that would be protecting the idea, something outside the scope of copyright. The merger doctrine means that even if things are substantially similar, or even identical, there might not be a copyright infringement.

Another factor is whether the expression is something that you would expect to find in a work on a particular topic or expressing a certain concept. For example, scenes of soldiers marching would be common in many war movies. Such common elements are called *scènes à faire*, or stock incidents. In a copyright case regarding computer displays, the use of overlapping windows was found to be a stock aspect of windowed displays and therefore not protectable by copyright.

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[44] 101 U.S. at 101-102.
[45] 347 U.S. 201, 100 USPQ 325 (1954).
[46] 347 U.S. at 217-218, 100 USPQ at 333 (citations omitted).

II.F. Copyright Ownership

Not too surprisingly, since copyright automatically comes into being when an author fixes a work in a medium, the copyright is initially owned by that author. This is stated in Section 201:

> (a) Initial Ownership.– Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are coowners of copyright in the work.[47]

II.F.1. Joint Works

Section 101 defines a "joint work" as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."[48] The drafters discussed this:

> Two basic and well-established principles of copyright law are restated in section 201(a): that the source of copyright ownership is the author of the work, and that, in the case of a "joint work," the coauthors of the work are likewise coowners of the copyright. Under the definition of section 101, a work is "joint" if the authors collaborated with each other, or if each of the authors prepared his or her contribution with the knowledge and intention that it would be merged with the contributions of other authors as "inseparable or interdependent parts of a unitary whole." The touchstone here is the intention, at the time the writing is done, that the parts be absorbed or combined into an integrated unit, although the parts themselves may be either "inseparable" (as the case of a novel or painting) or "interdependent" (as in the case of a motion picture, opera, or the words and music of a song). The definition of "joint work" is to be contrasted with the definition of "collective work," also in section 101, in which the elements of merger and unity are lacking; there the key elements are assemblage or gathering of "separate and independent works * * * into a collective whole."[49]

Since each coauthor of a joint work is an owner of the copyright of that work, each can license, copy, distribute, or do anything else permitted of a copyright owner with sole rights to a work, without the permission of any other co-owner, including assigning the copyright to another. But each co-owner is responsible to the other co-owners for any royalties or other payments received for the co-owned work. It is best to have an agreement regarding the ownership of a joint work, or any other copyrighted work for which there may be more than one author, before starting on the work, perhaps making one author the owner of the copyright with an agreement to pay royalties to the other authors.

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[47] 17 U.S.C. §201.
[48] 17 U.S.C. §101.
[49] H.R. Rep. No. 94-1476 at 120.

II.F.2. Works Made For Hire

When the work is made as part of the creator's regular employment, or under contract in certain circumstances, the work is a "work made for hire", and Section 201(b) states a special rule:

> In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.[50]

Note that there is no need for a specific agreement or term in an employment contract for the employer to get the copyright to the work. Ownership of the copyright by the employer is the default, absent some other agreement, and that agreement must be in writing and must be signed by both the employer and the employee. A statement in an employment manual, saying that an employee owns the copyright on certain works that would otherwise be works made for hire is not enough.

So what is a work made for hire? Section 101 defines two different types of works made for hire – ones prepared by an employee, and ones specially ordered or commissioned:

> (1) a work prepared by an employee within the scope of his or her employment; or
>
> (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a "supplementary work" is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes, and an "instructional text" is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.[51]

A number of factors must be considered in determining whether somebody is an employee, as that term is used in (1), or a contractor, in which case (2) applies. Those factors are similar to the ones used by the Internal Revenue Service in deciding whether an employer has to withhold tax and pay a portion of the Social Security tax. If you are receiving a regular paycheck, you are likely an employee.

The second factor in (1) is that the work must be prepared "within the scope of his or her employment." That does not mean that the work needs to be specifically requested. It is likely that any computer software written by a person employed as a programmer is a work made for hire as long as there is some relationship to the

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[50] 17 U.S.C. §201(b).
[51] 17 U.S.C. §101.

programmer's job assignment. If there is some question over whether something is within the scope of your employment, you should have that clarified before starting on the creation of the work, as some companies take a broad view of what is within the scope of employment.

It is important to note that in (2), only certain commissioned works are works made for hire. If somebody commissioning any other type of work wants to have the copyright to that work, the agreement that commissions the work must include a clause transferring the copyright to the person commissioning the work. Simply paying for it is not enough.

For a short period of time, Congress added sound recordings to the types of commissioned works that can be works made for hire. The change had been included in a bill having to do with a number of intellectual property topics, with little discussion. When singers and musicians objected after the change became law, Congress removed sound recordings from the list of commissioned works that may be works made for hire, and included a provision saying that nothing should be read into the insertion and subsequent removal of sound recordings from the list.

Why should the recording artists be concerned that something is a work made for hire, when they routinely sign contracts agreeing that the recording is a work made for hire, or at least assign their copyright to the record company? A signed contract is necessary either to transfer the copyright to the record company or to make it a work made for hire if it is a commissioned work. The difference can be found in Section 203[52] ,which allows the author of a work to terminate any assignment or license after 35 years. This allows an author to renegotiate a license or assignment if the value of the work turns out to be much greater than expected. That right is not available if the work is a work made for hire.

II.F.3. Collective Works

Section 201 also has a special ownership rule for collective works:

> Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright 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 that collective work, and any later collective work in the same series.[53]

Section 202 states an important principle regarding the ownership of a copyright and the ownership of a copy of a work:

> Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership

[52] 17 U.S.C. §203.
[53] 17 U.S.C. §201(c).

of a copyright or of any exclusive rights under a copyright convey property rights in any material object.[54]

The drafters discussed this:

> The principle restated in section 202 is a fundamental and important one: that copyright ownership and ownership of a material object in which the copyrighted work is embodied are entirely separate things. Thus, transfer of a material object does not of itself carry any rights under the copyright, and this includes transfer of the copy or phonorecord – the original manuscript, the photographic negative, the unique painting or statue, the master tape recording, etc. – in which the work was first fixed. Conversely, transfer of a copyright does not necessarily require the conveyance of any material object.[55]

II.G. Copyright Duration

The term of protection has been progressively expanded from 14 years, with a 14-year renewal, to the life of the author plus 70 years (or 95 years after first publication for some works). The term for a work created on or after January 1, 1978,is given in Section 302:

> (a) In General.– Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and 70 years after the author's death.
>
> (b) Joint Works.– In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and 70 years after such last surviving author's death.
>
> (c) Anonymous Works, Pseudonymous Works, and Works Made for Hire.– In the case of an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first. . . .
>
> (d) Records relating to death of authors.– Any person having an interest in a copyright may at any time record in the Copyright Office a statement of the date of death of the author of the copyrighted work, or a statement that the author is still living on a particular date. The statement shall identify the person filing it, the nature of that person's interest, and the source of the information recorded, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation. The Register shall maintain current records of information relating to the death of authors of copyrighted works, based on such recorded statements and, to the extent the Register considers practicable, on data contained in any of the records of the Copyright Office or in other reference sources.

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[54] 17 U.S.C. §202.

[55] H.R. Rep. No. 94-1476 at 124.

> (e) Presumption as to author's death.– After a period of 95 years from the year of first publication of a work, or a period of 120 years from the year of its creation, whichever expires first, any person who obtains from the Copyright Office a certified report that the records provided by subsection (d) disclose nothing to indicate that the author of the work is living, or died less than 70 years before, is entitled to the benefit of a presumption that the author has been dead for at least 70 years. Reliance in good faith upon this presumption shall be a complete defense to any action for infringement under this title.[56]

One way to think of all these various terms is to say that any copyright lasts until 70 years after the death of the author who lives the longest, and that an author is presumed to have died 50 years after a work is created or 25 years after it is published, whichever comes first. The Copyright Office can be informed of the actual date of death of the author, or that the author is still alive, for authors that are people, but not for authors that are companies (as is the case for a work made for hire) or for unidentified authors.

So that one need not quibble about the exact date of the death of an author, Section 305 provides that "All terms of copyright . . . run to the end of the calendar year in which they would otherwise expire." It doesn't indicate a particular time zone for determining when the year ends.

II.G.1. Why So Long?

How long a copyright should last is a very controversial subject. In the report that accompanied the passage of the Copyright Act of 1976, the drafters gave a number of reasons why they went from a term of 28 years, with the possibility of renewing for another 28 years, to a term of the life of the author plus 50 years:[57]

> 1. The present 56-year term is not long enough to insure an author and his dependents the fair economic benefits from his works. . . .
>
> 2. The tremendous growth in communications media has substantially lengthened the commercial life of a great many works. . . .
>
> 3. Although limitations on the term of copyright are obviously necessary, too short a term harms the author without giving any substantial benefit to the public. . . .
>
> 4. A system based on the life of the author would go a long way toward clearing up the confusion and uncertainty involved in the vague concept of "publication," and would provide a much simpler, clearer method for computing the term. . . .
>
> 5. One of the worst features of the present copyright law is the provision for renewal of copyright. . . .
>
> 6. Under the preemption provisions of section 301 and the single Federal system they would establish, authors will be giving up perpetual, unlimited exclusive common law rights in their unpublished works, including works that have been widely disseminated by means other than publication. . . .

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[56] 17 U.S.C. §302.

[57] H.R. Rep. No. 94-1476 at 134-135.

> 7. A very large majority of the world's countries have adopted a copyright term of the life of the author and 50 years after the author's death. . . .

In 1998, Congress again extended the term of copyright, this time to life plus 70 years. This was to harmonize the term with that of Europe,so that American authors would not be disadvantaged.

> Under "the rule of the shorter term," member states need only protect the work of foreign authors to the same extent that they would be protected in their country of origin.
>
> In 1995, the European Union extended the copyright term for all of its member states from life of the author plus fifty years to life of the author plus seventy years. As the world leader in the export of intellectual property, this has profound effects for the United States if it does not extend copyright term as well.
>
> European Union countries, which are huge markets for U.S. intellectual property, would not have to provide twenty years of copyright protection to U.S. works and the U.S. would lose millions of dollars in export revenues.[58]

The copyright term extension was challenged in *Eldred v. Reno*,[59] as against the constitutional provision that permits copyrights for only "limited times." The argument was that if the term of copyright protection is extended right before it is about to expire, it effectively exceeds a limited time. In addition, it was argued that a retroactive extension of copyright term for existing works can't benefit "the progress of science and the useful arts" because those works are already in existence and the extension simply keeps them from entering the public domain sooner. But every copyright term extension, starting in 1831 with changing the basic term from 14 to 28 years, have been applied retroactively to works still under copyright.

The Court of Appeals for the District of Columbia Circuit found that Congress acted within its authority when it extended the copyright term. The case is now on appeal to the Supreme Court, to be heard during its October 2002 term. [On January 15, 2003, the Supreme Court upheld the Copyright Term Extension Act. See *Eldred v. Ashcroft*.]

II.H. Rights In Copyright

The copyright owner gets what is often termed a "bundle of rights," including the right to control reproduction of the copyrighted work that we normally associate with copyright. But it is important to understand that there are rights in addition to reproduction that are given the copyright owner. And these rights can be separated out and granted to different people as the copyright owner sees fit.

II.H.1. Reproduction

Section 106 states the six exclusive rights of a copyright owner. The first is "to reproduce the copyrighted work in copies or phonorecords." The difference between "copies" and "phonorecords" is primarily historical. The reproduction does not have to

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[58] H.R. Rep. No. 105-452 at 4.

[59] 239 F.3d 372, 57 USPQ2d 1842 (D.C. Cir., 2001).

be exact, but in the case of a sound recording, it must be an actual copy. A sound-alike imitation of a sound recording is not an infringement of the copyright in the sound recording, although it likely infringes the separate copyright in the music. It just has to be substantially similar to the copyrighted work. Nor do you have to be looking at the original work when you make the copy. In a 1983 case, *ABKCO Music v. Harrisongs Music*,[60] the Beatles' George Harrison was found to have copied the song "He's So Fine" when he wrote "My Sweet Lord." In the infringement suit, it was shown that he had heard "He's So Fine" many years before, and that the tune of "My Sweet Lord" was substantially similar.

The drafters of the Copyright Act of 1976 discussed the reproduction right:

> Read together with the relevant definitions in section 101, the right "to reproduce the copyrighted work in copies or phonorecords" means the right to produce a material object in which the work is duplicated, transcribed, imitated, or simulated in a fixed form from which it can be "perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." As under the present law, a copyrighted work would be infringed by reproducing it in whole or in any substantial part, and by duplicating it exactly or by imitation or simulation. Wide departures or variations from the copyrighted work would still be an infringement as long as the author's "expression" rather than merely the author's "ideas" are taken. An exception to this general principle, applicable to the reproduction of copyrighted sound recordings, is specified in section 114.
>
> "Reproduction" under clause (1) of section 106 is to be distinguished from "display" under clause (5). For a work to be "reproduced," its fixation in tangible form must be "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." Thus, the showing of images on a screen or tube would not be a violation of clause (1), although it might come within the scope of clause (5).[61]

There are a variety of exceptions to the reproduction right, including a number of special privileges for libraries contained in Section 108. We will look at the reproduction right in more detail when we discuss software copyrights and Internet copyrights.

II.H.2. Derivative Works

The second exclusive right listed in Section 106 is "to prepare derivative works based upon the copyrighted work." As defined in Section 101:

> A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications

[60] 722 F.2d 988, 221 USPQ 490 (2d Cir., 1983).
[61] H.R. Rep. No. 94-1476 at 61-62.

> which, as a whole, represent an original work of authorship, is a "derivative work."[62]

The right to control the preparation of derivative works is a broadening of the adaptation right in the Copyright Act of 1909, which specified particular adaptations for different types of works ("To translate the copyrighted work into other languages or dialects, . . . if it be a literary work"). However, it is sometimes convenient to talk about the right to control the preparation of derivative works as the "adaptation right," much like we talk about the "reproduction right," the "distribution right," the "performance right," and the "display right" as shorthand for the other exclusive rights. It also reminds us that we are taking an existing work and modifying it in some way to produce a new copyrightable work, rather than just making a reproduction of an existing work. As the drafters commented:

> The exclusive right to prepare derivative works, specified separately in clause (2) of section 106, overlaps the exclusive right of reproduction to some extent. It is broader than that right, however, in the sense that reproduction requires fixation in copies or phonorecords, whereas the preparation of a derivative work, such as a ballet, pantomime, or improvised performance, may be an infringement even though nothing is ever fixed in tangible form.
>
> To be an infringement the "derivative work" must be "based upon the copyrighted work," and the definition in section 101 refers to "a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted." Thus, to constitute a violation of section 106(2), the infringing work must incorporate a portion of the copyrighted work in some form; for example, a detailed commentary on a work or a programmatic musical composition inspired by a novel would not normally constitute infringements under this clause.[63]

II.H.3. Public Distribution and First Sale

The third exclusive right is "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." It is infringed even if the infringer did not have to reproduce the work in order to make the distribution. But the distribution right is limited in many instances by Section 109, which codifies what is called the "first-sale doctrine" – that copyright owners receive their just reward when they first sell a copyrighted work, and they should not receive an additional benefit when that purchaser disposes of the work in some way. As Section 109 says:

> the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.[64]

The drafters provided some examples:

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[62] 17 U.S.C. §101.
[63] H.R. Rep. No. 94-1476 at 62.
[64] 17 U.S.C. §109.

> Thus, for example, the outright sale of an authorized copy of a book frees it from any copyright control over its resale price or other conditions of its future disposition. A library that has acquired ownership of a copy is entitled to lend it under any conditions it chooses to impose. This does not mean that conditions on future disposition of copies or phonorecords, imposed by a contract between their buyer and seller, would be unenforceable between the parties as a breach of contract, but it does mean that they could not be enforced by an action for infringement of copyright. Under section 202 however, the owner of the physical copy or phonorecord cannot reproduce or perform the copyrighted work publicly without the copyright owner's consent.
>
> To come within the scope of section 109(a), a copy or phonorecord must have been "lawfully made under this title," though not necessarily with the copyright owner's authorization. For example, any resale of an illegally "pirated" phonorecord would be an infringement, . . .[65]

There are two significant exceptions to the first-sale doctrine given in Section 109. You may not rent either a sound recording or a computer program unless that computer program is part of a machine that is being rented or the computer program is to be used with a video game console. There is no similar prohibition against renting movies on videotape or videodisc.

It is possible to infringe one or more of these exclusive rights by a single act, as the drafters noted:

> The first three clauses of section 106, which cover all rights under a copyright except those of performance and display, extend to every kind of copyrighted work. The exclusive rights encompassed by these clauses, though closely related, are independent; they can generally be characterized as rights of copying, recording, adaptation, and publishing. A single act of infringement may violate all of these rights at once, as where a publisher reproduces, adapts, and sells copies of a person's copyrighted work as part of a publishing venture. Infringement takes place when any one of the rights is violated: where, for example, a printer reproduces copies without selling them or a retailer sells copies without having anything to do with their reproduction. The references to "copies or phonorecords," although in the plural, are intended here and throughout the bill to include the singular.[66]

II.H.4. Public Performance or Display

The last three exclusive rights in Section 106 have to do with the public performance or display of certain types of works:

> (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,

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[65] H.R. Rep. No. 94-1476 at 79.
[66] H.R. Rep. No. 94-1476 at 61.

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.[67]

Section 101 provides a number of important definitions:

To "display" a work means to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process or, in the case of a motion picture or other audiovisual work, to show individual images nonsequentially.

To "perform" a work means to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.

To perform or display a work "publicly" means-

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

To "transmit" a performance or display is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent.[68]

There are a variety of special exceptions to the public display and performance rights detailed in Sections 109-121.[69] And, if the use has few or no economic consequences on the market for the work, fair use under Section 107[70] may permit a public performance or display.

II.H.5. Rights In Different Types of Works

It is important to note that the copyright laws treat different types of works differently, and there is a series of special exceptions that may apply to one type of work, or use of a work, and not another. The copyright laws are a series of compromises, some general, some very specific, between the broad rights of the copyright owners and the public's use of the work. The fact that something may be allowed for one type of work in a particular situation doesn't mean that it is allowed for other types of works, or in other situations. There are few general rules in copyright law.

Another way of looking at the exclusive rights of a copyright owner is to consider the exclusive rights granted by the Copyright Act for each of the types of copyrighted works:

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[67] 17 U.S.C. §106.
[68] 17 U.S.C. §101.
[69] 17 U.S.C. §§109-121.
[70] 17 U.S.C. §107.

- For literary works, musical works, dramatic works, pantomimes and choreographic works: reproduction, adaptation, distribution, public performance, and public display.
- For pictorial, graphic, and sculptural works, including individual images of a motion picture or other audiovisual work: reproduction, derivative works, and public display.
- For motion pictures and other audiovisual works: reproduction, derivative works, distribution, and public performance.
- For sound recordings: reproduction, derivative works, distribution, and public performance by digital audio transmission.
- For architectural works: reproduction, derivative works, and distribution.

II.H.6. Assignments and Licensing

The copyright owner has a "bundle of rights" that can be assigned or licensed as desired. An assignment occurs when all the rights are transferred to another person, much like the sale of a house. A license is like a lease, under which the licensor retains ownership of the copyright but gives certain rights to the licensee. When a license does not permit any further licensing in a particular field of use or geographic area, it is called an exclusive license for that field of use or geographic area. An exclusive license can also be for all the rights under the copyright. But an exclusive license does not mean that it is the only license, just that there will be no more licenses in the area of exclusivity. Any licenses granted before the exclusive license remain valid, but no licenses can be granted after the exclusive license.

The owner of the copyright can license or assign any or all of these rights to others, such as licensing a book publisher for a novel, permitting a playwright to adapt the novel for a play, and licensing the individual performances of the play (in cooperation with the playwright, who owns the copyright in the portions of the play that are a derivative work of the novel).

II.I. Fair Use

Probably one of the most misunderstood concepts in copyright law is fair use. This is a doctrine that provides a defense to copyright infringement for some acts. But determination of whether or not something is a fair use is fact-intensive. No particular act is automatically fair use, and all four factors listed in Section 107 must be considered:

> Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include–
>
> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

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

The fact that a work is unpublished shall not itself bar a finding of fair use if such a finding is made upon consideration of all the above factors.[71]

II.I.1. Consider All Factors

It is important to note that while the statute lists a number of purposes for fair use copying ("criticism, comment, news reporting, teaching, scholarship, or research"), it does not say that any of those are automatically a fair use. Instead, it says that a fair use for such purposes is not an infringement, with the four factors determining whether or not the particular use is fair.

Each of the four factors listed above must be considered in determining fair use, but all four factors need not be met, nor must all four factors be weighted equally by the court. Often, the first two factors color the consideration of the others. In *Harper & Row v. Nation Enterprises*,[72] the Supreme Court found that the copying of about 300 words from a book as not a fair use, while in other cases the copying of an entire work was considered a fair use. Many people feel that the fourth factor is the most important, although the Supreme Court has made it clear in the "2 Live Crew" case,[73] which considered whether a commercial parody of a song was a fair use, that there are no shortcuts and all four factors must be considered.

But the Supreme Court has stated that special consideration should be given to works that are "transformative."

> The enquiry here may be guided by the examples given in the preamble to Section 107, looking to whether the use is for criticism, or comment, or news reporting, and the like. The central purpose of this investigation is to see, in Justice Story's words, 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; it asks, in other words, whether and to what extent the new work is "transformative." Although such transformative use is not absolutely necessary for a finding of fair use, 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.[74]

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[71] 17 U.S.C. §107.
[72] 471 U.S. 539, 225 USPQ 1073 (1985).
[73] Campbell v. Acuff-Rose Music, 510 U.S. 569, 29 USPQ2d 1961 (1994).
[74] 510 U.S. at 578-579, 29 USPQ2d at 1965 (citations omitted).

II.I.2. Fair Use as a Safety Valve

Fair use provides a safety valve for the copyright law. As we have seen, the law gives broad exclusive rights to the copyright owner (reproduction, adaptation, distribution, and public display and performance), tempered by a number of specific exemptions. Fair use allows a court to find that there is not an infringement where there is no special exception but that the use of the copyrighted work is reasonable. Within the limits imposed by Congress, the court can balance the harm to the copyright owner with the public benefit of what would otherwise be an infringement. It is in part through the fair use doctrine that the copyright laws are not a restriction on free speech.

The fair use safety valve is most important for uses that are technically infringements, but where there is little or no economic harm to the market for a work by the use. A person singing a song as he or she walks down the street may be performing it publicly, but it would be unreasonable to treat that the same as performance of the song in a concert with thousands paying to attend. Most uses of digital works require the creation of intermediate copies, and it would be nonsensical to say that a purchaser of a digital work can't use it.

But it is necessary to really understand "the effect of the use upon the potential market for or value of the copyrighted work" when considering whether a use is fair. A person making a copy of a CD to use in his or her car will have essentially no effect on the market for that work. A person making a copy of that same CD for a friend will have a limited effect on the market, since a potential sale for the CD is lost, But a person making a song available through a file-sharing service on the Internet may not realize that he or she has become a worldwide distributor of that song, in competition with the copyright owner, with substantial effect on the potential market for that work.

II.J. Indirect Infringement

Even if you do not directly infringe any of the exclusive rights in copyright, you may be guilty of indirect copyright infringement as either a "contributory infringer" or a "vicarious infringer" if you help somebody else infringe. The two concepts are somewhat similar, and often someone can be both a contributory infringer and a vicarious infringer. Although these concepts are not part of the Copyright Act of 1976, the Supreme Court has borrowed contributory infringement from the patent statute and noted that vicarious liability is common in the law.

II.J.1. Contributory Infringement

Contributory infringement results when somebody knows of the direct infringement of another and substantially participates in that infringement, such as inducing, causing, or materially contributing to the infringing conduct. That substantial participation could take the form of providing a device or service that facilitates the infringement if that device or service has no substantial use other than infringement. In the classic case on contributory infringement, the Supreme Court's 1984 "Betamax"decision,[75] the Court held that Sony was not a contributory infringer by selling VCRs because there was a number of uses for the VCR (including time-shifting of a broadcast program for personal use) that would not infringe copyright.

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[75] Sony v. Universal City Studios, 464 U.S. 417, 220 USPQ 665 (1984).

II.J.2. Vicarious Infringement

Vicarious infringement results when there has been a direct infringement and the vicarious infringer is in a position to control the direct infringer and benefits financially from the infringement. In a 1996 Ninth Circuit case,[76] the operator of a flea market where counterfeit recordings were regularly sold was found to be a vicarious infringer because he could have policed the vendors who rented booths from him but didn't, and he made money from that booth rental as well as from admission fees from the people attending the flea market. The court believed that many of the people who paid those admission fees did so to gain access to the counterfeit recordings. The court also found that the flea market operator was guilty of contributory infringement.

Contributory or vicarious infringement has been a major consideration in cases regarding the use of digital information on the Internet.

II.J.3. Inducement of Infringement [New]

In addition to contributory infringement and vicarious infringement, there is another form of indirect infringement: inducement of infringement. This was more commonly seen in patent law, because it is specifically indicated in the patent statutes (17 U.S.C. 271(b)), but as I noted in my paper "Sony Revisited: A new look at contributory copyright infringement," is also applicable to copyright. This was confirmed in the Supreme Court's unanimous opinion in *MGM v. Grokster*, which stated:

> For the same reasons that Sony took the staple-article doctrine of patent law as a model for its copyright safe-harbor rule, the inducement rule, too, is a sensible one for copyright. We adopt it here, holding that one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.

While cases in patent law provide some guidance regarding what might be inducement of infringement, the metes-and-bounds of copyright inducement won't be known until a few cases are litigated.

II.K. Misuse Of Copyright

The exclusive rights given to the copyright owner – reproduction, adaptation, distribution, and public performance and display – are quite broad, even when the special exceptions are considered. But sometimes copyright owners may try to use their exclusive rights to gain even more protection than is granted under the copyright laws. This is considered copyright misuse.

The copyright misuse doctrine is similar to the better-developed patent misuse doctrine. The classic patent misuse occurs when a patent owner conditions the use of a patented item (such as a salt spreader) on the purchase of a nonpatented item (such as salt) also supplied by the patent owner. The courts have found that such an action attempts to improperly enlarge the scope of the patent, and therefore when the patent owner comes to court, it is with "unclean hands" and the court will refuse to enforce the patent until the misuse ends and its effects no longer exist. The misuse does not

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[76] Fonovisa Inc. v. Cherry Auction, 76 F.3d 259, 37 USPQ2d 1590 (9th Cir. 1996).

have to be against the alleged infringer – any misuse can be used to defend against the infringement suit.

Before 1990 there were many cases regarding patent misuse, but essentially nothing regarding copyright misuse. But in that year, the Fourth Circuit explicitly recognized copyright misuse as analogous to patent misuse in*Lasercomb America v. Reynolds.*[77] Lasercomb produced a computer-aided design program that Reynolds and his company licensed. Reynolds' s use went far beyond the license it had from Lasercomb, since it found a way to circumvent the system that limited the number of active copies. Lasercomb sued for copyright infringement.

Reynolds asserted that even though it had infringed Lasercomb's copyright, it should not be found liable because Lasercomb had misused its copyright in the license agreement for the software, and the court agreed. As part of the Lasercomb agreement, a licensee had to agree not to develop a competitive computer-aided design program for 99 years, well beyond the period of protection given Lasercomb's program by the copyright laws at that time, 75 years. The court found that Lasercomb was trying to effectively extend the term and scope of its copyright beyond what copyright law permitted, and that would prevent people from legitimately developing competitive software. That was a misuse by Lasercomb and the court refused to enforce their copyright against Reynolds.

An interesting aspect of the case is that Reynolds and his company had never signed the license agreement. But that made no difference –Lasercomb had misused its copyright in getting others to sign the agreement, and the court said that it could not bring any infringement suits until it had purged its past misuse and its effects.

The copyright misuse defense is similar to an antitrust claim, where a copyright owner has misused the limited monopoly granted by the copyright. However, the *Lasercomb* decision made it clear that the copyright misuse defense is available even when the misuse does not reach the level of an antitrust violation.

Related to copyright misuse is "fraud on the Copyright Office," where somebody has registered a copyright by providing false information or concealing important information. An example would be somebody claiming and registering the copyright in a work that is not his, such as a work prepared as an employee within the scope of that employment (a work made for hire). As with copyright misuse, the result of copyright fraud is that the courts will not enforce the copyright covered by the registration.

The *Lasercomb* case has been cited with approval in a number of cases since it was handed down, but in most of those cases copyright misuse was not found. In *Atari v. Nintendo*,[78] a case decided shortly after *Lasercomb*, the Federal Circuit used copyright misuse not to prevent the enforcement of a copyright but to refuse a fair use defense. Even though it found that the use would otherwise be fair, because the defendant had misled the Copyright Office to get a copy of the program source code and therefore came to court with unclean hands, the defendant could not use the equitable fair use defense.

While the exact dimensions of the copyright misuse defense will be known only after considerably more cases are decided, its consequences should be considered by

[77] 911 F.2d 970, 15 USPQ2d 1846 (4th Cir. 1990).
[78] 975 F.2d 832, 24 USPQ2d 1015 (Fed. Cir. 1992).

anyone who is trying to use his or her copyright to go beyond the protection of the copyright laws. The penalty for copyright misuse – unenforceability of the copyright in court until the misuse has been purged and its effects no longer exist – is tantamount to losing the copyright.

II.L. Remedies For Copyright Infringement

Exercising any of the exclusive rights of the copyright owner – reproduction, adaptation, distribution, public display, or public performance – without the permission of the copyright owner, or not within one of the exceptions in Sections 107 through 121, infringes the copyright in the work. There are a variety of remedies provided in the Copyright Act. Under Section 502 the court can order that the infringing acts cease, and if there is sufficient evidence of copyright infringement, that order can be issued even before the trial.[79] Under Section 503 the court can also order the impoundment of infringing works and the things used to make them, and after the trial can order them destroyed.[80] And under Section 509 the court can order the seizure and destruction of infringing works after the trial.[81]

II.L.1. Time Limits For Filing Suit

Any infringement action must be brought within three years after the infringement occurs.[82] But in many instances, the infringement is of a continuing nature, such as distributing copies or performing the work. For example, consider the making of a large number of infringing copies and distributing them until all the copies have been sold. If it is over three years since the copies were made, the copyright owner can't sue for infringement of the reproduction right but can sue for infringement of the distribution right if any copies were sold within the previous three years.

However, if the copyright owner acts in such a way as to lead people to believe that he or she will not bring an infringement suit, such as ignoring open infringement for a long time, with no other reason preventing him from bringing suit, a legal principle called "laches"may prevent a later suit. The determination is very fact-intensive, based on the actions (or lack of action) of the copyright owner, the amount of delay, and the prejudice worked against the infringer by the delay.

II.L.2. Damages

The most common remedy for copyright infringement is awarding damages to the copyright owner. Section 504 indicates that owners can receive the actual damages suffered by them plus any profits that the infringer made as the result of the infringement that go beyond the actual damages to the copyright owner.[83] But since Congress recognized that in many instances it will be difficult to compute the actual damages, it provided an alternative called "statutory damages" that is available to copyright owners who have registered their copyright within three months of the publication of a work. Statutory damages allow the court to set the damages in a

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[79] 17 U.S.C. §502.
[80] 17 U.S.C. §503.
[81] 17 U.S.C. §509.
[82] 17 U.S.C. §507(b).
[83] 17 U.S.C. §504.

amount between $750 and $30,000 for each work that was infringed. If the infringement was found to be willful, then the statutory damages can go up to $150,000, while if the infringer shows that the infringement was innocent, they can be reduced to $200. A special provision applies to innocent infringers connected with educational institutions, libraries, or public broadcasters, allowing the remission of statutory damages.

II.L.3. Attorney Fees and Costs

Under Section 505, the prevailing party in a copyright infringement suit may ask the court to award him his attorney fees and other costs of the suit.[84] This is in contrast to the normal rule in American law, where each side is responsible for its own costs no matter who wins. For copyright owners to ask for attorney fees and costs, they must have registered their copyright within three months of the first publication of the work. This, along with statutory damages, provides a strong incentive for prompt registration, even though registration is not required until just before filing an infringement suit.

II.L.4. Criminal Infringement

While copyright infringement is normally a civil action, meaning that the copyright owner is suing the alleged infringer, it can also be a criminal act, meaning that the United States Government brings the alleged infringer into court. There is nothing that prevents an alleged infringer from being both prosecuted criminally and sued civilly for infringement, although criminal prosecution is often used in cases when the alleged infringer has few assets relative to the damages that have been caused, making civil suit an ineffective remedy for the infringement. And it is important to note that a higher burden of proof is required for criminal copyright infringement – beyond a reasonable doubt, the same as in any other criminal prosecution – than for civil copyright infringement. The copyright owner needs to prove infringement only by a preponderance of the evidence, essentially tipping the scale only slightly toward finding infringement in a civil action.

Section 506 makes a number of things criminal offenses, including fraudulent copyright notices, fraudulent removal of copyright notices, and making false statements in a copyright registration application.[85] But it primarily criminalizes copyright infringement when it is done “willfully” and either “for purposes of commercial advantage or private financial gain” or when the infringement exceeds a total retail value of $1,000 within any 180-day period. If the total retail value exceeds $2,500 and ten copies, the crime becomes a felony with the possibility of a $250,000 fine and five years in prison (ten years on a second offense),[86] although the sentencing guidelines require that the retail value be substantially above $2,500 for any prison time, and in the millions to reach the maximum penalty.

Although the copyright statutes do not contain a definition for “willfully,” the term has been given meaning in a number of past court decisions on copyright and other law. At the passage of the latest amendment to the criminal provision, Senator

[84] 17 U.S.C. §504.
[85] 17 U.S.C. §506.
[86] 18 U.S.C. §2319.

Orrin Hatch, the Chairman of the Senate Committee on the Judiciary, discussed the importance of the willfulness requirement:

> I place great store by the "willfulness" requirement in the bill. Although there is on-going debate about what precisely is the "willfulness" standard in the Copyright Act – as the House Report records – I submit that in the *LaMacchia* context "willful" ought to mean the intent to violate a known legal duty. The Supreme Court has given the term "willful" that construction in numerous cases in the past 25 years . . . As Chairman of the Judiciary Committee, that is the interpretation that I give to this term. Otherwise, I would have objected and not allowed this bill to pass by unanimous consent. Under this standard, then, an educator who in good faith believes that he or she is engaging in a fair use of copyrighted material could not be prosecuted under the bill. . . .
>
> Finally, Mr. President, I would like to point out two areas that are susceptible to interpretation mischief.
>
> First, the bill amends the term "financial gain" as used in the Copyright Act to include "receipt, or expectation of receipt, of anything of value, including receipt of other copyrighted works." The intent of the change is to hold criminally liable those who do not receive or expect to receive money but who receive tangible value. It would be contrary to the intent of the provision, according to my understanding, if "anything of value" would be so broadly read as to include enhancement of reputation or value remote from the criminal act, such as a job promotion.[87]

In 2005, Congress added another form of criminal copyright infringement to Section 506, as part of criminalizing the videotaping of a motion picture playing in a theater and then distributing it on the Internet, which had become a significant problem.[88]

> Any person who willfully infringes a copyright shall be punished as provided under section 2319 of title 18, if the infringement was committed-- . . . (C) by the distribution of a work being prepared for commercial distribution, by making it available on a computer network accessible to members of the public, if such person knew or should have known that the work was intended for commercial distribution.[89]

There is a problem with this provision. As I discuss in Chapter 3, Section I.B.1.a, the public distribution right covers only the distribution of material objects. And making something "available on a computer network accessible to members of the public," without more, most certainly doesn't distribute a material copy anywhere.

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[87] 143 Cong. Rec. S12689-S12690.

[88] "Artists' Rights and Theft Prevention Act of 2005, or the "ART Act," part of "Family Entertainment and Copyright Act of 2005," Pub. L. 109-9, 119 Stat. 220.

[89] 17 U.S.C. §506(a)(1).

It is interesting that this approach was suggested by some of us in 1997 as an alternative to the "No Electronic Theft" Act[90] in response to the LaMacchia decision.[91] The concern was that it would be difficult to show when the required dollar amount of copies had been made before charging the crime, and it made little sense to wait until enough copies had gone out to stop the infringement. But we also wanted to amend the distribution right to include making the work available to the public, as discussed in Chapter 3, Section I.B.1.f.

[90] Pub. L. No. 105-147, 111 Stat. 2678, among other things adding subsection (a)(2) to 17 U.S.C. §506.

[91] *United States v. LaMacchia*, 871 F.Supp. 535, 33 USPQ2d 1978 (D. Mass. 1994).