



EXTENDED READINGS ON
COPYRIGHT

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EXTENDED READINGS ON COPYRIGHT

By MATTHEW SAG

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ABOUT THIS BOOK

Origins. This book is a collection of materials that I have developed for my Copyright Law class at Loyola University Chicago over the past few years. The title, *Extended Readings on Copyright*, indicates the origins of this project. Early on, my aim was simply to supplement existing casebooks in those areas where I found them to be unhelpful or out of date. Soon enough, the project expanded to the book you are reading now. This book contains several placeholders for further development that I have left in place so that the reader has a sense of what they might be missing. *Extended Readings on Copyright* will probably always be something of a work in progress because the law of copyright changes so rapidly. Nevertheless, I think that the book has progressed far enough to be useful.

This book is what you make of it. This book is subject to a non-commercial Create Commons license that allows you to add, subtract, and amend as you see fit, provided you extend those terms to any derivative work based on these materials and provided you provide appropriate attribution. I encourage you to share your edits and additions with me, but it is not obligatory. *Extended Readings on Copyright* can be used as a stand alone textbook on United States copyright law. The individual chapters are available on the website (matthewsag.com/eroc), and these can be used to supplement other materials. Individual chapters are likely to be more up to date than this consolidated build of the book.

Taking accessibility seriously. Readers might find some of the formatting, editorial, and layout decisions in this book unusual. I have cleaned up internal citations in the cases and expanded most of the abbreviations to make the text flow more smoothly for those using assistive technologies. The traditional Blue Book conventions used in law are incredibly hostile to the visually disabled and I see no reason to perpetuate the conventional practice of that exclusion by design. I have compromised slightly on the issue of footnotes. In my own material I have tried to use footnotes sparingly. Where a footnote in a case is worth reading, I have promoted it to the main text. This book is available as a .docx file and a .ppt file. Those who require larger print should be able to achieve this simply by changing the style definitions and updating the table of contents. If there are ways in which this book can be more accessible, please let me know.

Other reasons to use this book. Although *Extended Readings on Copyright* is primarily a book about copyright law in the United States, I have tried to situate American law in an international and comparative context where possible. Seeing how the law works in other jurisdictions provides an insight into how the law in the United States could be different. Furthermore, every copyright specialist should have some basic understanding of how the international intellectual property system works, if only to be able to evaluate appeals to the authority of the Berne Convention, the TRIPs agreement, and other international copyright agreements.

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I have sought and received permission to include extracts from several notable academics, for which I am grateful. Other copyright material is included in reliance on the fair use doctrine.

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1. INTRODUCTION TO COPYRIGHT LAW

An Overview of Copyright

The subject of copyright law is human creativity. Like its subject matter, copyright law is fascinating, complicated, and contested. Copyright law as we know it today began over 300 years ago with the enactment of the Statute of Anne in England in 1710. The Statute of Anne was a delayed response to the disruptive technology of the printing press that had swept across Europe in late 15th and 16th Centuries. Copyright has continued to respond to technological and social change ever since.

The next few paragraphs sketch out a very basic overview of copyright as a preview of the material that lies ahead. The aim of this overview is to describe the law as it is now in the United States, and to gloss over important questions of history and alternative interpretations of the law—these will come later.

Authors & Works. Copyright is a set of exclusive rights that belong, initially at least, to the author or authors of “a work” such as novel, a movie, or a piece of music. Copyright begins when the work is created and typically lasts for the life of the author plus 50 or 70 years. Copyright protects a wide variety of cultural objects, including books, drawings, paintings, sculpture, music, and movies. More recently that list has expanded to include computer software and architecture.

Rights. Broadly speaking, the copyright owner has the exclusive right to reproduce the work, to make adaptations based on the work that are reasonably close to the original, to distribute the work, and to communicate the work to the public through performance and display. Rights in relation to distribution and display can seem very broad, but in practice they are quite narrow because they only apply to any given copy of a work up until the first sale of that copy.

Copyright rights are broad, but they are not as broad as the equivalent rights in patent law. Patent owners have the exclusive right to “make, use, or sell” the patented invention. The concepts of “make” and “sell” have their analogs in copyright law, but there is nothing so broad as a right to “use” the copyrighted work. This is significant: you don’t need permission to read a book or listen to music on a compact disc, you don’t need permission to lend the book or the disc to a friend, or to tell people about the things you have learned from the book or your reaction to the music.

Expression. Even though copyright law gives the author the exclusive right to make reproductions of her works, that right only goes so far: Copyright does not protect every aspect work, it only protects original expression.

Copyright does not protect facts, ideas or functional product features. To illustrate, I would infringe the copyright in Martha Stewart’s cookbook if I copied the entire work and made it available for free on the Internet. However, I could follow one of the recipes in that book to make a cake, and I could sell that cake for profit, all with no duty to account to Martha Stewart. Indeed, I could reduce Martha Stewart’s cake recipe down to a simple set of

instructions and then describe those instructions in my own words and compete with Martha Stewart in the market for cake recipes.¹

Rights can fragment and overlap. Copyright rights can be fragmented and overlapping.

Suppose that A writes a poem. B adapts the poem into song lyrics. C adds an original musical composition. D performs the song and it is recorded by E to create a sound recording. Further suppose that F then plays that recording in public, and G records that performance along with images of the reaction of the audience to create an audiovisual work.

If Harriet were to copy G's movie without obtaining permission from anyone, she might be infringing the rights of A, B, C, E and G. It is possible that D and E would be joint authors of the sound recording. Also, some jurisdictions outside the United States would also recognize that D has an intrinsic right to the performance such that D's permission would be required for certain downstream uses whether she is an author of the sound recording or not.

Limitations & Exceptions. The rights of copyright owners are subject to a number of important limitations. The copyright laws of most countries contain a hodgepodge of limitations and exceptions that reflect the influence of particular interest groups at particular times. Some copyright limitations are required to meet its overall purpose of encouraging the diffusion of knowledge, promoting authorship and enabling creativity; some are required because without them copyright law might unduly constrain freedom of expression; and some limitations are required because without them copyright would confer overly broad exclusive rights in related and downstream activities. But we must also concede that some copyright limitations or exceptions are really just a result of special interest pleading and can't be fully justified as fulfilling the essential purpose of copyright or maximizing general welfare. The copyright system would be self-defeating without some limits on the broad rights of copyright owners, but exactly what limits are required, how should they be structured, and who is best placed to make these decisions are all highly controversial questions in modern copyright law.

The historical development of copyright law

Monopoly and censorship as a response to the printing press

Copyright law is constantly evolving. Prior to Gutenberg's invention of the movable type printing press in the early 15th century, the predominant technology of copying was the monastic scribe. At a time when very few people could read and copying was highly labor-intensive, copying was essentially unregulated. But then came Gutenberg and the diffusion of printing press technology throughout Europe catalyzed enormous social and political changes. In the early days of this new technological era, regulation of the printing press focused on the need to maintain religious and political orthodoxy. In England, this need was met by a licensing system that ensured that only the Stationers' Guild was permitted to print books. In turn, the Guild ensured that only approved books were printed. The Licensing Act

¹ See *Publications Int'l, Ltd. v. Meredith Corp.*, 88 F.3d 473, 481 (7th Cir. 1996) (explaining that recipe books can show originality and obtain copyright protection if "the authors lace their directions for producing dishes with musings about the spiritual nature of cooking or reminiscences they associate with the wafting odors of certain dishes in various stages of preparation.")

of 1662 explained its objective in terms of guarding against the publication of “heretical schismatical blasphemous seditious and treasonable” books.

By convention, the members of the Stationers Guild agreed that the first member to enter a literary title in the Stationers’ Register would have exclusive and perpetual rights to publish it. This practice explains some of the terminology of copyright law. “The registered title and the rights associated with it were known as the “copy” of the publication, and the acquisition of a copy (or the “right of copy”) was limited to guild members.”² The Stationers Guild was essentially a cartel of London publishers and booksellers. Within this group it was common to view the ‘copy’ as a form of property, it was treated as an exclusive right and was a thing to be owned, traded, and used as collateral for loans.³ But it is important to understand that although the booksellers thought of the “copy” as their property, this concept of property was very different from the idea of “literary property”—a term that came into vogue only much later—and our modern concept of copyright.

The Licensing Acts lasted until almost the end 17th century in England but they were eventually allowed to expire, thus bringing the *de jure* printing monopoly of the Stationers Guild to an end. The demise of the Licensing Acts has been attributed to a growing distaste for pre-publication censorship, and to dissatisfaction with the inflated prices and monopolistic practices of the Stationers Guild.⁴

The transition from monopoly and censorship to statutory copyright did not occur in a vacuum. England in the 17th Century witnessed regicide, civil war, dictatorship, the restoration of the monarchy, and a “Glorious Revolution” which cemented Protestantism as the official state religion. Underlying most of these events was a power struggle between the crown and parliament in which parliament eventually prevailed.

The First Copyright Act: the Statute of Anne

In 1710, the British Parliament passed “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”, or as it is usually simply called, The Statute of Anne.

Historians have debated whether the Statute of Anne should be seen as displacing, regulating, or merely entrenching the pre-existing monopoly of London booksellers in the seventeenth century. On the surface, the Statute of Anne was a significant departure from previous customs of the book trade because it placed control of new works of authorship into the hands of authors themselves. Also, unlike the Stationers Guild’s monopoly privileges, the

² Simon Stern, *Towards a Pre-History of the Public Domain: Copyright Law and Its Limits in Eighteenth-Century England*, OXFORD LITERATURE HANDBOOK (Draft on file with the author).

³ John Feather, *From Rights in Copies to Copyright: The Recognition of Authors’ Rights in English Law and Practice in the Sixteenth and Seventeenth Centuries*, 10 CARDOZO ARTS AND ENTERTAINMENT LAW JOURNAL 461-62 (1992).

⁴ See for example, Letter from Locke to Edward Clarke (Jan. 2, 1693), in *The Correspondence of John Locke*, ed. E.S. De Beer, 8 vols. (Oxford: Clarendon Press, 1976-1989), 4: 614-15. “[T]he Company of Stationers . . . haveing got a Patent for all or most of the Ancient Latin Authors (by what right or pretence I know not) claime the text to be theirs and soe will not suffer [others to supply] fairer and more correct Editions. . . . [Thus] a monopoly is put into the hands of the company of ignorant and lazy stationers . . . By this monopoly also of these ancient authors noe body here, that would publish any of them a new with comments or any other advantage can doe it without the leave of the learned judicious stationers.” As cited in Simon Stern, *Towards a Pre-History of the Public Domain: Copyright Law and Its Limits in Eighteenth-Century England*

author's rights under the Statute of Anne were for a limited duration. Books published before the Statute were granted twenty-one years of protection under the new law. The authors of books published after the Statute of Anne took effect were entitled to an initial term of 14 years, renewable for a second term of the same length if the author was still alive when the first term ended.

Why 14 years and not some other period? Why two terms for that matter? In *Authors and Owners: The Invention of Copyright*, Mark Rose, argues that the bifurcated term was an attempt to bring the new author's right within the scope of the 1624 Statute of Monopolies. The Statute of Monopolies limited the powers of the Crown to grant monopolies, but created an exception relating to any "manner of new manufacture" as long as the monopoly did not exceed a specified limited term: twenty-one years for extant grants; fourteen years for future grants.⁵

The scope of protection under the Statute of Anne was much narrower than modern copyright. The statute did not explicitly address translations, incomplete copying or the unauthorized creation of sequels. The Statute of Anne also contained a provision whereby booksellers who charged "high and unreasonable" prices could be called into account and potentially fined. The statute did not reach the import of foreign books in languages other than English.

The Battle of the Booksellers, or the Question of Literary Property

Following the enactment of the Statute of Anne, members of the Stationers' Guild argued that, regardless of the limited times referred to in the statute, they held perpetual common law exclusive printing rights. It is worth noting that members of the Stationers' Guild never sought to establish such a common law right in the period between the end of the Licensing Acts in 1695 and the enactment of the Statute of Anne in 1710.⁶

In support of this contention, these London booksellers noted that members of the Guild had a longstanding practice of respecting such claims and would not reprint any text first claimed by another member. The Guild members based in London came into increasing competition with provincial and Scottish publishers who failed to respect their comfortable cartel and the ensuing litigation led to two pivotal cases in the history of copyright, *Millar v Taylor* and *Donaldson v. Becket*.

An important part of the context in which this litigation took place is the difference between courts of law and courts of equity. In the 18th century, the English common law courts have jurisdiction to address questions of common-law and could make awards of money damages. Injunctions on the other hand were the exclusive province of courts of equity. The booksellers pursued their claims in courts of equity because they preferred the remedy of preliminary and permanent injunctions. In addition, by avoiding the common law courts they reduced the risk of facing a serious challenge to the existence of their supposed common-law right.⁷

⁵ See MARK ROSE, *AUTHORS AND OWNERS: THE INVENTION OF COPYRIGHT*, 45-47 (1993); Statute of Monopolies, 1624, 21 Jac., c. 3 (Eng.)

⁶ Simon Stern, *Towards a Pre-History of the Public Domain*, *supra*.

⁷ *Id.* "Courts of equity would grant an ex parte injunction that would remain in effect until the defendant appeared to answer the plaintiff's charges. If the charges proved valid after both sides had been heard, the

Millar v Taylor 98 Eng. Rep. 201 (K.B. 1769)

The argument for perpetual copyright was initially successful. In *Millar v. Taylor* 98 Eng. Rep. 201 (K.B. 1769) the majority of Court of King's Bench held that copyright existed as both a statutory and a common-law right. The majority held that when statutory copyright ended, the booksellers' common law copyright assigned from the author would continue, forever. In this view, the Statute of Anne merely vested copyright owners with additional remedies over and above those available at common law and in equity. Justice Yates, dissenting, agreed that authors had a right to control the first publication of their manuscripts, but no more. Millar died not long after the ruling and it was never appealed.

Not being bound by decisions of the Court of the King's Bench, the Scottish Court of Session reached a different position in *Hinton v Donaldson* (1773, 5 Brn 508)

Donaldson v. Becket (1774) 1 Eng. Rep. 837

This summary relies heavily on Ronan Deazley, Commentary on *Donaldson v. Becket* (1774), in *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer, (2008) (original at www.copyrighthistory.org).

In 1771 a London bookseller and publisher by the name of Thomas Becket sought an injunction from the court of Chancery to prevent the Scottish bookseller Alexander Donaldson from printing the *The Seasons* by the poet James Thomson who had died in 1748. The rights conferred on *The Seasons* by the Statute of Anne had long since expired, thus the basis of the publisher's claim was a right at common law beyond the mere right of first publication.

Donaldson v. Becket has confused generations of judges, commentators and students because the procedural issues are somewhat baroque and because the early reports of the case were entirely inadequate. The case was heard before Lord Chancellor Apsley who considered himself bound by *Millar v. Taylor* to grant the plaintiff a perpetual injunction.

Lord Chancellor Apsley's decree was appealed to House of Lords. The twelve common law judges of the House of Lords heard the arguments of counsel for both sides and gave their answers to five questions. The fourth and fifth questions overlap with the first three. The questions were:

1. Whether, at common law, an author of any book or literary composition, had the sole right of first printing and publishing the same for sale, and might bring an action against any person who printed, published, and sold the same, without his consent?
2. If the author had such right originally, did the law take it away upon his printing and publishing such book or literary composition, and might any person afterward reprint and sell, for his own benefit, such book or literary composition, against the will of the author?

court could grant a permanent injunction. However, a preliminary injunction was usually sufficient for the plaintiff's needs and the dispute rarely proceeded any further. This approach proved especially attractive to the booksellers once they saw that the Chancery court would not ask whether the statutory term of protection had expired. The equity courts were willing to entertain the hypothetical premise that the plaintiff had a valid claim, and to proceed from there. Thus by avoiding the common-law courts, the booksellers kept alive their claims about common-law copyright for more than six decades, using a form of pleading that required them to presuppose the existence, at common law, of the very right whose dubious status had led them to Chancery in the first place."

3. If such action would have lain at common law, is it taken away by the Statute of 8th Anne: and is an author, by the said statute, precluded from every remedy except on the foundation of the said statute, and on the terms and conditions prescribed thereby?
4. Whether the author of any literary composition, and his assigns, had the sole right of printing and publishing the same, in perpetuity, by the common law?
5. Whether this right is any way impeached, restrained, or taken away, by the statute 8th Anne?

The traditional interpretation of *Donaldson v. Becket*, reflected in the U.S. Supreme Court's first copyright case, *Wheaton v. Peters* 33 U.S. 591 (1834), is that "a majority of the judges were in favor of the common law right of authors [beyond a right of first publication], but that the same had been taken away by the statute." However, this traditional view is not correct, nor was it followed in the United States, as we will see shortly.

The confusion begins with the fact that the votes of the common law judges were misreported. Ronan Deazley explains this misreporting in detail in his illuminating *Commentary on Donaldson v. Becket*. Deazley also shows how the significance of the votes of the common law judges of the House of Lords is often misunderstood. The House of Lords consisted of both peers who were common law judges and peers who were not. Although the full House of Lords (the common law judges and the other peers combined) almost always followed the opinion of the majority of its common law judges, it was not bound to do so and in this case it did not. Five peers also spoke to the issue and of these, only one favored a common law right.

In addition, whereas the judges had answered five distinct questions raised by the case, the only question put to the peers was whether the perpetual injunction should be overturned. When the House of Lords voted to reverse the decision below, it did not clearly indicate whether it was because there was no common law copyright, no common law copyright beyond a right of first publication, or whether the Statute of Anne abrogated a pre-existing common law copyright. Looking to the opinions of the peers on the question of common law copyright yields a tied vote: seven judges and one peer found such a right, but four judges and four peers and found against it. This tied vote does not mean that the issue was unresolved, however. There were 84 Lords are listed as in attendance the day the House of Lords finally voted to reverse the decree, although their individual opinions are unknown. What matters, however, is that in stating the law of the case in *Donaldson v. Becket*, Lord Chancellor Apsley explicitly denied the existence of any common law right, and it was thus this position that carried the day.

[Placeholder: A future version of these materials may contain a more detailed summary of the argument in *Donaldson v. Becket*]

The Battle of the Booksellers 2.0, or the Question of Literary Property in United States

Wheaton v. Peters was a dispute between an early Supreme Court reporter, Wheaton, and his successor, Peters. Wheaton had compiled the opinions of the Supreme Court from his

tenure as official reporter along with annotations and summaries of argument into a costly series of reports. His successor, Peters, produced an abridged version of those same materials, winnowed down to the opinions themselves. Although Peter's reports were inferior in many respects, they were substantially cheaper and thus had a devastating effect on the market for Wheaton's reports. In addition to maintaining a claim under statutory copyright, the plaintiff argued that "an author was entitled, at common law, to a perpetual property in the copy of his works, and in the profits of their publication; and to recover damages for its injury, by an action on the case, and to the protection of a court of equity."

Wheaton v. Peters, 33 U.S. 591 (1834)

Mr. Justice McLean delivered the opinion of the Court.

Perhaps no topic in England has excited more discussion, among literary and talented men, than that of the literary property of authors. So engrossing was the subject, for a long time, as to leave few neutrals, among those who were distinguished for their learning and ability. At length the question, whether the copy of a book or literary composition belongs to the author at common law, was brought before the court of king's bench, in the great case of *Millar v. Taylor*, reported in 4 Burr. 2303. This was a case of great expectation; and the four judges, in giving their opinions, seriatim, exhausted the argument on both sides. Two of the judges, and Lord Mansfield held, that, by the common law, an author had a literary property in his works; and they sustained their opinion with very great ability. Mr Justice Yeates, in an opinion of great length, and with an ability, if equalled, certainly not surpassed, maintained the opposite ground.

Previous to this case, injunctions had issued out of chancery to prevent the publication of certain works, at the instance of those who claimed a property in the copyright, but no decision had been given. And a case had been commenced, at law, between Tonson and Collins, on the same ground, and was argued with great ability, more than once, and the court of king's bench were about to take the opinion of all the judges, when they discovered that the suit had been brought by collusion, to try the question, and it was dismissed.

This question was brought before the House of Lords, in the case of *Donaldson v. Beckett and others*, reported in 4 Burr. 2408. ... It would appear from the points decided, that a majority of the judges were in favor of the common law right of authors, but that the same had been taken away by the statute.

The title and preamble of the statute, 8 Anne, ch. 19, is as follows:

"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."

"Whereas printers, booksellers and other persons, have of late frequently taken the liberty of printing, reprinting and publishing, or causing to be printed, reprinted and published, books and other writings without the consent of the authors or proprietors of such books and writings, to their very great detriment, and too often to the ruin of them and their families," &c.

... From the above authorities, and others which might be referred to if time permitted, the law appears to be well settled in England, that, since the statute of 8

Anne, the literary property of an author in his works can only be asserted under the statute. And that, notwithstanding the opinion of a majority of the judges in the great case of *Miller v. Taylor* was in favor of the common law right before the statute, it is still considered, in England, as a question by no means free from doubt.

That an author, at common law, has a property in his manuscript, and may obtain redress against any one who deprives him of it, or by improperly obtaining a copy endeavours to realise a profit by its publication, cannot be doubted; but this is a very different right from that which asserts a perpetual and exclusive property in the future publication of the work, after the author shall have published it to the world.

The argument that a literary man is as much entitled to the product of his labour as any other member of society, cannot be controverted. And the answer is, that he realises this product by the transfer of his manuscripts, or in the sale of his works, when first published.

A book is valuable on account of the matter it contains, the ideas it communicates, the instruction or entertainment it affords. Does the author hold a perpetual property in these? Is there an implied contract by every purchaser of his book, that he may realise whatever instruction or entertainment which the reading of it shall give, but shall not write out or print its contents.

In what respect does the right of an author differ from that of an individual who has invented a most useful and valuable machine? In the production of this, his mind has been as intensely engaged, as long, and, perhaps, as usefully to the public, as any distinguished author in the composition of his book.

The result of their labours may be equally beneficial to society, and in their respective spheres they may be alike distinguished for mental vigour. Does the common law give a perpetual right to the author, and withhold it from the inventor? And yet it has never been pretended that the latter could hold, by the common law, any property in his invention, after he shall have sold it publicly.

It would seem, therefore, that the existence of a principle may well be doubted, which operates so unequally. This is not a characteristic of the common law. It is said to be founded on principles of justice, and that all its rules must conform to sound reason.

Does not the man who imitates the machine profit as much by the labour of another, as he who imitates or republishes a book? Can there be a difference between the types and press with which one is formed, and the instruments used in the construction of the others?

That every man is entitled to the fruits of his own labour must be admitted; but he can enjoy them only, except by statutory provision, under the rules of property, which regulate society, and which define the rights of things in general.

But, if the common law right of authors were shown to exist in England, does the same right exist, and to the same extent, in this country. ... It is insisted, that our ancestors, when they migrated to this country, brought with them the English common law, as a part of their heritage.

That this was the case, to a limited extent, is admitted. No one will contend, that the common law, as it existed in England, has ever been in force in all its provisions, in any state in this union. It was adopted, so far only as its principles were suited to the condition of the colonies: and from this circumstance we see, what is common law in one state, is not so considered in another. The judicial decisions, the usages and customs of the respective states, must determine, how far the common law has been introduced and sanctioned in each. ... The question respecting the literary property of authors, was not made a subject of judicial investigation in England until 1760; and no decision was given until the case of *Millar v. Taylor* was decided in 1769. Long before this time, the colony of Pennsylvania was settled. What part of the common law did Penn and his associates bring with them from England?

The literary property of authors, as now asserted, was then unknown in that country. Laws had been passed, regulating the publication of new works under license. And the king, as the head of the church and the state, claimed the exclusive right of publishing the acts of parliament, the book of common prayer, and a few other books.

No such right at the common law had been recognized in England, when the colony of Penn was organized. Long afterwards, literary property became a subject of controversy, but the question was involved in great doubt and perplexity; and a little more than a century ago, it was decided by the highest judicial court in England, that the right of authors could not be asserted at common law, but under the statute. The statute of 8 Anne was passed in 1710.

Can it be contended, that this common law right, so involved in doubt as to divide the most learned jurists of England, at a period in her history, as much distinguished by learning and talents as any other; was brought into the wilds of Pennsylvania by its first adventurers. Was it suited to their condition?

But there is another view still more conclusive.

In the eighth section of the first article of the constitution of the United States it is declared, that congress shall have power “to promote the progress of science and useful arts, by securing for limited times, to authors and inventors, the exclusive right to their respective writings and discoveries.” And in pursuance of the power thus delegated, congress passed the act of the 30th of May 1790.

This is entitled “an act for the encouragement of learning, by securing the copies of maps, charts and books, to the authors and proprietors of such copies, during the times therein mentioned.”

In the first section of this act, it is provided, “that from and after its passage, the author and authors of any map, chart, book or books, already printed within these United States, being a citizen, &c. who hath or have not transferred to any other person the copyright of such map, chart, book or books, &c. shall have the sole right and liberty of printing, reprinting, publishing and vending such map, book or books, for fourteen years.”

In behalf of the common law right, an argument has been drawn from the word secure, which is used in relation to this right, both in the constitution and in the acts

of congress. This word, when used as a verb active, signifies to protect, insure, save, ascertain, &c.

The counsel for the complainants insist that the term, as used, clearly indicates an intention, not to originate a right, but to protect one already in existence.

There is no mode by which the meaning affixed to any word or sentence, by a deliberative body, can be so well ascertained, as by comparing it with the words and sentences with which it stands connected. By this rule the word secure, as used in the constitution, could not mean the protection of an acknowledged legal right. It refers to inventors, as well as authors, and it has never been pretended, by any one, either in this country or in England, that an inventor has a perpetual right, at common law, to sell the thing invented.

And if the word secure is used in the constitution, in reference to a future right, was it not so used in the act of congress?

But, it is said, that part of the first section of the act of congress, which has been quoted, a copyright is not only recognized as existing, but that it may be assigned, as the rights of the assignee are protected, the same as those of the author.

As before stated, an author has, by the common law, a property in his manuscript; and there can be no doubt that the rights of an assignee of such manuscript, would be protected by a court of chancery. This is presumed to be the copyright recognized in the act, and which was intended to be protected by its provisions. And this protection was given, as well to books published under such circumstances, as to manuscript copies.

That congress, in passing the act of 1790, did not legislate in reference to existing rights, appears clear, from the provision that the author, &c. "shall have the sole right and liberty of printing," &c. Now if this exclusive right existed at common law, and congress were about to adopt legislative provisions for its protection, would they have used this language? Could they have deemed it necessary to vest a right already vested. Such a presumption is refuted by the words above quoted, and their force is not lessened by any other part of the act.

Congress, then, by this act, instead of sanctioning an existing right, as contended for, created it. This seems to be the clear import of the law, connected with the circumstances under which it was enacted.

From these considerations it would seem, that if the right of the complainants can be sustained, it must be sustained under the acts of congress. Such was, probably, the opinion of the counsel who framed the bill, as the right is asserted under the statutes, and no particular reference is made to it as existing at common law. The claim, then, of the complainants, must be examined in reference to the statutes under which it is asserted.

[At the time, copyright was conditioned on a number of formalities, including depositing a copy of the work with the Department of State. Justice McLean rejected Wheaton's argument that the deposit requirement did not bar copyright protection under the relevant statute.]

The construction of the acts of congress being settled, in the further investigation of the case it would become necessary to look into the evidence and ascertain whether the complainants have not shown a substantial compliance with every legal requisite. But on reading the evidence we entertain doubts, which induce us to remand the cause to the circuit court, where the facts can be ascertained by a jury.

And the cause is accordingly remanded to the circuit court, with directions to that court to order an issue of facts to be examined and tried by a jury, at the bar of said court, upon this point, viz. whether the said Wheaton as author, or any other person as proprietor, had complied with the requisites prescribed by the third and fourth sections of the said act of congress, passed the 31st day of May 1790, in regard to the volumes of Wheaton's Reports in the said bill mentioned, or in regard to one or more of them in the following particulars, viz. whether the said Wheaton or proprietor did, within two months from the date of the recording thereof in the clerk's office of the district court, cause a copy of the said record to be published in one or more of the newspapers printed in the resident states, for the space of four weeks; and whether the said Wheaton or proprietor after the publishing thereof, did deliver or cause to be delivered to the secretary of state of the United States, a copy of the same to be preserved in his office, according to the provisions of the said third and fourth sections of the said act.

And if the said requisites have not been complied with in regard to all the said volumes, then the jury to find in particular in regard to what volumes they or either of them have been so complied with.

It may be proper to remark that the court are unanimously of opinion, that no reporter has or can have any copyright in the written opinions delivered by this court; and that the judges thereof cannot confer on any reporter any such right.

Notes and questions

(1) The Supreme Court's decision in *Wheaton v. Peters* 33 U.S. 591 (1834) reprised the common law copyright debate from *Millar v. Taylor* and *Donaldson v. Beckett*. The Supreme Court agreed that the common law carried from England to the colonies that became the United States recognized a right of first publication, but it rejected the broader claim of perpetual common law copyright. At 657 the majority declares:

That an author, at common law, has a property in his manuscript, and may obtain redress against any one who deprives him of it, or by improperly obtaining a copy endeavours to realise a profit by its publication, cannot be doubted; but this is a very different right from that which asserts a perpetual and exclusive property in the future publication of the work, after the author shall have published it to the world.

(2) Why does the majority recognize a common law right of first publication, but reject perpetual copyright?

(3) The final sentence of the majority opinion notes (at 668), almost as an afterthought, that the court is unanimously of the opinion that "no reporter has or can have any copyright in the written opinions delivered by this court; and that the judges thereof cannot confer on a reporter any such right."

(4) Does it matter whether copyright existed at common law but was then displaced by statute, versus never having existed at all?

The Expansion of Copyright Rights and Subject Matter

The range of things that copyrights protects and the ways in which it protects them have expanded significantly over the years. New technologies such as photography, player pianos, the gramophone (and other ways of recording music) the motion picture camera, radio and television have all had an important influence on the development of copyright.

More recently, technologies such as the photocopier and the videocassette recorder and then later the personal computer significantly destabilized copyright policy because these inventions placed commercially significant copying technology directly in the hands of large numbers of consumers for the first time.

The challenge of new technology intensified with digitalization and the Internet. Digitalization allows for perfect reproduction such that the millionth copy of an MP3 file sounds just as good as the first copy. The Internet has connected billions of people together; generally this is regarded as a positive development, but this togetherness has also facilitated copyright piracy on a massive scale. Determining how copyright law should respond to the challenges and opportunities of the Internet is one of the fundamental questions underlying almost every issue in copyright.

Jurisprudential changes

[Placeholder for discussion of how the tests for copyright infringement became more explicit in the 20th Century and other developments that make modern copyright cases read quite differently to older ones.]

The “why” of copyright law

Utilitarian versus natural rights perspectives

There are a multitude of theories as to what the true purpose of copyright law should be. At the risk of oversimplification, it seems fair to characterize the Anglo-American view of copyright law as utilitarian.

The first copyright statute, the Statute of Anne enacted in England in 1710, begins with the following rationale:

Whereas printers, booksellers, and other persons have of late frequently taken the liberty of printing, reprinting, and publishing, or causing to be printed, reprinted, and published, books and other writings, without the consent of the authors or proprietors of such books and writings, to their very great detriment, and too often to the ruin of them and their families ...

The apparent purpose of the Statute of Anne is apparent in its title:

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.

This sentiment is also reflected in Article I, Section 8, Clause 8 of the United States Constitution, which empowers Congress:

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

These overlapping sentiments are not a coincidence: the Statute of Anne was the template for similar copyright laws in the American colonies, the United States itself and numerous other common law jurisdictions. This common heritage is seen in the long title of the U.S. Copyright Act of 1790, which was almost identical to that of the Statute of Anne:

An Act for the encouragement of learning, by securing the copies of maps, Charts, And books, to the authors and proprietors of such copies, during the times therein mentioned.

The U.S. Supreme Court has endorsed a purposive understanding of copyright law on more than one occasion, although with nuanced differences in emphasis between ends and means. In *Sony Corporation of America v. Universal City Studios, Inc.* 464 U.S. 417 (1984), Justice Stevens, writing for the majority, said (at 429)

The monopoly privileges that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.

Or, as Judge Pierre Leval put it in an influential law review article, *Toward a Fair Use Standard*,

[Copyright is] not an inevitable, divine, or natural right that confers on authors the absolute ownership of their creations. It is designed rather to stimulate activity and progress in the arts for the intellectual enrichment of the public.⁸

Other cases and authorities downplay the need to shape copyright to meet its public purpose goals, arguing that copyright incentives intrinsically tend toward the public good. In *Mazer v. Stein*, 347 U.S. 201 (1954), the Court said (at 219)

... copyright law celebrates the profit motive, recognizing that the incentive to profit from the exploitation of copyrights will redound to the public benefit by resulting in the proliferation of knowledge.... The profit motive is the engine that ensures the progress of science.

In *Eldred v. Ashcroft* 537 U.S. 186 (2003), Justice Ginsburg used this quote in rejoinder to Justice Steven's and Justice Breyer's arguments concerning the constitutionality of extending the term of copyright for works that had already been created. She explained (at 212, footnote 18) that, in her view, public and private ends are not in tension in copyright law, or at least that "the two ends are not mutually exclusive; copyright law serves public ends by providing individuals with an incentive to pursue private ones."

What should we make of natural rights and other non-utilitarian theories of copyright law? The short answer is that they have their place, but it is difficult to accept them as the primary justification for the institution of copyright law. Where it is clear that a non-utilitarian theory

⁸ Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1107 (1990)

of copyright is welfare reducing, privileging the non-utilitarian position amounts to little more than expressing a preference for the utility of one class of persons over another. As Glynn Lunney notes in *Copyright's Excess: Money and Music in the US Recording Industry* (2018) (at 57),

“I like authors better” may be perfectly fine as a basis for deciding who receives an invitation to your next cocktail party; it is not a satisfactory basis for a system of legal rights that binds author and non-authors alike.

The European approach to copyright does not ignore utilitarian benefits, but its foundational concern is with recognition of the rights of the author. This natural rights view of copyright explains the European enthusiasm for “moral rights” that protect the integrity of a work as distinct from the traditional economic rights. It also explains another key standard difference between European influenced copyright systems mold and those in the Anglo-American tradition, the treatment of the rights of performers. Both of these topics are addressed in later chapters of these materials. Of course, many aspects of European copyright law are more consistent with a utilitarian conception of copyright; just as a few aspects of copyright in common law jurisdictions may be better explained from a natural rights perspective.

Natural rights intuitions about copyright play an important role in constructing the basic concepts of copyright law. Non-economic theories are essential to developing a coherent body of law with reasonably determinate parameters. The problem with a purely instrumental account of copyright law is that it sets a goal, but tells us very little about the means to realize that goal. As Professor Shyamkrishna Balganes, explains in *The Obligatory Structure Of Copyright Law: Unbundling The Wrong Of Copying*:

To the instrumental account, the precise structure of copyright’s entitlement--that is, its “rights”--matters very little. The inducement for creativity that it seeks to provide could thus be meaningfully achieved in principle through the grant of a government-sponsored subsidy or reward, a tax break, or perhaps more realistically, a compensation (or compulsory licensing) regime. The instrumental account thus lacks explanatory depth, in that it does not extend beyond the surface of copyright’s operation to explain why it operates in the precise way that it does ...⁹

Without some intrinsic idea of what copyright is supposed to be about, we face too many choices about what the law should be to be able to make any rational choices at all. The mandate to maximize the public good can’t give us a predictable definition of authorship by itself, nor does it dictate where the line between ideas and expression should be drawn in the abstract. Answering these questions from a strictly utilitarian position would require knowledge of all of the other variables in the system, such as the duration of copyright, the scope of rights, etc. Copyright law is built around a few key legal concepts, concepts such as originality and the idea-expression distinction that will be discussed at length elsewhere in these materials. These concepts are not inconsistent with the instrumental account of copyright law, but they are more than merely levers of instrumentalism. As Balganes further explains:

The instrumental account thus answers the question, “why copyright?” Yet in operationalizing the institution and applying it to individual instances, a

⁹ Shyamkrishna Balganes, *The Obligatory Structure Of Copyright Law: Unbundling The Wrong Of Copying*, 125 HARV. L. REV. 1664, 1687 (2012).

decisionmaker need not make reference to the overall instrumental goals of the institution, but can instead adopt an analysis using the granular devices and concepts on which the liability regime relies--all of which revolve around the idea of copying.¹⁰

Is copyright property?

The debate about whether copyright and other forms of “intellectual property” (i.e., patents, trademarks, trade secrets, etc.) are really property tends to proceed along the following lines. Those who proclaim that copyright is property observe that as a matter of definition exclusive and tradable rights are generally thought of as property. Those who resist the property label note that copyright and other IP rights are limited in scope and duration and subject to a number of important public interest caveats.

Pro-property advocates respond with fascinating descriptions of the law relating to nuisance, easements, riparian rights, and ancient Roman concepts holding the oceans and navigable waterways in public trust. The implication being that, for every conceivable feature of copyright that supposedly distinguishes it from property, there is in fact a property law antecedent.

Those who resist the property label respond by saying something along the lines of “but that is not what *you* mean when you say copyright is property. You mean that as a normative matter, the rights of the copyright owner should come as close as possible to absolute control that is unyielding and perpetual.” Both sides then declare victory in the debate and revert to their initial positions.

Whether you want to call copyright property, regulation, or something else entirely, it is worth understanding how copyright is different to rights in relation to tangible things.¹¹ A property right in Blackacre confers broad rights of exclusion on the owner. As a corollary, the property owner’s right to exclude necessarily implies a duty to refrain from trespass. Copyright has a similar right/duty correlation. The copyright owner’s exclusive rights with respect to her original expression can be reframed in terms of a duty not to copy original expression.

In real property, the right to exclude makes possible an undefined set of use privileges in relation to Blackacre. These privileges are protected through a right to exclude because the underlying resource is rivalrous. If I am to make full use of my parking space, it is essential that you not be allowed to park your car there. Here we see the difference between copyright and real property. The exclusive rights of the copyright owner are entirely superfluous to her use of her intellectual property. If you make a copy of my manuscript, I am not prevented from reading my original copy, or from using it as the basis for additional copies. To recap, the difference between copyright and property is that in the latter case exclusion and the correlative duty not to intrude serve as placeholders for more fundamental interests; whereas in copyright, the fundamental interest is the duty not to copy original expression.

¹⁰ *Id.* at 1688-1689.

¹¹ The analysis that follows leans heavily on Shyam Balganesh’s *The Obligatory Structure Of Copyright Law*, although it probably does it an injustice.

Key economic concepts in copyright law

The standard model

The standard model for the economic analysis of copyright begins starts with the idea that copyright law is a solution to a “public goods” problem.

“Information wants to be free. Information also wants to be expensive.” This is the basic dilemma that copyright law attempts to resolve.¹² Information wants to be free in the sense that, once produced, information is cheap to copy, distribute, and recombine. Information wants to be expensive in the sense that, for information producers to recover their fixed costs of creation, they need to be able to charge more than just the low marginal cost of copying that results from a competitive market.

In its pure form, information is what economists call a *public good*, meaning that it is both non-excludable and non-rivalrous.¹³ The non-excludable nature of information means that those who produce it often find it difficult to keep the benefits to them-selves. Consider the following example. Amy, a budding novelist, plans to write a novel at an expected initial cost of \$ 100 (called the “cost of expression”). Amy also expects that, once written, it will only cost her \$ 1 to make copies of her novel for distribution. There are ten potential buyers of Amy’s work, each with a different valuation ranging from Bill, for whom the novel is worth \$ 20, to Kevin, for whom the novel is worth only \$ 11. If Amy sells ten copies of her novel at \$ 11 each, she will recover both her initial cost of expression and her marginal cost (the cost of printing each additional volume). Unfortunately for Amy, she is unlikely to be able to charge that price because once she sells a copy to her first customer, Bill, he will also be able to make copies and offer to sell them to the remaining customers. Bill’s cost of expression is zero, because he did not write the novel, so Bill can make a profit by selling at any price above his marginal cost of copying. If Amy can’t stop Bill from free riding on her work, she will abandon the idea of becoming a novelist and pursue an alternative career instead, a suboptimal outcome for both Amy and her customers.

Amy’s story illustrates the classic economic rationale for the creation of exclusive rights in information in general and copyright in particular. Without the legal artifact of exclusivity, assuming that everyone has the same marginal cost, Amy’s competitors will face a lower average cost of production for her novel than she does. Consequently, faced with the choice between creating and copying, it makes more sense to copy. To put it another way, in a competitive market the market price will be that of the lowest cost producer, which the author will never be. As such, without some mechanism to appropriate the benefits of their investments, authors and publishers will underinvest in the production of information products. Of course, authors and artists invest in writing for many reasons beyond the financial rewards that copyright law provides. But this fact should not obscure the point that the author’s hope of commercial success is often what keeps them chained to the typewriter and keeps their publisher paying the rent.

¹² STEWART BRAND, *THE MEDIA LAB: INVENTING THE FUTURE AT MIT* 202 (1987).

¹³ WILLIAM LANDES & RICHARD POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 14 (2003)

Copyright rights allow an author to internalize more of the benefits of her creations; or in the jargon of economics, copyright facilitates the *internalization* of a work's *positive externalities* and limits *free riding*.

So that was the standard model of the economics of copyright. The basic story is that without the incentives that copyright provides, creators would lack the incentive to create, or at least to disseminate their creations.

So far, so good, but what about the costs of copyright?

Copyright facilitates the internalization of a work's positive externalities and limits free riding, but free riding in this context is not necessarily something we want to limit. Intellectual works are non-rivalrous — a non-rivalrous good is one for which one person's use does not affect the value of any other person's use. For example, while a photographic print is a tangible physical object, it also embodies creative expression. If I take the print from your living room, you are deprived of the enjoyment of seeing it there; on the other hand, if I merely reproduce the print, you still have the original, and yet I now have one too. The photo qua object is rivalrous; the photo qua artistic expression is non-rivalrous.

The non-rivalrous nature of information makes the welfare implications of copyright different from those of other forms of property: the incentives attributed to allocating property rights in information must be offset against the resulting underutilization of that information. In other words, there is a trade-off between the author's incentive to produce a work and the public's interest in access to that work.

The author's exclusive rights under copyright law provide a buffer against price competition. This competitive buffer allows the author to charge higher prices than she otherwise would, which in turn has two immediate effects. First, some consumers remain willing to purchase the work at a higher price and consequently pay more. Assuming we value the welfare of both consumers and authors equally, this is simply a wealth transfer and is welfare-neutral. Second, those who are unwilling to pay the higher price are forced to go without the work in question. Market allocation of scarce resources to their highest valued use is usually welfare enhancing, but for non-rivalrous goods, the exclusion of low value users produces a deadweight loss because their consumption is not at the expense of another who values the good more.

All this suggests that there is a trade-off between efficiency in production and efficiency in consumption; essentially this is a comparison of dynamic benefits (incentives) and static costs (exclusion). Copyright has dynamic benefits in that it creates incentives to invest in the creation of new intellectual and creative works. Copyright has static costs comprised of the "consumer deadweight loss resulting from higher pricing," the concentration of market power, and possible stifling of alternative points of view. In the classic model, the optimal assignment of copyright rights is determined by balancing the dynamic incentives against static deadweight losses.¹⁴

¹⁴ William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 325, 326 (1989).

Copyright and Creativity: Evidence from Italian Operas

So, what do we know about the economics of copyright? We know that in theory copyright establishes market-based incentives for the creation and dissemination of expressive works. We also know that, depending on the scope of copyright, these incentives might become obstacles for the next generation of creators and that they might limit access to the work leading to a deadweight loss.

So much for theory, is there any evidence that copyright actually works in practice?

In “*Copyright and Creativity: Evidence from Italian Operas*,”¹⁵ Michela Giorcelli and Petra Moser found a creative way to empirically test the effect of copyright law by examining the production of operas in Italian states between 1770 and 1900. Usually, it doesn’t make sense to attribute the difference in output between two states to any particular aspect of their legal systems because the difference may well be attributable to whatever caused the two states to adopt different legal systems. But in this case, the variation in copyright laws came about as a result of Napoleon’s military campaign in Northern Italy. This gives the authors something close to a natural experiment, variation between comparable states in copyright law that came about for reasons that have nothing to do with copyright. Lombardy and Venetia adopted copyright laws in 1801, as part of a broader packet of French laws, after they had fallen under French rule.

From 1801 onwards, Lombardy and Venetia appear to have experienced a significant increase in the number of new operas that premiered per state and per year. Giorcelli and Moser also found that the number of high-quality operas also increased in the copyright early adopter states. However, although the Italian experiment suggests that copyright really does create incentives, the same can’t necessarily be said about extensions of the duration of copyright. As Giorcelli and Moser note, when Lombardy and Venetia later moved to *extend* their copyright terms, “there was no clear increase in the level or the quality of output, even though both states had responded strongly to the adoption of basic copyright laws.”

Less money, more music?

Copyright has steadily expanded for the last 300 years. As Glynn Lunney notes in *Copyright’s Excess* (2018), much of that expansion has been driven by “on the fundamental premise that more incentives will yield more and better original works,” but this is a premise that we have never really tested. In *Copyright’s Excess*, Lunney uses a variety of data sources to show that, at least since the 1960s, the relationship between money and music production has been exactly the opposite to that which the incentive story of copyright would predict. The central dogma of copyright holds that greater rewards spur greater endeavors and that we should expect that less money means less music. And yet, increases in copyright have reduced music output and quality, and forces undermining copyright—especially illegal peer to peer filesharing—have increased it.

Macroeconomic studies such as those in Lunney’s book are incredibly tricky and not everyone will agree that he has demonstrated a perverse relationship between music industry revenue and music production. At the very least, however, the last 50 years of data from the

¹⁵ Michela Giorcelli and Petra Moser, *Copyright and Creativity: Evidence from Italian Operas* (February 24, 2015). Available at SSRN: <http://ssrn.com/abstract=2505776>.

United States music industry leave us with a total absence of evidence for the central dogma of copyright law.

Sequential innovation

The standard model of copyright does not pay much attention to sequential innovation. This is unfortunate in a world where very few creations stand alone. Even the greatest authors and artists typically see further by standing on the shoulders of those who came before them. Although we want the law to encourage highly original works, we don't expect art and literature to stand apart from contemporary culture. Films make reference to other films, books make reference to other books, even in the visual arts and in architecture one might see references and reactions to other works. The scope of copyright needs to be carefully calibrated to provide sufficient incentive for original works without smothering the creativity of the next generation.

The economics of sequential innovation raises many questions but provides few answers in the context of copyright. When creator B wants to build all the work of creator A to produce a new copyrightable work, it is impossible to say in the abstract how the rewards/incentives for the second work should be allocated. The simplistic belief that the initial allocation of every conceivable right relating to a work should be vested in A does not account for transaction costs, uncertainty and strategic behavior, externalities (cost and benefits visited on third parties), and non-economic motivations. It might seem intuitive that the author of a book should be entitled to determine who writes the sequel, but where do we draw the line between a sequel and a companion book, a parody or simply a work in the same genre?

How do people respond to copyright incentives?

[Placeholder for discussion of experimental findings]

Copyright's International Framework

Why and to what extent is the law of intellectual property international?

There have been significant international agreements concerning intellectual property protection since at least the mid 19th century. However, there was an important paradigm shift in 1994 when intellectual property was incorporated into the world free-trade system under the WTO, the World Trade Organization. As Margot Kaminski points out in *The Capture Of International Intellectual Property Law Through The U.S. Trade Regime*, it may not be intuitively obvious that a set of laws establishing territorial exclusive rights belongs in a free trade regime devoted to lowering tariffs and other trade barriers to ensure the free flow of goods and services:

But over the past several decades, free trade agreements have expanded to cover a number of regulatory areas, including IP, in surprising depth.

Kaminski further explains:

Global efforts to link IP to trade culminated in the 1994 Agreement on Trade-Related Aspects of Intellectual Property ("TRIPS Agreement") in the World Trade Organization. The TRIPS Agreement made international IP law broader, deeper,

and more enforceable. TRIPS covers numerous areas of IP in more detail. However, there was enough space left for policy disagreement that several countries, including the United States, now use bilateral free trade agreements to supplement TRIPS's protections.

The integration of IP into bilateral and multilateral free-trade agreements is justified on the promise of the efficiencies gained from harmonized standards. By linking intellectual property rights to other trade issues, net exporters of intellectual property – principally the United States – were able to persuade net importers to accept higher standards of IP protection in exchange for better terms of trade in unrelated fields. Linking IP to international trade has led to greater harmonization, but more importantly it also links intellectual property agreements to the WTO dispute resolution system unless makes existing agreements more enforceable.¹⁶

However, progress at the WTO has stalled in recent years and the United States and European Union have both pursued bilateral free trade agreements. These agreements have tended to impose higher standards of IP protection on the trading parties in ways that are arguably inconsistent with the spirit of the TRIPs Agreement negotiated in 1994. For example, Chapter 17 of Australia–United States Free Trade Agreement (AUSFTA) (effective as of January 1, 2005) required Australia to extend the minimum term of copyright to 70 years after the author's death. This is 20 years more than is required under the Berne Convention.

Copyright's International Framework

Copyright law has been the subject of far-reaching international agreements since the Berne Convention of 1886. Today, the TRIPs agreement incorporates by reference articles 1 to 21 of the Berne Convention (Paris 1971) and its Appendix. The TRIPs Agreement also contains its own minimum standards for copyright which both overlap with and extend the Berne Convention.

TRIPs Article 9(1)

Members shall comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto. However, Members shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6bis of that Convention or of the rights derived therefrom.

The first Berne Convention was a significant development in first the internationalization on intellectual property. Prior to the Berne Convention, countries either didn't recognize the copyrights of foreign nationals, or they did so based on bilateral agreements of reciprocity. The Berne convention adopted the principle of national treatment whereby each country agrees to treat foreigners at least as well as it treats its own nationals, regardless of the level of protection offered in a foreign country. The Berne Convention also adopted certain minimum standards.

Remarkably, the United States stayed outside of the Berne Convention until 1989. Initially, the United States refused to enforce foreign copyrights as part of a deliberate industrial policy that prioritized the education of a fast-growing population over the rights of authors

¹⁶ Margot E. Kaminski, *The Capture Of International Intellectual Property Law Through The U.S. Trade Regime*, 87 S. CAL. L. REV. 977 (2014).

in far away countries. However, even after the United States became an important producer of literature, music, film, and television it was reluctant to accede to the Berne Convention because United States law predicated copyright protection on compliance with formalities – including publication with a copyright notice, registration with the copyright office and deposit with the library of congress. Insistence on these formalities was strictly prohibited under the Berne Convention.

Some other significant international agreements on copyright and related rights include the Rome Convention, the international convention for the protection of performers, producers of phonograms and broadcasting organizations, first signed in 1961; and the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.¹⁷

In addition, copyright has also been an important issue in a number of regional and bilateral free trade agreements, particularly those negotiated by the European Union and the United States. These agreements are often referred to as “TRIPs-Plus” agreements because they seek to impose minimum standards above and beyond what was agreed to in the TRIPs Agreement.

A quick look at the rights of the copyright owner

Before getting too immersed in detail of copyright law, it is useful to have a general appreciation of the kinds of exclusive rights and copyright provides.

The TRIPs Agreement and the Berne Convention both contain some general guidance as to the rights of the copyright owner. However, it is important to recognize that these international agreements are not self-executing, at least not in the United States. The rights of the copyright owner in a particular country only exist by virtue of that country’s domestic legislation. If that domestic legislation is noncompliant with international norms, that may, or may not, lead to censure or retaliation through the dispute settlement mechanisms of the World Trade Organization.

It is also important to recognize that although the TRIPs agreement and the Berne Convention (and the WIPO Treaties for that matter) use certain language to describe the rights of the copyright owner, the use of particular terms of art is not as important as the substance of the rights.

The most significant economic rights of the copyright owner under the Berne Convention are the rights of reproduction, adaptation and translation, public performance, communication and broadcast, and public distribution for cinematographic adaptations.

Berne Convention Economic Rights

Article 2^{bis} (collection of speeches)

Article 8 (translations)

Article 9 (reproduction)

Article 11 (public performance of musical works)

¹⁷ Although over 180 countries are members of WIPO, the influence of these two WIPO treaties is still weaker than the TRIPs Agreement, which enjoys the strong enforcement mechanism under the WTO’s Dispute Settlement Body.

Article 11^{bis} (public communication)

Article 11^{ter} (public recitation)

Article 12 (adaptations, arrangements, and alterations)

Article 14 (cinematographic adaptations)

Article 14^{ter} (droit de suite, or resale right)

In addition to these, the TRIPs Agreement also contains a rental right for computer programs and cinematographic works.

Different jurisdictions have different styles of lawmaking. Some copyright laws contain specific rights tied to particular categories of works; whereas others state the rights of the copyright owner more generally. Section 106 of the United States Copyright Act of 1976 (the “Copyright Act”) sets out six exclusive rights belonging to the copyright owner. These are: the right to reproduce the work in copies, the right to make a derivative work based on the copyrighted work, the right to distribute the copyrighted work, the rights of public performance and public display, and something called a digital audio transmission right.

17 U.S. Code § 106 - Exclusive rights in copyrighted works

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

The first three rights apply to all types of work. Generally the performance right in Section 106(4) applies to things capable of being performed and the display right in Section 106(5) applies to things capable of being displayed. However, if you read the section carefully you will see that there is no public performance right for sound recordings in 106(5), only for musical works (for the moment, think “musical works” as musical compositions and “sound recordings” as recordings of performances). There is however, a public performance right for sound recordings by means of a digital audio transmission, for example, by means of webcasting or Internet radio.

Finally, it is worth noting that business terms and legal rights under the Copyright Act are not always in sync. In fact, so-called “synchronization licenses” are great example of this phenomenon. According to *Kohn On Music Licensing*, “synchronizing involves making a piece of music an integral part of the audiovisual work — by recording the music in ‘timed-

relation' with the moving pictures in an audiovisual work."¹⁸ In reality, a sync license is simply a license to reproduce the musical work limited to a particular factual context. Usually the terms of a sync license will include performance rights as well, but not always. There is nothing special from a legal standpoint about the fact that the music is combined with video,¹⁹ but the terminology is a useful of conveying the limits of the permission and the understanding that use of the same musical composition in a different context or in a different audiovisual work "would require a separate license, carrying an additional fee."²⁰

¹⁸ AL KOHN & BOB KOHN, *KOHN ON MUSIC LICENSING* 1086 (4th ed. 2010).

¹⁹ With one exception. The statutory license in Section 115 of the Copyright Act is only available for fixing musical works in "phonorecords" and that term is defined to exclude music combined with video.

²⁰ *Kohn On Music Licensing*, at 1105–06.

2. COPYRIGHT SUBJECT MATTER AND QUESTIONS OF CREATIVITY, ORIGINALITY, AND INTELLECTUAL CREATION

The significance of Creativity, originality, and authorship

Creativity, originality, and authorship are the fundamental concepts that determine whether a work is entitled to copyright protection and which aspects of a work are protected by the exclusive rights of the copyright owner. The following readings concentrate on how these concepts influence whether a work is eligible for copyright protection in the first place.

International Context

One of the bedrock principles of copyright law in the United States is the concept of originality: to qualify for copyright protection a work must be a work of authorship in the sense that it displays some minimal degree of human creativity in its expression. Neither the TRIPs Agreement nor the Berne Convention clearly express a universal requirement of authorship or originality, however both agreements refer to works being a product of “intellectual creation” in the contexts of compilations and collections. This requirement of “intellectual creation” is arguably implicit in the Berne’s focus on “literary and artistic works”; after all, if a work does not display any creativity or intellectual creation, how can we call it a literary or artistic work?

The next few paragraphs highlight some of the key provisions of Berne and TRIPs defining the subject matter of copyright. The Berne Convention calls for the protection of “literary and artistic works” and it does so in broad terms.

Berne Convention Article 2.

(1) The expression “literary and artistic works” shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science.

(3) Translations, adaptations, arrangements of music and other alterations of a literary or artistic work shall be protected as original works without prejudice to the copyright in the original work.

(5) Collections of literary or artistic works such as encyclopaedias and anthologies which, by reason of the selection and arrangement of their contents, constitute intellectual creations shall be protected as such, without prejudice to the copyright in each of the works forming part of such collections.

Under Article 2(1), the broad category of “literary and artistic works” includes “every production in the literary, scientific and artistic domain, whatever may be the mode form of

expression,” and the Article then continues with a number of examples to illustrate this broad definition.

The Berne Convention also treats translations, adaptations, and arrangements as original works in the sense that they are entitled to copyright protection, even though they are derived from previous works which may already have their own independent copyright protection. This is what Article 2(3) means by the phrase: “*shall be protected as original works without prejudice to the copyright in the original work*”. Berne Article 2(5) also treats collections of literary or artistic works as “original works”, but only if they “*constitute intellectual creations*” “*by reason of the selection and arrangement of their contents*”.

The TRIPs Agreement deals with copyright subject matter more succinctly. TRIPs Article 9(2) states simply that “copyright shall extend to expressions and not to ideas, procedures, methods of operations or mathematical concepts as such.”

TRIPs Article 9(2)

Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.

Article 10(1) of TRIPs represents an important development in the history of copyright law, the extension of copyright subject matter to include computer programs. There is no parallel provision in the Berne Convention. TRIPs Article 10(2) covers the same ground as Berne Article 2(5) discussed above. This provision provides that compilations of data or other material, “which by reason of the selection or arrangement of the contents constitute intellectual creations” should be protected as literary works.

TRIPs Article 10. Computer Programs and Compilations of Data

1. Computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention (1971).
2. Compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself.

Neither Berne nor Trips provide any definition of the concept of “intellectual creation”.

The originality requirement is expressly included in the majority of copyright statutes worldwide. Section 102 of the United States Copyright Act provides that “*Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression ...*”; Section 1(1) of the U.K. Copyright, Designs and Patents Act, 1988 provides that “*Copyright is a property right which subsists in ... (a) original literary, dramatic, musical or artistic works, (b) sound recordings, films or broadcasts, and (c) the typographical arrangement of published editions.*” The Indian Copyright Act uses almost identical terms. Section 32 of the Australian Copyright Act also states that “*copyright subsists in an original literary ...*”

Jurisdictions tend to agree that originality requires some identifiable quantum of contribution by the person claiming authorship, but they may diverge on the nature of the contribution.

Creativity, originality and copyright subject matter in the United States

Pre-Feist

[Placeholder for discussion of the *Trade-Mark* cases]

Photography was not listed as copyright subject matter in the Statute of Anne, nor in the first United States Copyright Act of 1790, probably because photography had not yet been invented. The invention of the daguerreotype process for capturing images with light sensitive materials in 1839 is generally accepted as the birth of photography. Photography was included in copyright subject matter in the English Fine Arts Copyright Act of 1862 and by a similar provision in the United States in 1865. However, it was not until 1884 that the Supreme Court had the opportunity to consider whether a mechanical process like photography truly belonged under the rubric of copyright law.

The *Burrow-Giles* case extracted below began with a copyright infringement case filed by Sarony, a photographer, in the Southern District of New York. As quoted in the Supreme Court's decision, the trial court made the following findings of fact:

That the plaintiff about the month of January, 1882, under an agreement with Oscar Wilde, became and was the author, inventor, designer, and proprietor of the photograph in suit, the title of which is 'Oscar Wilde No. 18,' being the number used to designate this particular photograph and of the negative thereof; that the same is a useful, new, harmonious, characteristic, and graceful picture, and that said plaintiff made the same at his place of business in said city of New York, and within the United States, entirely from his own original mental conception, to which he gave visible form by posing the said Oscar Wilde in front of the camera, selecting and arranging the costume, draperies, and other various accessories in said photograph, arranging the subject so as to present graceful outlines, arranging and disposing the light and shade, suggesting and evoking the desired expression, and from such disposition, arrangement, or representation, made entirely by the plaintiff, he produced the picture in suit, ... , and that the terms 'author,' 'inventor,' and 'designer,' as used in the art of photography and in the complaint, mean the person who so produced the photograph.

The primary issue before the Supreme Court was whether Congress had the constitutional right to protect photographs and negatives thereof by copyright.

Burrow-Giles Lithographic Co. v. Sarony, 111 US 53 (1884)

Mr. Justice Miller delivered the opinion of the court

The constitutional question is not free from difficulty.

The eighth section of the first article of the Constitution is the great repository of the powers of Congress, and by the eighth clause of that section Congress is authorized:

To promote the progress of science and useful arts, by securing, for limited times to authors and inventors, the exclusive right to their respective writings and discoveries.

The argument here is, that a photograph is not a writing nor the production of an author. Under the acts of Congress designed to give effect to this section, the persons who are to be benefited are divided into two classes, authors and inventors.

The monopoly which is granted to the former is called a copyright, that given to the latter, letters patent, or, in the familiar language of the present day, patent right.

We have, then, copyright and patent right, and it is the first of these under which plaintiff asserts a claim for relief.

It is insisted in argument, that a photograph being a reproduction on paper of the exact features of some natural object or of some person, is not a writing of which the producer is the author.

Section 4952 of the Revised Statutes places photographs in the same class as things which may be copyrighted with "books, maps, charts, dramatic or musical compositions, engravings, cuts, prints, paintings, drawings, statues, statuary, and models or designs intended to be perfected as works of the fine arts." "According to the practice of legislation in England and America," says Judge Bouvier, 2 Law Dictionary, 363, "the copyright is confined to the exclusive right secured to the author or proprietor of a writing or drawing which may be multiplied by the arts of printing in any of its branches."

The first Congress of the United States, sitting immediately after the formation of the Constitution, enacted that the "author or authors of any map, chart, book or books, being a citizen or resident of the United States, shall have the sole right and liberty of printing, reprinting, publishing and vending the same for the period of fourteen years from the recording of the title thereof in the clerk's office, as afterwards directed." 1 Stat. 124, 1.

This statute not only makes maps and charts subjects of copyright, but mentions them before books in the order of designation. The second section of an act to amend this act, approved April 29, 1802, 2 Stat. 171, enacts that from the first day of January thereafter, he who shall invent and design, engrave, etch or work, or from his own works shall cause to be designed and engraved, etched or worked, any historical or other print or prints shall have the same exclusive right for the term of fourteen years from recording the title thereof as prescribed by law.

By the first section of the act of February 3d, 1831, 4 Stat. 436, entitled an act to amend the several acts respecting copyright, musical compositions and cuts, in connection with prints and engravings, are added, and the period of protection is extended to twenty-eight years. The caption or title of this act uses the word copyright for the first time in the legislation of Congress.

The construction placed upon the Constitution by the first act of 1790, and the act of 1802, by the men who were contemporary with its formation, many of whom were members of the convention which framed it, is of itself entitled to very great weight, and when it is remembered that the rights thus established have not been disputed during a period of nearly a century, it is almost conclusive.

Unless, therefore, photographs can be distinguished in the classification on this point from the maps, charts, designs, engravings, etchings, cuts, and other prints, it is difficult to see why Congress cannot make them the subject of copyright as well as the others.

These statutes certainly answer the objection that books only, or writing in the limited sense of a book and its author, are within the constitutional provision. Both

these words are susceptible of a more enlarged definition than this. An author in that sense is “he to whom anything owes its origin; originator; maker; one who completes a work of science or literature.” *Worcester*. So, also, no one would now claim that the word writing in this clause of the Constitution, though the only word used as to subjects in regard to which authors are to be secured, is limited to the actual script of the author, and excludes books and all other printed matter. By writings in that clause is meant the literary productions of those authors, and Congress very properly has declared these to include all forms of writing, printing, engraving, etching, &c., by which the ideas in the mind of the author are given visible expression. The only reason why photographs were not included in the extended list in the act of 1802 is probably that they did not exist, as photography as an art was then unknown, and the scientific principle on which it rests, and the chemicals and machinery by which it is operated, have all been discovered long since that statute was enacted.

Nor is it to be supposed that the framers of the Constitution did not understand the nature of copyright and the objects to which it was commonly applied, for copyright, as the exclusive right of a man to the production of his own genius or intellect, existed in England at that time, and the contest in the English courts, finally decided by a very close vote in the House of Lords, whether the statute of 8 Anne, chap. 19, which authorized copyright for a limited time, was a restraint to that extent on the common law or not, was then recent. It had attracted much attention, as the judgment of the King’s Bench, delivered by Lord Mansfield, holding it was not such a restraint, in *Millar v. Taylor*, 4 Burrows, 2303, decided in 1769, was overruled on appeal in the House of Lords in 1774. *Ibid.* 2408. In this and other cases the whole question of the exclusive right to literary and intellectual productions had been freely discussed.

We entertain no doubt that the Constitution is broad enough to cover an act authorizing copyright of photographs, so far as they are representatives of original intellectual conceptions of the author.

But it is said that an engraving, a painting, a print, does embody the intellectual conception of its author, in which there is novelty, invention, originality, and therefore comes within the purpose of the Constitution in securing its exclusive use or sale to its author, while the photograph is the mere mechanical reproduction of the physical features or outlines of some object animate or inanimate, and involves no originality of thought or any novelty in the intellectual operation connected with its visible reproduction in shape of a picture. That while the effect of light on the prepared plate may have been a discovery in the production of these pictures, and patents could properly be obtained for the combination of the chemicals, for their application to the paper or other surface, for all the machinery by which the light reflected from the object was thrown on the prepared plate, and for all the improvements in this machinery, and in the materials, the remainder of the process is merely mechanical, with no place for novelty, invention or originality. It is simply the manual operation, by the use of these instruments and preparations, of transferring to the plate the visible representation of some existing object, the accuracy of this representation being its highest merit.

This may be true in regard to the ordinary production of a photograph, and, further, that in such case a copyright is no protection. On the question as thus stated we decide nothing.

In regard, however, to the kindred subject of patents for invention, they cannot by law be issued to the inventor until the novelty, the utility, and the actual discovery or invention by the claimant have been established by proof before the Commissioner of Patents; and when he has secured such a patent, and undertakes to obtain redress for a violation of his right in a court of law, the question of invention, of novelty, of originality, is always open to examination. Our copyright system has no such provision for previous examination by a proper tribunal as to the originality of the book, map, or other matter offered for copyright. A deposit of two copies of the article or work with the Librarian of Congress, with the name of the author and its title page, is all that is necessary to secure a copyright. It is, therefore, much more important that when the supposed author sues for a violation of his copyright, the existence of those facts of originality, of intellectual production, of thought, and conception on the part of the author should be proved, than in the case of a patent right.

In the case before us we think this has been done.

The third finding of facts says, in regard to the photograph in question, that it is a “useful, new, harmonious, characteristic, and graceful picture, and that plaintiff made the same ... entirely from his own original mental conception, to which he gave visible form by posing the said Oscar Wilde in front of the camera, selecting and arranging the costume, draperies, and other various accessories in said photograph, arranging the subject so as to present graceful outlines, arranging and disposing the light and shade, suggesting and evoking the desired expression, and from such disposition, arrangement, or representation, made entirely by plaintiff, he produced the picture in suit.”

These findings, we think, show this photograph to be an original work of art, the product of plaintiff's intellectual invention, of which plaintiff is the author, and of a class of inventions for which the Constitution intended that Congress should secure to him the exclusive right to use, publish and sell, as it has done by section 4952 of the Revised Statutes.

The question here presented is one of first impression under our Constitution, but an instructive case of the same class is that of *Nottage v. Jackson*, 11 Q.B.D. 627, decided in that court on appeal, August, 1883.

The plaintiffs in that case described themselves as the authors of the photograph which was pirated, in the registration of it. It appeared that they had arranged with the captain of the Australian cricketers to take a photograph of the whole team in a group; and they sent one of the artists in their employ from London to some country town to do it.

The question in the case was whether the plaintiffs, who owned the establishment in London, where the photographs were made from the negative and were sold, and who had the negative taken by one of their men, were the authors, or the man who,

for their benefit, took the negative. It was held that the latter was the author, and the action failed, because plaintiffs had described themselves as authors.

Brett, M.R., said, in regard to who was the author: “The nearest I can come to, is that it is the person who effectively is as near as he can be, the cause of the picture which is produced, that is, the person who has superintended the arrangement, who has actually formed the picture by putting the persons in position, and arranging the place where the people are to be — the man who is the effective cause of that.”

Lord Justice Cotton said: “In my opinion, ‘author’ involves originating, making, producing, as the inventive or master mind, the thing which is to be protected, whether it be a drawing, or a painting, or a photograph;” and Lord Justice Bowen says that photography is to be treated for the purposes of the act as an art, and the author is the man who really represents, creates, or gives effect to the idea, fancy, or imagination.

The appeal of plaintiffs from the original judgment against them was accordingly dismissed.

These views of the nature of authorship and of originality, intellectual creation, and right to protection confirm what we have already said.

The judgment of the Circuit Court is accordingly affirmed.

Notes and Questions

(1) In *Burrow-Giles Lithographic Co. v. Sarony*, 111 US 53 (1884) the Supreme Court held (at 58)

By writings in that clause is meant the literary productions of those authors, and Congress very properly has declared these to include all forms of writing, printing, engraving, etching, &c., by which the ideas in the mind of the author are given visible expression.

The Court thus concluded that the term “writing” in the Copyright Clause of the U.S. Constitution was broad enough to include photographs “*so far as they are representatives of original intellectual conceptions of the author.*” The Court also noted (at 58) that

The only reason why photographs were not included in the extended list in the act of 1802 is probably that they did not exist, as photography as an art was then unknown, and the scientific principle on which it rests, and the chemicals and machinery by which it is operated, have all been discovered long since that statute was enacted.

(2) What makes a photo the representation of “original intellectual conceptions of the author”? Do the references to the English cases help you answer this question? Are there any circumstances where a photo would not be copyrightable?

Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903)

Justice Holmes delivered the opinion of the court

This case comes here from the United States Circuit Court of Appeals for the Sixth Circuit by writ of error. It is an action brought by the plaintiffs in error to recover the penalties prescribed for infringements of copyrights. The alleged infringements

consisted in the copying in reduced form of three chromolithographs prepared by employees of the plaintiffs for advertisements of a circus owned by one Wallace. Each of the three contained a portrait of Wallace in the corner and lettering bearing some slight relation to the scheme of decoration, indicating the subject of the design and the fact that the reality was to be seen at the circus. One of the designs was of an ordinary ballet, one of a number of men and women, described as the Stirk family, performing on bicycles, and one of groups of men and women whitened to represent statues. The Circuit Court directed a verdict for the defendant on the ground that the chromolithographs were not within the protection of the copyright law, and this ruling was sustained by the Circuit Court of Appeals.

We shall do no more than mention the suggestion that painting and engraving unless for a mechanical end are not among the useful arts, the progress of which Congress is empowered by the Constitution to promote. The Constitution does not limit the useful to that which satisfies immediate bodily needs. *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53. It is obvious also that the plaintiffs' case is not affected by the fact, if it be one, that the pictures represent actual groups — visible things. They seem from the testimony to have been composed from hints or description, not from sight of a performance. But even if they had been drawn from the life, that fact would not deprive them of protection. The opposite proposition would mean that a portrait by Velasquez or Whistler was common property because others might try their hand on the same face. Others are free to copy the original. They are not free to copy the copy. *Blunt v. Patten*, 2 Paine, 397, 400. See *Kelly v. Morris*, L.R. 1 Eq. 697; *Morris v. Wright*, L.R. 5 Ch. 279. The copy is the personal reaction of an individual upon nature. Personality always contains something unique. It expresses its singularity even in handwriting, and a very modest grade of art has in it something irreducible, which is one man's alone. That something he may copyright unless there is a restriction in the words of the act.

If there is a restriction it is not to be found in the limited pretensions of these particular works. The least pretentious picture has more originality in it than directories and the like, which may be copyrighted. Drone, *Copyright*, 153. See *Henderson v. Tomkins*, 60 Fed. Rep. 758, 765. The amount of training required for humbler efforts than those before us is well indicated by Ruskin. "If any young person, after being taught what is, in polite circles, called 'drawing,' will try to copy the commonest piece of real work, — suppose a lithograph on the title page of a new opera air, or a woodcut in the cheapest illustrated newspaper of the day — they will find themselves entirely beaten." *Elements of Drawing*, 1st ed. 3.

We assume that the construction of Rev. Stat. § 4952, allowing a copyright to the "author, inventor, designer, or proprietor . . . of any engraving, cut, print . . . [or] chromo" is affected by the act of 1874, c. 301, § 3. That section provides that "in the construction of this act the words 'engraving,' 'cut' and 'print' shall be applied only to pictorial illustrations or works connected with the fine arts." We see no reason for taking the words "connected with the fine arts" as qualifying anything except the word "works," but it would not change our decision if we should assume further that they also qualified "pictorial illustrations," as the defendant contends.

These chromolithographs are "pictorial illustrations." The word "illustrations" does not mean that they must illustrate the text of a book, and that the etchings of

Rembrandt or Steinla's engraving of the Madonna di San Sisto could not be protected to-day if any man were able to produce them. Again, the act however construed, does not mean that ordinary posters are not good enough to be considered within its scope. The antithesis to "illustrations or works connected with the fine arts" is not works of tittle merit or of humble degree, or illustrations addressed to the less educated classes; it is "prints or labels designed to be used for any other articles of manufacture." Certainly works are not the less connected with the fine arts because their pictorial quality attracts the crowd and therefore gives them a real use — if use means to increase trade and to help to make money. A picture is none the less a picture and none the less a subject of copyright that it is used for an advertisement. And if pictures may be used to advertise soap, or the theatre, or monthly magazines, as they are, they may be used to advertise a circus. Of course, the ballet is as legitimate a subject for illustration as any other. A rule cannot be laid down that would excommunicate the paintings of Degas.

Finally, the special adaptation of these pictures to the advertisement of the Wallace shows does not prevent a copyright. That may be a circumstance for the jury to consider in determining the extent of Mr. Wallace's rights, but it is not a bar. Moreover, on the evidence, such prints are used by less pretentious exhibitions when those for whom they were prepared have given them up.

It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke. It may be more than doubted, for instance, whether the etchings of Goya or the paintings of Manet would have been sure of protection when seen for the first time. At the other end, copyright would be denied to pictures which appealed to a public less educated than the judge. Yet if they command the interest of any public, they have a commercial value — it would be bold to say that they have not an aesthetic and educational value — and the taste of any public is not to be treated with contempt. It is an ultimate fact for the moment, whatever may be our hopes for a change. That these pictures had their worth and their success is sufficiently shown by the desire to reproduce them without regard to the plaintiffs' rights. See *Henderson v. Tomkins*, 60 Fed. Rep. 758, 765. We are of opinion that there was evidence that the plaintiffs have rights entitled to the protection of the law.

The judgment of the Circuit Court of Appeals is reversed; the judgment of the Circuit Court is also reversed and the cause remanded to that court with directions to set aside the verdict and grant a new trial.

Justice Harlan, with whom concurred Justice McKenna, dissenting.

Judges Lurton, Day and Severens, of the Circuit Court of Appeals, concurred in affirming the judgment of the District Court. Their views were thus expressed in an opinion delivered by Judge Lurton: "What we hold is this: That if a chromo, lithograph, or other print, engraving, or picture has no other use than that of a mere advertisement, and no value aside from this function, it would not be promotive of the useful arts, within the meaning of the constitutional provision, to protect the

'author' in the exclusive use thereof, and the copyright statute should not be construed as including such a publication, if any other construction is admissible. If a mere label simply designating or describing an article to which it is attached, and which has no value separated from the article, does not come within the constitutional clause upon the subject of copyright, it must follow that a pictorial illustration designed and useful only as an advertisement, and having no intrinsic value other than its function as an advertisement, must be equally without the obvious meaning of the Constitution. It must have some connection with the fine arts to give it intrinsic value, and that it shall have is the meaning which we attach to the act of June 18, 1874, amending the provisions of the copyright law. We are unable to discover anything useful or meritorious in the design copyrighted by the plaintiffs in error other than as an advertisement of acts to be done or exhibited to the public in Wallace's show. No evidence, aside from the deductions which are to be drawn from the prints themselves, was offered to show that these designs had any original artistic qualities."

I entirely concur in these views, and therefore dissent from the opinion and judgment of this court. The clause of the Constitution giving Congress power to promote the progress of science and useful arts, by securing for limited terms to authors and inventors the exclusive right to their respective works and discoveries, does not, as I think, embrace a mere advertisement of a circus.

Notes and Questions

(1) *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903) is an important case to come to terms with when addressing the concept of originality and understanding the Constitutional limits on copyright subject matter more generally. The case concerned the unauthorized reproduction of a circus poster, pictured below.

Figure 1 *Bleistein v. Donaldson* Circus Poster



The defendant's primary argument was that the kind of low art represented in the poster and its use in advertising meant that it was not the kind of fine art to which the copyright act was directed. In the course of rejecting this argument Justice Holmes articulated the now famous

Bleistein “anti-discrimination” principle. Justice Holmes warns (at 251-252) that copyright should not be reserved for works deemed to have a particular importance or quality, or indeed social value, because these artistic judgments are beyond the institutional competence of the courts.

It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke. It may be more than doubted, for instance, whether the etchings of Goya or the paintings of Manet would have been sure of protection when seen for the first time. At the other end, copyright would be denied to pictures which appealed to a public less educated than the judge.

(2) In *Bleistein, The Problem Of Aesthetic Progress, And The Making Of American Copyright Law*, Barton Beebe (Columbia Law Review, 2017) argues that when Holmes declared that judges should refrain from judging aesthetic merit he was not speaking to the standard of originality, but rather to the dissent’s view that a work that has “no other use than that of a mere advertisement” did not qualify for copyright protection because it did not “promote the progress of” knowledge as required by the Constitution. What are the implications of this argument?

(3) The majority opinion argues that “the least pretentious picture has more originality in it than directories and the like, which may be copyrighted.” It cites a leading copyright treatise of the day and caselaw for that proposition, but as discussed further below, most directories and the like are not in fact copyrightable. See *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 US 340 (1991).

Alfred Bell & Co., Ltd. v. Catalda Fine Arts, Inc., 191 F.2d 99 (2d Cir.1951)

Alfred Bell & Co was a British print producer and dealer that had secured United States copyrights in eight mezzotint engravings of certain paintings in the public domain. The plaintiff brought an action against a dealer in lithographs that produced and sold color lithographs of the eight mezzotints.

Circuit Judge Frank

Congressional power to authorize both patents and copyrights is contained in Article 1, § 8 of the Constitution. In passing on the validity of patents, the Supreme Court recurrently insists that this constitutional provision governs. On this basis, pointing to the Supreme Court’s consequent requirement that, to be valid, a patent must disclose a high degree of uniqueness, ingenuity and inventiveness, the defendants assert that the same requirement constitutionally governs copyrights. As several sections of the Copyright Act — e.g., those authorizing copyrights of “reproductions of works of art,” maps, and compilations — plainly dispense with any such high standard, defendants are, in effect, attacking the constitutionality of those sections. But the very language of the Constitution differentiates (a) “authors” and their “writings” from (b) “inventors” and their “discoveries.” Those who penned the Constitution, (many of them were themselves authors) of course, knew the difference. The pre-revolutionary English statutes had made the distinction. In 1783, the Continental Congress had passed a resolution recommending that the several states enact legislation to “secure” to authors the “copyright” of their books. Twelve of the

thirteen states (in 1783-1786) enacted such statutes. Those of Connecticut and North Carolina covered books, pamphlets, maps, and charts.

Moreover, in 1790, in the year after the adoption of the Constitution, the first Congress enacted two statutes, separately dealing with patents and copyrights. The patent statute, enacted April 10, 1790, 1 Stat. 109, provided that patents should issue only if the Secretary of State, Secretary of War and the Attorney General, or any two of them “shall deem the invention or discovery sufficiently useful and important”; the applicant for a patent was obliged to file a specification “so particular” as “to distinguish the invention or discovery from other things before known and used ...”; the patent was to constitute prima facie evidence that the patentee was “the first and true inventor or ... discoverer ... of the thing so specified.” The Copyright Act, enacted May 31, 1790, 1 Stat. 124, covered “maps, charts, and books”. A printed copy of the title of any map, chart or book was to be recorded in the Clerk’s office of the District Court, and a copy of the map, chart or book was to be delivered to the Secretary of State within six months after publication. Twelve years later, Congress in 1802, 2 Stat. 171, added, to matters that might be copyrighted, engravings, etchings and prints.

Thus legislators peculiarly familiar with the purpose of the Constitutional grant, by statute, imposed far less exacting standards in the case of copyrights. They authorized the copyrighting of a mere map which, patently, calls for no considerable uniqueness. They exacted far more from an inventor. And, while they demanded that an official should be satisfied as to the character of an invention before a patent issued, they made no such demand in respect of a copyright. ... Accordingly, the Constitution, as so interpreted, recognizes that the standards for patents and copyrights are basically different.

“Original” in reference to a copyrighted work means that the particular work “owes its origin” to the “author.” (*Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 57-58) No large measure of novelty is necessary.

It is clear, then, that nothing in the Constitution commands that copyrighted matter be strikingly unique or novel. Accordingly, we were not ignoring the Constitution when we stated that a “copy of something in the public domain” will support a copyright if it is a “distinguishable variation”; or when we rejected the contention that “like a patent, a copyrighted work must be not only original, but new”, adding, “That is not the law as is obvious in the case of maps or compendia, where later works will necessarily be anticipated.” (*Sheldon v. Metro-Goldwyn Pictures Corp.*, 2 Cir., 81 F.2d 49, 53. See also *Ricker v. General Electric Co.*, 2 Cir., 162 F.2d 141, 142.) All that is needed to satisfy both the Constitution and the statute is that the “author” contributed something more than a “merely trivial” variation, something recognizably “his own.” Originality in this context “means little more than a prohibition of actual copying.” No matter how poor artistically the “author’s” addition, it is enough if it be his own. *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 250.

On that account, we have often distinguished between the limited protection accorded a copyright owner and the extensive protection granted a patent owner. So we have held that “independent reproduction of a copyrighted work is not

infringement”, (*Arnstein v. Edward B. Marks Music Corp.*, 2 Cir., 82 F.2d 275; *Ricker v. General Electric Co.*, 2 Cir., 162 F.2d 141, 142) whereas it is vis a vis a patent. Correlative with the greater immunity of a patentee is the doctrine of anticipation which does not apply to copyrights: The alleged inventor is chargeable with full knowledge of all the prior art, although in fact he may be utterly ignorant of it. The “author” is entitled to a copyright if he independently contrived a work completely identical with what went before; similarly, although he obtains a valid copyright, he has no right to prevent another from publishing a work identical with his, if not copied from his. A patentee, unlike a copyrightee, must not merely produce something “original”; he must also be “the first inventor or discoverer.” “Hence it is possible to have a plurality of valid copyrights directed to closely identical or even identical works. Moreover, none of them, if independently arrived at without copying, will constitute an infringement of the copyright of the others.”

We consider untenable defendants’ suggestion that plaintiff’s mezzotints could not validly be copyrighted because they are reproductions of works in the public domain. Not only does the Act include “Reproductions of a work of art”, but — while prohibiting a copyright of “the original text of any work ... in the public domain” — it explicitly provides for the copyrighting of “translations, or other versions of works in the public domain”.

The mezzotints were such “versions.” They “originated” with those who made them, and — on the trial judge’s findings well supported by the evidence — amply met the standards imposed by the Constitution and the statute. There is evidence that they were not intended to, and did not, imitate the paintings they reproduced. But even if their substantial departures from the paintings were inadvertent, the copyrights would be valid. A copyist’s bad eyesight or defective musculature, or a shock caused by a clap of thunder, may yield sufficiently distinguishable variations. Having hit upon such a variation unintentionally, the “author” may adopt it as his and copyright it.

Accordingly, defendants’ arguments about the public domain become irrelevant. They could be relevant only in their bearing on the issue of infringement, i.e., whether the defendants copied the mezzotints. But on the findings, again well grounded in the evidence, we see no possible doubt that defendants, who did deliberately copy the mezzotints, are infringers. For a copyright confers the exclusive right to copy the copyrighted work — a right not to have others copy it.

Notes and questions

(1) In *Alfred Bell & Co., Ltd. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir.1951) the Second Circuit held that a mezzotint based on an original work of art in the public domain was copyrightable under the standards imposed by the Constitution and the Copyright Act. The District Court had held that the mezzotints were original because they necessarily embodied the “individual conception, judgment and execution by the engraver” and the Second Circuit affirmed on the basis that the mezzotints were a “distinguishable variation” of the public domain originals. The court of appeals said (at 102):

It is clear, then, that nothing in the Constitution commands that copyrighted matter be strikingly unique or novel. Accordingly, we were not ignoring the Constitution

when we stated that a “copy of something in the public domain” will support a copyright if it is a “distinguishable variation”[.]

Applying this to the case at hand the court said (at 104-105):

There is evidence that they were not intended to, and did not, imitate the paintings they reproduced. But even if their substantial departures from the paintings were inadvertent, the copyrights would be valid. A copyist’s bad eyesight or defective musculature, or a shock caused by a clap of thunder, may yield sufficiently distinguishable variations. Having hit upon such a variation unintentionally, the “author” may adopt it as his and copyright it.

The mezzotints were no mere imitations, according to the court, because the very process of their production must inexorably involved substantial departures from the original – even if those departures were inadvertent.

(2) The distinction between originality and novelty was not new to this case. In *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2d Cir. 1936) Judge Learned Hand invokes a vivid, if implausible hypothetical to illustrate the distinction. He said (at 54):

... if by some magic a man who had never known it were to compose anew Keats’s Ode on a Grecian Urn, he would be an ‘author,’ and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats’s.

(3) In *Fred Fisher, Inc. v. Dillingham, D.C.*, 298 F. 145 Judge Learned Hand said (at 150)

Any subsequent person is, of course, free to use all works in the public domain as sources for his compositions. No later work, though original, can take that from him. But there is no reason in justice or law why he should not be compelled to resort to the earlier works themselves, or why he should be free to use the composition of another, who himself has not borrowed. If he claims the rights of the public, let him use them; he picks the brains of the copyright owner as much, whether his original composition be old or new. The defendant’s concern lest the public should be shut off from the use of works in the public domain is therefore illusory; no one suggests it. That domain is open to all who tread it; not to those who invade the closes of others, however similar.

Is Hand suggesting that it is always improper to copy from a copy of a work in the public domain, or only when the intervening copy contains some new layer of authorship that will invariably be reproduced along with the original public domain content? If the former, then this view obviously cannot be reconciled with *Feist v. Rural Telephone* (see below).

Feist

The cases addressed so far indicate a fairly relaxed standard of originality or creativity. In *Burrow Giles*, a photograph was held to be sufficiently creative because, although the image was reduced to material form by a mechanical process, the photographer executing that process had made important creative and artistic choices with respect to lighting, shade and composition. In *Bleistein v. Donaldson Lithographing*, Justice Holmes forcefully stated that copyrightability is not a judgment of aesthetic or social value. Low art deployed for commercial purposes merits the same degree of copyright protection as artistic works of genius. In *Alfred Bell*, the Second Circuit held that even a mezzotint reproduction of a work in the public domain was entitled to copyright protection because, in the course of

translating the work to a new medium, the artist could not help but create a distinguishable variation.

In light of these cases, is there anything that would not be sufficiently creative to merit copyright protection? The Supreme Court answered this question in *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991).

Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340 (1991)

Justice O'Connor delivered the opinion of the Court.

This case requires us to clarify the extent of copyright protection available to telephone directory white pages.

I

Rural Telephone Service Company, Inc., is a certified public utility that provides telephone service to several communities in northwest Kansas. It is subject to a state regulation that requires all telephone companies operating in Kansas to issue annually an updated telephone directory. Accordingly, as a condition of its monopoly franchise, Rural publishes a typical telephone directory, consisting of white pages and yellow pages. The white pages list in alphabetical order the names of Rural's subscribers, together with their towns and telephone numbers. The yellow pages list Rural's business subscribers alphabetically by category and feature classified advertisements of various sizes. Rural distributes its directory free of charge to its subscribers, but earns revenue by selling yellow pages advertisements.

Feist Publications, Inc., is a publishing company that specializes in area-wide telephone directories. Unlike a typical directory, which covers only a particular calling area, Feist's area-wide directories cover a much larger geographical range, reducing the need to call directory assistance or consult multiple directories. The Feist directory that is the subject of this litigation covers 11 different telephone service areas in 15 counties and contains 46,878 white pages listings—compared to Rural's approximately 7,700 listings. Like Rural's directory, Feist's is distributed free of charge and includes both white pages and yellow pages. Feist and Rural compete vigorously for yellow pages advertising.

As the sole provider of telephone service in its service area, Rural obtains subscriber information quite easily. Persons desiring telephone service must apply to Rural and provide their names and addresses; Rural then assigns them a telephone number. Feist is not a telephone company, let alone one with monopoly status, and therefore lacks independent access to any subscriber information. To obtain white pages listings for its area-wide directory, Feist approached each of the 11 telephone companies operating in northwest Kansas and offered to pay for the right to use its white pages listings.

Of the 11 telephone companies, only Rural refused to license its listings to Feist. Rural's refusal created a problem for Feist, as omitting these listings would have left a gaping hole in its area-wide directory, rendering it less attractive to potential yellow pages advertisers. In a decision subsequent to that which we review here, the District Court determined that this was precisely the reason Rural refused to license its listings. The refusal was motivated by an unlawful purpose "to extend its monopoly

in telephone service to a monopoly in yellow pages advertising.” *Rural Telephone Service Co. v. Feist Publications, Inc.*, 737 F. Supp. 610, 622 (Kan. 1990).

Unable to license Rural’s white pages listings, Feist used them without Rural’s consent. Feist began by removing several thousand listings that fell outside the geographic range of its area-wide directory, then hired personnel to investigate the 4,935 that remained. These employees verified the data reported by Rural and sought to obtain additional information. As a result, a typical Feist listing includes the individual’s street address; most of Rural’s listings do not. Notwithstanding these additions, however, 1,309 of the 46,878 listings in Feist’s 1983 directory were identical to listings in Rural’s 1982-1983 white pages. Four of these were fictitious listings that Rural had inserted into its directory to detect copying.

Rural sued for copyright infringement in the District Court for the District of Kansas taking the position that Feist, in compiling its own directory, could not use the information contained in Rural’s white pages. Rural asserted that Feist’s employees were obliged to travel door-to-door or conduct a telephone survey to discover the same information for themselves. Feist responded that such efforts were economically impractical and, in any event, unnecessary because the information copied was beyond the scope of copyright protection. The District Court granted summary judgment to Rural, explaining that “courts have consistently held that telephone directories are copyrightable” and citing a string of lower court decisions. In an unpublished opinion, the Court of Appeals for the Tenth Circuit affirmed “for substantially the reasons given by the district court.” We granted certiorari, to determine whether the copyright in Rural’s directory protects the names, towns, and telephone numbers copied by Feist.

II

A

This case concerns the interaction of two well-established propositions. The first is that facts are not copyrightable; the other, that compilations of facts generally are. Each of these propositions possesses an impeccable pedigree. That there can be no valid copyright in facts is universally understood. The most fundamental axiom of copyright law is that “no author may copyright his ideas or the facts he narrates.” *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U. S. 539, 556 (1985). Rural wisely concedes this point, noting in its brief that “facts and discoveries, of course, are not themselves subject to copyright protection.” At the same time, however, it is beyond dispute that compilations of facts are within the subject matter of copyright. Compilations were expressly mentioned in the Copyright Act of 1909, and again in the Copyright Act of 1976.

There is an undeniable tension between these two propositions. Many compilations consist of nothing but raw data— i.e., wholly factual information not accompanied by any original written expression. On what basis may one claim a copyright in such a work? Common sense tells us that 100 uncopyrightable facts do not magically change their status when gathered together in one place. Yet copyright law seems to contemplate that compilations that consist exclusively of facts are potentially within its scope.

The key to resolving the tension lies in understanding why facts are not copyrightable. The sine qua non of copyright is originality. 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. See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F. 2d 49, 54 (CA2 1936).

Originality is a constitutional requirement. The source of Congress’ power to enact copyright laws is Article I, § 8, cl. 8, of the Constitution, which authorizes Congress to “secur[e] for limited Times to Authors . . . the exclusive Right to their respective Writings.” In two decisions from the late 19th century—*The Trade-Mark Cases*, 100 U. S. 82 (1879); and *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884)—this Court defined the crucial terms “authors” and “writings.” In so doing, the Court made it unmistakably clear that these terms presuppose a degree of originality.

In *The Trade-Mark Cases*, the Court addressed the constitutional scope of “writings.” For a particular work to be classified “under the head of writings of authors,” the Court determined, “originality is required.” 100 U.S., at 94. The Court explained that originality requires independent creation plus a modicum of creativity: “While the word writings may be liberally construed, as it has been, to include original designs for engraving, prints, &c., it is only such as are original, and are founded in the creative powers of the mind. The writings which are to be protected are *the fruits of intellectual labor*, embodied in the form of books, prints, engravings, and the like.” *Ibid.* (emphasis in original).

In *Burrow-Giles*, the Court distilled the same requirement from the Constitution’s use of the word “authors.” The Court defined “author,” in a constitutional sense, to mean “he to whom anything owes its origin; originator; maker.” As in *The Trade-Mark Cases*, the Court emphasized the creative component of originality. It described copyright as being limited to “original intellectual conceptions of the author,” and stressed the importance of requiring an author who accuses another of infringement to prove “the existence of those facts of originality, of intellectual production, of thought, and conception.”

The originality requirement articulated in *The Trade-Mark Cases* and *Burrow-Giles* remains the touchstone of copyright protection today. It is the very “premise of copyright law.” *Miller v. Universal City Studios, Inc.*, 650 F. 2d 1365, 1368 (CA5 1981). Leading scholars agree on this point. As one pair of commentators succinctly puts it: “The originality requirement is *constitutionally mandated* for all works.” Patterson & Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 36 UCLA LAW REVIEW 719, 763, n. 155 (1989) (emphasis in original). Accord, Nimmer (“originality is a statutory as well as a constitutional requirement”);

(“a modicum of intellectual labor . . . clearly constitutes an essential constitutional element”).

It is this bedrock principle of copyright that mandates the law’s seemingly disparate treatment of facts and factual compilations. “No one may claim originality as to facts.” This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: The first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence. To borrow from *Burrow-Giles*, one who discovers a fact is not its “maker” or “originator.” The discoverer merely finds and records. Census takers, for example, do not “create” the population figures that emerge from their efforts; in a sense, they copy these figures from the world around them. Census data therefore do not trigger copyright because these data are not “original” in the constitutional sense. The same is true of all facts—scientific, historical, biographical, and news of the day. “[T]hey may not be copyrighted and are part of the public domain available to every person.” *Miller*, *supra*, at 1369.

Factual compilations, on the other hand, may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original that Congress may protect such compilations through the copyright laws. Thus, even a directory that contains absolutely no protectible written expression, only facts, meets the constitutional minimum for copyright protection if it features an original selection or arrangement.

This protection is subject to an important limitation. The mere fact that a work is copyrighted does not mean that every element of the work may be protected. Originality remains the sine qua non of copyright; accordingly, copyright protection may extend only to those components of a work that are original to the author. Thus, if the compilation author clothes facts with an original collocation of words, he or she may be able to claim a copyright in this written expression. Others may copy the underlying facts from the publication, but not the precise words used to present them. In *Harper & Row*, for example, we explained that President Ford could not prevent others from copying bare historical facts from his autobiography, but that he could prevent others from copying his “subjective descriptions and portraits of public figures.” Where the compilation author adds no written expression but rather lets the facts speak for themselves, the expressive element is more elusive. The only conceivable expression is the manner in which the compiler has selected and arranged the facts. Thus, if the selection and arrangement are original, these elements of the work are eligible for copyright protection. No matter how original the format, however, the facts themselves do not become original through association.

This inevitably means that the copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another’s publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement. As one commentator explains it: “[N]o matter how much original authorship the work displays, the facts and ideas it exposes are free for the taking . . . [T]he very same

facts and ideas may be divorced from the context imposed by the author, and restated or reshuffled by second comers, even if the author was the first to discover the facts or to propose the ideas.” Ginsburg 1868.

It may seem unfair that much of the fruit of the compiler’s labor may be used by others without compensation. As Justice Brennan has correctly observed, however, this is not “some unforeseen byproduct of a statutory scheme.” *Harper & Row*, 471 U. S., at 589 (dissenting opinion). It is, rather, “the essence of copyright,” and a constitutional requirement. The primary objective of copyright is not to reward the labor of authors, but “[t]o promote the Progress of Science and useful Arts.” Art. I, § 8, cl. 8. Accord, *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975). To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. This principle, known as the idea/expression or fact/expression dichotomy, applies to all works of authorship. As applied to a factual compilation, assuming the absence of original written expression, only the compiler’s selection and arrangement may be protected; the raw facts may be copied at will. This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.

This Court has long recognized that the fact/expression dichotomy limits severely the scope of protection in fact-based works. More than a century ago, the Court observed: “The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book.” *Baker v. Selden*, 101 U.S. 99, 103 (1880). We reiterated this point in *Harper & Row*:

“No author may copyright facts or ideas. The copyright is limited to those aspects of the work—termed ‘expression’—that display the stamp of the author’s originality.

“Copyright does not prevent subsequent users from copying from a prior author’s work those constituent elements that are not original—for example . . . facts, or materials in the public domain—as long as such use does not unfairly appropriate the author’s original contributions.” 471 U.S., at 547-548 (citation omitted).

This, then, resolves the doctrinal tension: Copyright treats facts and factual compilations in a wholly consistent manner. Facts, whether alone or as part of a compilation, are not original and therefore may not be copyrighted. A factual compilation is eligible for copyright if it features an original selection or arrangement of facts, but the copyright is limited to the particular selection or arrangement. In no event may copyright extend to the facts themselves.

B

As we have explained, originality is a constitutionally mandated prerequisite for copyright protection. The Court’s decisions announcing this rule predate the Copyright Act of 1909, but ambiguous language in the 1909 Act caused some lower courts temporarily to lose sight of this requirement.

The 1909 Act embodied the originality requirement, but not as clearly as it might have. The subject matter of copyright was set out in §§ 3 and 4 of the Act. Section 4

stated that copyright was available to “all the writings of an author.” By using the words “writings” and “author”—the same words used in Article I, § 8, of the Constitution and defined by the Court in *The Trade-Mark Cases* and *Burrow-Giles*—the statute necessarily incorporated the originality requirement articulated in the Court’s decisions. It did so implicitly, however, thereby leaving room for error.

Section 3 was similarly ambiguous. It stated that the copyright in a work protected only “the copyrightable component parts of the work.” It thus stated an important copyright principle, but failed to identify the specific characteristic—originality—that determined which component parts of a work were copyrightable and which were not.

Most courts construed the 1909 Act correctly, notwithstanding the less-than-perfect statutory language. They understood from this Court’s decisions that there could be no copyright without originality. As explained in the Nimmer treatise:

“The 1909 Act neither defined originality, nor even expressly required that a work be ‘original’ in order to command protection. However, the courts uniformly inferred the requirement from the fact that copyright protection may only be claimed by ‘authors’. . . . It was reasoned that since an author is ‘the . . . creator, originator’ it follows that a work is not the product of an author unless the work is original.” Nimmer § 2.01.

But some courts misunderstood the statute. See, e.g., *Leon v. Pacific Telephone & Telegraph Co.*, 91 F. 2d 484 (CA9 1937); *Jeweler’s Circular Publishing Co. v. Keystone Publishing Co.*, 281 F. 83 (CA2 1922). These courts ignored §§ 3 and 4, focusing their attention instead on § 5 of the Act. Section 5, however, was purely technical in nature: It provided that a person seeking to register a work should indicate on the application the type of work, and it listed 14 categories under which the work might fall. One of these categories was “books, including composite and cyclopædic works, directories, gazetteers, and other compilations.” § 5(a). Section 5 did not purport to say that all compilations were automatically copyrightable. Indeed, it expressly disclaimed any such function, pointing out that “the subject-matter of copyright is defined in section four.” Nevertheless, the fact that factual compilations were mentioned specifically in § 5 led some courts to infer erroneously that directories and the like were copyrightable *per se*, without any further or precise showing of original—personal—authorship.

Making matters worse, these courts developed a new theory to justify the protection of factual compilations. Known alternatively as “sweat of the brow” or “industrious collection,” the underlying notion was that copyright was a reward for the hard work that went into compiling facts. The classic formulation of the doctrine appeared in *Jeweler’s Circular Publishing Co.*, 281 F., at 88:

“The right to copyright a book upon which one has expended labor in its preparation does not depend upon whether the materials which he has collected consist or not of matters which are *publici juris*, or whether such materials show literary skill *or originality*, either in thought or in language, or anything more than industrious collection. The man who goes through the streets of a town and puts down the names of each of the inhabitants, with their occupations and their street number, acquires material of which he is the author” (emphasis added).

The “sweat of the brow” doctrine had numerous flaws, the most glaring being that it extended copyright protection in a compilation beyond selection and arrangement—the compiler’s original contributions—to the facts themselves. Under the doctrine, the only defense to infringement was independent creation. A subsequent compiler was “not entitled to take one word of information previously published,” but rather had to “independently work out the matter for himself, so as to arrive at the same result from the same common sources of information.” *Id.*, at 88-89 (internal quotation marks omitted). “Sweat of the brow” courts thereby eschewed the most fundamental axiom of copyright law—that no one may copyright facts or ideas.

...

Decisions of this Court applying the 1909 Act make clear that the statute did not permit the “sweat of the brow” approach. The best example is *International News Service v. Associated Press*, 248 U. S. 215 (1918). In that decision, the Court stated unambiguously that the 1909 Act conferred copyright protection only on those elements of a work that were original to the author. *International News Service* had conceded taking news reported by Associated Press and publishing it in its own newspapers. Recognizing that § 5 of the Act specifically mentioned “periodicals, including newspapers,” § 5(b), the Court acknowledged that news articles were copyrightable. It flatly rejected, however, the notion that the copyright in an article extended to the factual information it contained: “The news element—the information respecting current events contained in the literary production—is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day.”

Without a doubt, the “sweat of the brow” doctrine flouted basic copyright principles. Throughout history, copyright law has “recognized a greater need to disseminate factual works than works of fiction or fantasy.” *Harper & Row*, 471 U.S., at 563. But “sweat of the brow” courts took a contrary view; they handed out proprietary interests in facts and declared that authors are absolutely precluded from saving time and effort by relying upon the facts contained in prior works. In truth, “it is just such wasted effort that the proscription against the copyright of ideas and facts . . . [is] designed to prevent.” *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F. 2d 303, 310 (CA2 1966), cert. denied, 385 U.S. 1009 (1967). “Protection for the fruits of such research may in certain circumstances be available under a theory of unfair competition. But to accord copyright protection on this basis alone distorts basic copyright principles in that it creates a monopoly in public domain materials without the necessary justification of protecting and encouraging the creation of ‘writings’ by ‘authors.’” *Nimmer* § 3.04.

C

“Sweat of the brow” decisions did not escape the attention of the Copyright Office. When Congress decided to over-haul the copyright statute and asked the Copyright Office to study existing problems, see *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 159 (1985), the Copyright Office promptly recommended that Congress clear up the confusion in the lower courts as to the basic standards of copyrightability. The Register of Copyrights explained in his first report to Congress that “originality” was a “basic requisite” of copyright under the 1909 Act, but that “the absence of any

reference to [originality] in the statute seems to have led to misconceptions as to what is copyrightable matter.” Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong., 1st Sess., p. 9 (H. Judiciary Comm. Print 1961). The Register suggested making the originality requirement explicit. *Ibid.*

Congress took the Register’s advice. In enacting the Copyright Act of 1976, Congress dropped the reference to “all the writings of an author” and replaced it with the phrase “original works of authorship.” 17 U.S.C. § 102(a). In making explicit the originality requirement, Congress announced that it was merely clarifying existing law: “The two fundamental criteria of copyright protection [are] originality and fixation in tangible form The phrase ‘original works of authorship,’ which is purposely left undefined, is intended to incorporate without change the standard of originality established by the courts under the present [1909] copyright statute.” House Report p. 51 (1976) (emphasis added); Senate Report p. 50 (1975) (emphasis added). This sentiment was echoed by the Copyright Office: “Our intention here is to maintain the established standards of originality. . . .” Supplementary Report of the Register of Copyrights on the General Revision of U.S. Copyright Law, 89th Cong., 1st Sess., pt. 6, p. 3 (H. Judiciary Comm. Print 1965) (emphasis added).

To ensure that the mistakes of the “sweat of the brow” courts would not be repeated, Congress took additional measures. For example, § 3 of the 1909 Act had stated that copyright protected only the “copyrightable component parts” of a work, but had not identified originality as the basis for distinguishing those component parts that were copyrightable from those that were not. The 1976 Act deleted this section and replaced it with § 102(b), which identifies specifically those elements of a work for which copyright is not available: “In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.” Section 102(b) is universally understood to prohibit any copyright in facts. As with § 102(a), Congress emphasized that § 102(b) did not change the law, but merely clarified it: “Section 102(b) in no way enlarges or contracts the scope of copyright protection under the present law. Its purpose is to restate . . . that the basic dichotomy between expression and idea remains unchanged.” House Report at 57; Senate Report at 54.

Congress took another step to minimize confusion by deleting the specific mention of “directories . . . and other compilations” in § 5 of the 1909 Act. As mentioned, this section had led some courts to conclude that directories were copyrightable per se and that every element of a directory was protected. In its place, Congress enacted two new provisions. First, to make clear that compilations were not copyrightable per se, Congress provided a definition of the term “compilation.” Second, to make clear that the copyright in a compilation did not extend to the facts themselves, Congress enacted § 103.

The definition of “compilation” is found in § 101 of the 1976 Act. It defines a “compilation” in the copyright sense as “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” (emphasis added).

The purpose of the statutory definition is to emphasize that collections of facts are not copyrightable *per se*. It conveys this message through its tripartite structure, as emphasized above by the italics. The statute identifies three distinct elements and requires each to be met for a work to qualify as a copyrightable compilation: (1) the collection and assembly of pre-existing material, facts, or data; (2) the selection, coordination, or arrangement of those materials; and (3) the creation, by virtue of the particular selection, coordination, or arrangement, of an “original” work of authorship.

At first glance, the first requirement does not seem to tell us much. It merely describes what one normally thinks of as a compilation—a collection of pre-existing material, facts, or data. What makes it significant is that it is not the sole requirement. It is not enough for copyright purposes that an author collects and assembles facts. To satisfy the statutory definition, the work must get over two additional hurdles. In this way, the plain language indicates that not every collection of facts receives copyright protection. Otherwise, there would be a period after “data.”

The third requirement is also illuminating. It emphasizes that a compilation, like any other work, is copyrightable only if it satisfies the originality requirement (“an original work of authorship”). Although § 102 states plainly that the originality requirement applies to all works, the point was emphasized with regard to compilations to ensure that courts would not repeat the mistake of the “sweat of the brow” courts by concluding that fact-based works are treated differently and measured by some other standard. As Congress explained it, the goal was to “make plain that the criteria of copyrightable subject matter stated in section 102 apply with full force to works . . . containing preexisting material.” House Report at 57; Senate Report at 55.

The key to the statutory definition is the second requirement. It instructs courts that, in determining whether a fact-based work is an original work of authorship, they should focus on the manner in which the collected facts have been selected, coordinated, and arranged. This is a straightforward application of the originality requirement. Facts are never original, so the compilation author can claim originality, if at all, only in the way the facts are presented. To that end, the statute dictates that the principal focus should be on whether the selection, coordination, and arrangement are sufficiently original to merit protection.

Not every selection, coordination, or arrangement will pass muster. This is plain from the statute. It states that, to merit protection, the facts must be selected, coordinated, or arranged “in such a way” as to render the work as a whole original. This implies that some “ways” will trigger copyright, but that others will not. Otherwise, the phrase “in such a way” is meaningless and Congress should have defined “compilation” simply as “a work formed by the collection and assembly of preexisting materials or data that are selected, coordinated, or arranged.” That Congress did not do so is dispositive. In accordance with the established principle that a court should give effect, if possible, to every clause and word of a statute, we conclude that the statute envisions that there will be some fact-based works in which the selection, coordination, and arrangement are not sufficiently original to trigger copyright protection.

As discussed earlier, however, the originality requirement is not particularly stringent. A compiler may settle upon a selection or arrangement that others have used; novelty is not required. Originality requires only that the author make the selection or arrangement independently (i.e., without copying that selection or arrangement from another work), and that it display some minimal level of creativity. Presumably, the vast majority of compilations will pass this test, but not all will. There remains a narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually nonexistent. See generally *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903) (referring to “the narrowest and most obvious limits”). Such works are incapable of sustaining a valid copyright.

...

Even if a work qualifies as a copyrightable compilation, it receives only limited protection. This is the point of § 103 of the Act. Section 103 explains that “[t]he subject matter of copyright . . . includes compilations,” § 103(a), but that copyright protects only the author’s original contributions—not the facts or information conveyed:

“The copyright in a compilation . . . 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.” § 103(b).

As § 103 makes clear, copyright is not a tool by which a compilation author may keep others from using the facts or data he or she has collected. “The most important point here is one that is commonly misunderstood today: copyright. . . has no effect one way or the other on the copyright or public domain status of the preexisting material.” H. R. Rep., at 57; S. Rep., at 55. The 1909 Act did not require, as “sweat of the brow” courts mistakenly assumed, that each subsequent compiler must start from scratch and is precluded from relying on research undertaken by another. See, e.g., *Jeweler’s Circular Publishing Co.*, 281 F., at 88-89. Rather, the facts contained in existing works may be freely copied because copyright protects only the elements that owe their origin to the compiler—the selection, coordination, and arrangement of facts.

In summary, the 1976 revisions to the Copyright Act leave no doubt that originality, not “sweat of the brow,” is the touchstone of copyright protection in directories and other fact-based works. Nor is there any doubt that the same was true under the 1909 Act. The 1976 revisions were a direct response to the Copyright Office’s concern that many lower courts had misconstrued this basic principle, and Congress emphasized repeatedly that the purpose of the revisions was to clarify, not change, existing law. The revisions explain with painstaking clarity that copyright requires originality, § 102(a); that facts are never original, § 102(b); that the copyright in a compilation does not extend to the facts it contains, § 103(b); and that a compilation is copyrightable only to the extent that it features an original selection, coordination, or arrangement, § 101.

The 1976 revisions have proven largely successful in steering courts in the right direction. A good example is *Miller v. Universal City Studios, Inc.*, 650 F. 2d, at 1369-1370: “A copyright in a directory . . . is properly viewed as resting on the originality of the selection and arrangement of the factual material, rather than on the

industriousness of the efforts to develop the information. Copyright protection does not extend to the facts themselves, and the mere use of information contained in a directory without a substantial copying of the format does not constitute infringement” (citation omitted). Additionally, the Second Circuit, which almost 70 years ago issued the classic formulation of the “sweat of the brow” doctrine in *Jeweler’s Circular Publishing Co.*, has now fully repudiated the reasoning of that decision. See, e.g., *Financial Information, Inc. v. Moody’s Investors Service, Inc.*, 808 F. 2d 204, 207 (CA2 1986), cert. denied, 484 U. S. 820 (1987); *Financial Information, Inc. v. Moody’s Investors Service, Inc.*, 751 F. 2d 501, 510 (CA2 1984) (Newman, J., concurring); *Hoebling v. Universal City Studios, Inc.*, 618 F. 2d 972, 979 (CA2 1980). Even those scholars who believe that “industrious collection” should be rewarded seem to recognize that this is beyond the scope of existing copyright law.

III

There is no doubt that Feist took from the white pages of Rural’s directory a substantial amount of factual information. At a minimum, Feist copied the names, towns, and telephone numbers of 1,309 of Rural’s subscribers. Not all copying, however, is copyright infringement. To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original. See *Harper & Row*, 471 U.S., at 548. The first element is not at issue here; Feist appears to concede that Rural’s directory, considered as a whole, is subject to a valid copyright because it contains some foreword text, as well as original material in its yellow pages advertisements.

The question is whether Rural has proved the second element. In other words, did Feist, by taking 1,309 names, towns, and telephone numbers from Rural’s white pages, copy anything that was “original” to Rural? Certainly, the raw data does not satisfy the originality requirement. Rural may have been the first to discover and report the names, towns, and telephone numbers of its subscribers, but this data does not owe its origin to Rural. Rather, these bits of information are uncopyrightable facts; they existed before Rural reported them and would have continued to exist if Rural had never published a telephone directory. The originality requirement rules out protecting names, addresses, and telephone numbers of which the plaintiff by no stretch of the imagination could be called the author.

Rural essentially concedes the point by referring to the names, towns, and telephone numbers as “preexisting material.” Section 103(b) states explicitly that the copyright in a compilation does not extend to “the preexisting material employed in the work.”

The question that remains is whether Rural selected, coordinated, or arranged these uncopyrightable facts in an original way. As mentioned, originality is not a stringent standard; it does not require that facts be presented in an innovative or surprising way. It is equally true, however, that the selection and arrangement of facts cannot be so mechanical or routine as to require no creativity whatsoever. The standard of originality is low, but it does exist. As this Court has explained, the Constitution mandates some minimal degree of creativity, see *The Trade-Mark Cases*, 100 U.S., at 94; and an author who claims infringement must prove “the existence of . . . intellectual production, of thought, and conception.” *Burrow-Giles*, supra, at 59-60.

The selection, coordination, and arrangement of Rural's white pages do not satisfy the minimum constitutional standards for copyright protection. As mentioned at the outset, Rural's white pages are entirely typical. Persons desiring telephone service in Rural's service area fill out an application and Rural issues them a telephone number. In preparing its white pages, Rural simply takes the data provided by its subscribers and lists it alphabetically by surname. The end product is a garden-variety white pages directory, devoid of even the slightest trace of creativity.

Rural's selection of listings could not be more obvious: It publishes the most basic information—name, town, and telephone number—about each person who applies to it for telephone service. This is “selection” of a sort, but it lacks the modicum of creativity necessary to transform mere selection into copyrightable expression. Rural expended sufficient effort to make the white pages directory useful, but insufficient creativity to make it original.

We note in passing that the selection featured in Rural's white pages may also fail the originality requirement for another reason. Feist points out that Rural did not truly “select” to publish the names and telephone numbers of its subscribers; rather, it was required to do so by the Kansas Corporation Commission as part of its monopoly franchise. Accordingly, one could plausibly conclude that this selection was dictated by state law, not by Rural.

Nor can Rural claim originality in its coordination and arrangement of facts. The white pages do nothing more than list Rural's subscribers in alphabetical order. This arrangement may, technically speaking, owe its origin to Rural; no one disputes that Rural undertook the task of alphabetizing the names itself. But there is nothing remotely creative about arranging names alphabetically in a white pages directory. It is an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course. It is not only unoriginal, it is practically inevitable. This time-honored tradition does not possess the minimal creative spark required by the Copyright Act and the Constitution.

We conclude that the names, towns, and telephone numbers copied by Feist were not original to Rural and therefore were not protected by the copyright in Rural's combined white and yellow pages directory. As a constitutional matter, copyright protects only those constituent elements of a work that possess more than a de minimis quantum of creativity. Rural's white pages, limited to basic subscriber information and arranged alphabetically, fall short of the mark. As a statutory matter, 17 U. S. C. § 101 does not afford protection from copying to a collection of facts that are selected, coordinated, and arranged in a way that utterly lacks originality. Given that some works must fail, we cannot imagine a more likely candidate. Indeed, were we to hold that Rural's white pages pass muster, it is hard to believe that any collection of facts could fail.

Because Rural's white pages lack the requisite originality, Feist's use of the listings cannot constitute infringement. This decision should not be construed as demeaning Rural's efforts in compiling its directory, but rather as making clear that copyright rewards originality, not effort. As this Court noted more than a century ago, “great praise may be due to the plaintiffs for their industry and enterprise in publishing this

paper, yet the law does not contemplate their being rewarded in this way.” *Baker v. Selden*, 101 U. S., at 105.

The judgment of the Court of Appeals is Reversed.

Justice Blackmun concurs in the judgment.

Notes and questions

(1) In *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 US 340 (1991), a unanimous Supreme Court held that originality is a Constitutional and statutory prerequisite for copyright protection: indeed, (at 345) “The *sine qua non* of copyright is originality.” Originality, as the term is used in copyright law, means that the work was independently created by the author and possesses “at least some minimal degree of creativity.”

(2) Why does the Court reject the labor theory of copyright reflected in “sweat of the brow decisions” or “industrious collection,” seen in cases such as the Second Circuit’s 1922 decision in *Jeweler’s Circular v. Keystone Publishing*?

(3) What is creativity? What degree of creativity is required to make a work original?

(4) What does Feist tell us about the copyrightability of facts and collections of facts?

(5) Was the alphabetical listing of names and addresses unprotectable because it was not creative, because it was functional, or both?

(6) How broadly should the courts understand the Constitutional term “writings”? Should we treat writings simply limiting copyright protection to anything fixed in material form, or does it mean something more than that? Arguably, writing means not just fixed, but also something that the ability to express. If so, then where do we draw the line between writing that humans can read and instructions to a machine that produce an effect, like the instructions a computer gives to a processor or the instructions that a piano roll gives to a player piano?

The implications of thin copyright after Feist

Even if Rural Telephone’s white pages had somehow demonstrated the necessary level of creativity to obtain copyright protection, it may have still been possible to copy all of the relevant information in that directory without infringing the copyright.

Justice O’Connor explained that any resulting copyright in a factual compilation was inevitably thin. The facts in a compilation can be recycled and organized with a different selection and arrangement with no resulting copyright liability. Justice O’Connor explained (at 349)

This inevitably means that the copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another’s publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement.

This is also made clear in the Copyright Act of 1976 itself. The subject matter of copyright includes compilations, but that copyright protects only the author’s original contributions—not the facts or information conveyed.

17 U.S. Code § 103(b).

The copyright in a compilation . . . 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.

As Section 103 makes clear, copyright is not a tool by which a compilation author may keep others from using the facts or data he or she has collected.

The Monkey Selfie and Computer Generated Works

[Placeholder]

Originality and Derivative Works

[Placeholder]

3. THE EXCLUSION OF FACTS, IDEAS, FUNCTIONS, AND PROCESSES FROM COPYRIGHT PROTECTION

Introduction

Copyright law draws a distinction between original expression, which is protectable, and everything else, which is unprotectable. There are subtle differences of opinion as to what exactly belongs in the “everything else” bucket, but there is near universal consensus that copyright does not protect ideas, facts, functions, or processes. The distinction between copyrightable expression and uncopyrightable ideas, facts, functions, or processes is often shorthand to the “idea-expression dichotomy” or the “idea-expression distinction.” At its simplest, the idea-expression distinction ensures that a copyright owner cannot prevent the ordinary reader from extracting and reproducing the facts or ideas embodied in the work. The uncopyrightability of ideas, facts, functions, and processes and the parallel exclusion of those elements from the scope of copyright protection in expressive works are core principles of copyright law.

International Context

Given that understanding the exclusion of ideas, facts, functions, or processes from the ambit of copyright protection is fundamental to understanding copyright law, it is somewhat surprising that the Berne Convention has *almost* nothing to say about it.

Berne Convention Article 2

(1) The expression “literary and artistic works” shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression ...

(8) The protection of this Convention shall not apply to news of the day or to miscellaneous facts having the character of mere items of press information.

The Berne Convention makes no reference to the idea-expression distinction, nor to the concept of functionality. However it does define protectable copyright subject matter in Article 2(1) as “every production in the literary, scientific and artistic domain, whatever may be the mode or form of its *expression*.” Defining the scope of literary and artistic works by reference to expression certainly suggests that the object of copyright law is expression and not the information conveyed in that expression, but the implication could be clearer.

The argument in favor of an implied idea-expression distinction is further reinforced by Berne Article 2(8) which excludes the “news of the day” and “miscellaneous facts having the character of the item suppress information” from the scope of copyright protection. But more importantly, whatever ambiguity was left in the Berne Convention was resolved in 1994 with the adoption of the TRIPs Agreement.

TRIPs Agreement Article 9(2)

Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.

This succinct provision constitutes both a mandatory inclusion vis-à-vis expression and a mandatory exclusion vis-à-vis ideas, procedures, methods of operation and mathematical

concepts. TRIPs Article 9(2) reflects the universal near-universal acceptance of the idea-expression distinction, but it does not follow that every jurisdiction understands where the lines should be drawn between protectable and unprotectable subject matter in the same way.

The idea-expression distinction and levels of generality

One important aspect of the idea-expression distinction to be aware of is the level of generality at which allegations of unauthorized copying should be assessed.

Copyright protection does not extend to general themes, basic plot devices, conventions of the genre etc. So, for example, the copyright in the *James Bond* novels and movies does not preempt the entire genre of a spy thriller. Other movie studios are perfectly entitled to recount the exploits of a thrill-seeking, womanizing spy with expensive tastes who rarely follows orders. However, you don't need to copy every line of the *James Bond* screenplay to infringe the copyright in that work. A lot of copyright litigation boils down to the question of exactly where on the continuum between ideas and expression the line should be drawn. The classic statement on the idea expression distinction and the difficulty of focusing on the correct level of generality appears in *Nichols v. Universal Pictures*, a decision by the influential American jurist, Judge Learned Hand in 1930.

In a perceptive article about copyright cases from the silent film era, *Silent Similarity* (2014), Jessica Litman recounts some of the background to the *Nichols* case. Anne Nichols was the author of hit Broadway play, *Abie's Irish Rose*. In 1925, Universal Pictures offered to buy the film rights to *Abie's Irish Rose*, but Nichols refused. Two years later she sold the film rights to the company that would become Paramount Pictures in a deal that could have been worth as much as \$1 million (in 1927 dollars!). The resulting film was a commercial success. Not to be dissuaded, Universal acquired the rights to another play and purported to use it as the basis for "*The Cobens and Kellys*." Perhaps tellingly, Universal advertised and advertised *The Cobens and Kellys* as an "*Abie's Irish Rose* for the screen."²¹

Litman points out that it is easy to miss that fact that *The Cobens and Kellys* was a silent movie. The judgment does not mention it, presumably because all films were silent in the 1920s, but the fact is important because a silent film are mostly comprised of pictures and stage plays are entirely comprised of words. Thus, the only way a silent film could ever infringe the copyrighted script for a stage play is by virtue of similarities at a certain level of abstraction. Litman explains why this made the plaintiff's case so difficult: "By casting Nichols's case as one proved by similarities in the distilled essence of the two works, rather than in particular expressive details, Nichols's lawyers invited the conclusion that the works were similar only at too high a level of abstraction."²²

Nichols v. Universal Pictures 45 F.2d 119 (2d Cir. 1930)

Circuit Judge Learned Hand.

²¹ Mark Rose, *Criticism in the Courtroom: Nichols v Universal (1930) and the Determination of Infringement*, 5 W.I.P.O J. 65, 67 (2013).

²² Jessica Litman, *Silent Similarity*, 14 CHI.-KENT J. INTELL. PROP. 11, 40 (2014).

The plaintiff is the author of a play, "Abie's Irish Rose," which it may be assumed was properly copyrighted under section five, subdivision (d), of the Copyright Act. The defendant produced publicly a motion picture play, "The Cohens and The Kellys," which the plaintiff alleges was taken from it. As we think the defendant's play too unlike the plaintiff's to be an infringement, we may assume, *arguendo*, that in some details the defendant used the plaintiff's play, as will subsequently appear, though we do not so decide. It therefore becomes necessary to give an outline of the two plays.

"Abie's Irish Rose" presents a Jewish family living in prosperous circumstances in New York. The father, a widower, is in business as a merchant, in which his son and only child helps him. The boy has philandered with young women, who to his father's great disgust have always been Gentiles, for he is obsessed with a passion that his daughter-in-law shall be an orthodox Jewess. When the play opens the son, who has been courting a young Irish Catholic girl, has already married her secretly before a Protestant minister, and is concerned to soften the blow for his father, by securing a favorable impression of his bride, while concealing her faith and race. To accomplish this he introduces her to his father at his home as a Jewess, and lets it appear that he is interested in her, though he conceals the marriage. The girl somewhat reluctantly falls in with the plan; the father takes the bait, becomes infatuated with the girl, concludes that they must marry, and assumes that of course they will, if he so decides. He calls in a rabbi, and prepares for the wedding according to the Jewish rite.

Meanwhile the girl's father, also a widower, who lives in California, and is as intense in his own religious antagonism as the Jew, has been called to New York, supposing that his daughter is to marry an Irishman and a Catholic. Accompanied by a priest, he arrives at the house at the moment when the marriage is being celebrated, but too late to prevent it, and the two fathers, each infuriated by the proposed union of his child to a heretic, fall into unseemly and grotesque antics. The priest and the rabbi become friendly, exchange trite sentiments about religion, and agree that the match is good. Apparently out of abundant caution, the priest celebrates the marriage for a third time, while the girl's father is inveigled away. The second act closes with each father, still outraged, seeking to find some way by which the union, thus trebly insured, may be dissolved.

The last act takes place about a year later, the young couple having meanwhile been abjured by each father, and left to their own resources. They have had twins, a boy and a girl, but their fathers know no more than that a child has been born. At Christmas each, led by his craving to see his grandchild, goes separately to the young folks' home, where they encounter each other, each laden with gifts, one for a boy, the other for a girl. After some slapstick comedy, depending upon the insistence of each that he is right about the sex of the grandchild, they become reconciled when they learn the truth, and that each child is to bear the given name of a grandparent. The curtain falls as the fathers are exchanging amenities, and the Jew giving evidence of an abatement in the strictness of his orthodoxy.

"The Cohens and The Kellys" presents two families, Jewish and Irish, living side by side in the poorer quarters of New York in a state of perpetual enmity. The wives in both cases are still living, and share in the mutual animosity, as do two small sons,

and even the respective dogs. The Jews have a daughter, the Irish a son; the Jewish father is in the clothing business; the Irishman is a policeman. The children are in love with each other, and secretly marry, apparently after the play opens. The Jew, being in great financial straits, learns from a lawyer that he has fallen heir to a large fortune from a great-aunt, and moves into a great house, fitted luxuriously. Here he and his family live in vulgar ostentation, and here the Irish boy seeks out his Jewish bride, and is chased away by the angry father. The Jew then abuses the Irishman over the telephone, and both become hysterically excited. The extremity of his feelings makes the Jew sick, so that he must go to Florida for a rest, just before which the daughter discloses her marriage to her mother.

On his return the Jew finds that his daughter has borne a child; at first he suspects the lawyer, but eventually learns the truth and is overcome with anger at such a low alliance. Meanwhile, the Irish family who have been forbidden to see the grandchild, go to the Jew's house, and after a violent scene between the two fathers in which the Jew disowns his daughter, who decides to go back with her husband, the Irishman takes her back with her baby to his own poor lodgings. The lawyer, who had hoped to marry the Jew's daughter, seeing his plan foiled, tells the Jew that his fortune really belongs to the Irishman, who was also related to the dead woman, but offers to conceal his knowledge, if the Jew will share the loot. This the Jew repudiates, and, leaving the astonished lawyer, walks through the rain to his enemy's house to surrender the property. He arrives in great dejection, tells the truth, and abjectly turns to leave. A reconciliation ensues, the Irishman agreeing to share with him equally. The Jew shows some interest in his grandchild, though this is at most a minor motive in the reconciliation, and the curtain falls while the two are in their cups, the Jew insisting that in the firm name for the business, which they are to carry on jointly, his name shall stand first.

It is of course essential to any protection of literary property, whether at common-law or under the statute, that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations. That has never been the law, but, as soon as literal appropriation ceases to be the test, the whole matter is necessarily at large, so that, as was recently well said by a distinguished judge, the decisions cannot help much in a new case. When plays are concerned, the plagiarist may excise a separate scene; or he may appropriate part of the dialogue. Then the question is whether the part so taken is "substantial," and therefore not a "fair use" of the copyrighted work; it is the same question as arises in the case of any other copyrighted work. But when the plagiarist does not take out a block in situ, but an abstract of the whole, decision is more troublesome. Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his "ideas," to which, apart from their expression, his property is never extended. Nobody has ever been able to fix that boundary, and nobody ever can. In some cases the question has been treated as though it were analogous to lifting a portion out of the copyrighted work; but the analogy is not a good one, because, though the skeleton is a part of the body, it pervades and supports the whole. In such cases we are rather concerned

with the line between expression and what is expressed. As respects plays, the controversy chiefly centers upon the characters and sequence of incident, these being the substance.

We did not in *Dymow v. Bolton*, 11 F. (2d) 690, hold that a plagiarist was never liable for stealing a plot; that would have been flatly against our rulings in *Dam v. Kirk La Belle Co.*, 175 F. 902, and *Stodart v. Mutual Film Co.*, 249 F. 513, affirming my decision in (D.C.) 249 F. 507; neither of which we meant to overrule. We found the plot of the second play was too different to infringe, because the most detailed pattern, common to both, eliminated so much from each that its content went into the public domain; and for this reason we said, “this mere subsection of a plot was not susceptible of copyright.” But we do not doubt that two plays may correspond in plot closely enough for infringement. How far that correspondence must go is another matter. Nor need we hold that the same may not be true as to the characters, quite independently of the “plot” proper, though, as far as we know, such a case has never arisen. If *Twelfth Night* were copyrighted, it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare’s “ideas” in the play, as little capable of monopoly as Einstein’s *Doctrine of Relativity*, or Darwin’s theory of the *Origin of Species*. It follows that the less developed the characters, the less they can be copyrighted; that is the penalty an author must bear for marking them too indistinctly.

In the two plays at bar we think both as to incident and character, the defendant took no more — assuming that it took anything at all — than the law allowed. The stories are quite different. One is of a religious zealot who insists upon his child’s marrying no one outside his faith; opposed by another who is in this respect just like him, and is his foil. Their difference in race is merely an obbligate to the main theme, religion. They sink their differences through grandparental pride and affection. In the other, zealotry is wholly absent; religion does not even appear. It is true that the parents are hostile to each other in part because they differ in race; but the marriage of their son to a Jew does not apparently offend the Irish family at all, and it exacerbates the existing animosity of the Jew, principally because he has become rich, when he learns it. They are reconciled through the honesty of the Jew and the generosity of the Irishman; the grandchild has nothing whatever to do with it. The only matter common to the two is a quarrel between a Jewish and an Irish father, the marriage of their children, the birth of grandchildren and a reconciliation.

If the defendant took so much from the plaintiff, it may well have been because her amazing success seemed to prove that this was a subject of enduring popularity. Even so, granting that the plaintiff’s play was wholly original, and assuming that novelty is not essential to a copyright, there is no monopoly in such a background. Though the plaintiff discovered the vein, she could not keep it to herself; so defined, the theme was too generalized an abstraction from what she wrote. It was only a part of her “ideas.”

Nor does she fare better as to her characters. It is indeed scarcely credible that she should not have been aware of those stock figures, the low comedy Jew and

Irishman. The defendant has not taken from her more than their prototypes have contained for many decades. If so, obviously so to generalize her copyright, would allow her to cover what was not original with her. But we need not hold this as matter of fact, much as we might be justified. Even though we take it that she devised her figures out of her brain de novo, still the defendant was within its rights.

There are but four characters common to both plays, the lovers and the fathers. The lovers are so faintly indicated as to be no more than stage properties. They are loving and fertile; that is really all that can be said of them, and anyone else is quite within his rights if he puts loving and fertile lovers in a play of his own, wherever he gets the cue. The plaintiff's Jew is quite unlike the defendant's. His obsession is his religion, on which depends such racial animosity as he has. He is affectionate, warm and patriarchal. None of these fit the defendant's Jew, who shows affection for his daughter only once, and who has none but the most superficial interest in his grandchild. He is tricky, ostentatious and vulgar, only by misfortune redeemed into honesty. Both are grotesque, extravagant and quarrelsome; both are fond of display; but these common qualities make up only a small part of their simple pictures, no more than any one might lift if he chose. The Irish fathers are even more unlike; the plaintiff's a mere symbol for religious fanaticism and patriarchal pride, scarcely a character at all. Neither quality appears in the defendant's, for while he goes to get his grandchild, it is rather out of a truculent determination not to be forbidden, than from pride in his progeny. For the rest he is only a grotesque hobbledohoy, used for low comedy of the most conventional sort, which any one might borrow, if he chanced not to know the exemplar.

The defendant argues that the case is controlled by my decision in *Fisher v. Dillingham* (D.C.) 298 F. 145. Neither my brothers nor I wish to throw doubt upon the doctrine of that case, but it is not applicable here. We assume that the plaintiff's play is altogether original, even to an extent that in fact it is hard to believe. We assume further that, so far as it has been anticipated by earlier plays of which she knew nothing, that fact is immaterial. Still, as we have already said, her copyright did not cover everything that might be drawn from her play; its content went to some extent into the public domain. We have to decide how much, and while we are as aware as any one that the line, wherever it is drawn, will seem arbitrary, that is no excuse for not drawing it; it is a question such as courts must answer in nearly all cases. Whatever may be the difficulties a priori, we have no question on which side of the line this case falls. A comedy based upon conflicts between Irish and Jews, into which the marriage of their children enters, is no more susceptible of copyright than the outline of *Romeo and Juliet*.

The plaintiff has prepared an elaborate analysis of the two plays, showing a "quadrangle" of the common characters, in which each is represented by the emotions which he discovers. She presents the resulting parallelism as proof of infringement, but the adjectives employed are so general as to be quite useless. Take for example the attribute of "love" ascribed to both Jews. The plaintiff has depicted her father as deeply attached to his son, who is his hope and joy; not so, the defendant, whose father's conduct is throughout not actuated by any affection for his daughter, and who is merely once overcome for the moment by her distress when he has violently dismissed her lover. "Anger" covers emotions aroused by

quite different occasions in each case; so do “anxiety,” “despondency” and “disgust.” It is unnecessary to go through the catalogue for emotions are too much colored by their causes to be a test when used so broadly. This is not the proper approach to a solution; it must be more ingenuous, more like that of a spectator, who would rely upon the complex of his impressions of each character.

We cannot approve the length of the record, which was due chiefly to the use of expert witnesses. Argument is argument whether in the box or at the bar, and its proper place is the last. The testimony of an expert upon such issues, especially his cross-examination, greatly extends the trial and contributes nothing which cannot be better heard after the evidence is all submitted. It ought not to be allowed at all; and while its admission is not a ground for reversal, it cumbers the case and tends to confusion, for the more the court is led into the intricacies of dramatic craftsmanship, the less likely it is to stand upon the firmer, if more naïve, ground of its considered impressions upon its own perusal. We hope that in this class of cases such evidence may in the future be entirely excluded, and the case confined to the actual issues; that is, whether the copyrighted work was original, and whether the defendant copied it, so far as the supposed infringement is identical.

Decree affirmed.

Notes and questions

(1) *Nichols v. Universal Pictures* 45 F.2d 119 (2d Cir. 1930) provides a canonical explanation of why the scope of copyright goes beyond literal cut-and-paste infringement and of the problems courts will face in drawing a line between ideas and their expression in cases of non-literal infringement. Judge Hand says (at 121):

It is of course essential to any protection of literary property, whether at common-law or under the statute, that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations. That has never been the law, *but, as soon as literal appropriation ceases to be the test, the whole matter is necessarily at large*, so that, as was recently well said by a distinguished judge, the decisions cannot help much in a new case. (emphasis added)

(2) Hand continues (at 121) with the classic statement of the abstraction problem in copyright law:

Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his “ideas,” to which, apart from their expression, his property is never extended. Nobody has ever been able to fix that boundary, and nobody ever can.

(3) Is Hand really suggesting that drawing a line between ideas and their expression is a pointless endeavor when he says: “Nobody has ever been able to fix that boundary [between idea and expression], and nobody ever can”? If so, how do we reconcile that with his comment later in the case (at 122):

We have to decide how much, and while we are as aware as any one that the line, wherever it is drawn, will seem arbitrary, *that is no excuse for not drawing it*; it is a question such as courts must answer in nearly all cases. Whatever may be the difficulties a priori, we have no question on which side of the line this case falls. (emphasis added)

The exclusion of facts, ideas, functions, and processes in the United States

Baker v. Selden, 101 US 99 (1880)

Mr. Justice Bradley delivered the opinion of the court.

Charles Selden, the testator of the complainant in this case, in the year 1859 took the requisite steps for obtaining the copyright of a book, entitled "Selden's Condensed Ledger, or Book-keeping Simplified," the object of which was to exhibit and explain a peculiar system of book-keeping. In 1860 and 1861, he took the copyright of several other books, containing additions to and improvements upon the said system. The bill of complaint was filed against the defendant, Baker, for an alleged infringement of these copyrights. The latter, in his answer, denied that Selden was the author or designer of the books, and denied the infringement charged, and contends on the argument that the matter alleged to be infringed is not a lawful subject of copyright.

The parties went into proofs, and the various books of the complainant, as well as those sold and used by the defendant, were exhibited before the examiner, and witnesses were examined on both sides. A decree was rendered for the complainant, and the defendant appealed.

The book or series of books of which the complainant claims the copyright consists of an introductory essay explaining the system of book-keeping referred to, to which are annexed certain forms or blanks, consisting of ruled lines, and headings, illustrating the system and showing how it is to be used and carried out in practice. This system effects the same results as book-keeping by double entry; but, by a peculiar arrangement of columns and headings, presents the entire operation, of a day, a week, or a month, on a single page, or on two pages facing each other, in an account-book.

Figure 1. Baker's Form

[BAKER'S FORM.]																	
AUDITOR'S REGISTER.										AUDITOR'S REGISTER.							
DISBURSEMENTS.										RECEIPTS.							
Date	No.	To.	For.	By.	County.	Poor.	Bridge.			Total.	Date	No.	From.	For.	County.	Total.	
Total.																	
BALANCE SHEET																	
FUNDS																	
										Rec'd to	Dis'd to	To Rec'd to	To Dis'd to	Balance	Dr/Pd.		
										186	186	186	186	186	186		
										County.							
										Poor.							
										Bridge.							
										School.							
										Township.							
										Corporation.							
										Redemption of Lands.							
										Teachers Institute.							
										Show Licenses.							
										Peddler's Licenses.							
										Volunteer Relief.							
										Section 16.							
										State Fund.							
										Road Taxes.							
										Building.							
										Rail Road.							
										Ministry.							
										Soldiers Pay.							
										Beaury.							
										Balance in Treasurer's.							
										Total.							
										County Treasurer-General Acct.							
ADDITIONAL DISBURSEMENTS.										ADDITIONAL RECEIPTS.							
Exhibit.										Floating Order.							

LEFT HAND PAGE

RIGHT HAND PAGE

Reconstructed Forms Courtesy of Pamela Samuelson

Figure 2. Selden's Form

[SELDEN'S FORM]																				
AUDITOR'S RECORD.						CONDENSED LEDGER.														
DISBURSEMENTS.						RECEIPTS.														
County Fund.						County Fund.														
Date.	No.	Amount.	To.	For.	Authority.	Date.	No.	Amount.	Of.	For.	Authority.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
												Date: from to inclusive.		Total.		Balances.				
												Sundries to Sundries.								
												TREASURER.								
												Dr.		Cr.						
												\$	\$	Dr.	Cr.	Dr.	Cr.			
												County Fund.								
												Bridge Fund.								
												County Militia								
												Building Fund.								
												Internal Fund.								
												Kind Fund.								
												Sale Redemptions.								
												Refunders.								
												Redemptions.								
												Tax Omissions.								
												Forfeitures.								
												Duplicate.								
												Section 16.								
												Section 29.								
												Peddler's License.								
												Show License.								
												State Fund.								
												School Fund.								
												Corporation Fund.								
												Township Fund.								
												Treasurer's Fees.								
												State Relief Fund.								
												Soldiers' Fund.								
												Militia Fund.								
												Beaury Fund.								
												School Examiners' Fund.								
												CARRIED FORWARD.								
LEFT HAND PAGE						RIGHT HAND PAGE														

The defendant uses a similar plan so far as results are concerned; but makes a different arrangement of the columns, and uses different headings. If the complainant's testator had the exclusive right to the use of the system explained in his book, it would be difficult to contend that the defendant does not infringe it, notwithstanding the difference in his form of arrangement; but if it be assumed that the system is open to public use, it seems to be equally difficult to contend that the

books made and sold by the defendant are a violation of the copyright of the complainant's book considered merely as a book explanatory of the system. Where the truths of a science or the methods of an art are the common property of the whole world, any author has the right to express the one, or explain and use the other, in his own way. As an author, Selden explained the system in a particular way. It may be conceded that Baker makes and uses account-books arranged on substantially the same system; but the proof fails to show that he has violated the copyright of Selden's book, regarding the latter merely as an explanatory work; or that he has infringed Selden's right in any way, unless the latter became entitled to an exclusive right in the system.

The evidence of the complainant is principally directed to the object of showing that Baker uses the same system as that which is explained and illustrated in Selden's books. It becomes important, therefore, to determine whether, in obtaining the copyright of his books, he secured the exclusive right to the use of the system or method of book-keeping which the said books are intended to illustrate and explain. It is contended that he has secured such exclusive right, because no one can use the system without using substantially the same ruled lines and headings which he has appended to his books in illustration of it. In other words, it is contended that the ruled lines and headings, given to illustrate the system, are a part of the book, and, as such, are secured by the copyright; and that no one can make or use similar ruled lines and headings, or ruled lines and headings made and arranged on substantially the same system, without violating the copyright. And this is really the question to be decided in this case. Stated in another form, the question is, whether the exclusive property in a system of book-keeping can be claimed, under the law of copyright, by means of a book in which that system is explained? The complainant's bill, and the case made under it, are based on the hypothesis that it can be.

It cannot be pretended, and indeed it is not seriously urged, that the ruled lines of the complainant's account-book can be claimed under any special class of objects, other than books, named in the law of copyright existing in 1859. The law then in force was that of 1831, and specified only books, maps, charts, musical compositions, prints, and engravings. An account-book, consisting of ruled lines and blank columns, cannot be called by any of these names unless by that of a book.

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, 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. The copyright of the book, if not pirated from other works, would be valid without regard to the novelty, or want of novelty, of its subject-matter. The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters-patent, not of copyright. The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government.

The difference between the two things, letters-patent and copyright, may be illustrated by reference to the subjects just enumerated. Take the case of medicines. Certain mixtures are found to be of great value in the healing art. If the discoverer writes and publishes a book on the subject (as regular physicians generally do), he gains no exclusive right to the manufacture and sale of the medicine; he gives that to the public. If he desires to acquire such exclusive right, he must obtain a patent for the mixture as a new art, manufacture, or composition of matter. He may copyright his book, if he pleases; but that only secures to him the exclusive right of printing and publishing his book. So of all other inventions or discoveries.

The copyright of a book on perspective, no matter how many drawings and illustrations it may contain, gives no exclusive right to the modes of drawing described, though they may never have been known or used before. By publishing the book, without getting a patent for the art, the latter is given to the public. The fact that the art described in the book by illustrations of lines and figures which are reproduced in practice in the application of the art, makes no difference. Those illustrations are the mere language employed by the author to convey his ideas more clearly. Had he used words of description instead of diagrams (which merely stand in the place of words), there could not be the slightest doubt that others, applying the art to practical use, might lawfully draw the lines and diagrams which were in the author's mind, and which he thus described by words in his book.

The copyright of a work on mathematical science cannot give to the author an exclusive right to the methods of operation which he propounds, or to the diagrams which he employs to explain them, so as to prevent an engineer from using them whenever occasion requires. The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book. And where the art it teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are similar to them, such methods and diagrams are to be considered as necessary incidents to the art, and given therewith to the public; not given for the purpose of publication in other works explanatory of the art, but for the purpose of practical application.

Of course, these observations are not intended to apply to ornamental designs, or pictorial illustrations addressed to the taste. Of these it may be said, that their form is their essence, and their object, the production of pleasure in their contemplation.

This is their final end. They are as much the product of genius and the result of composition, as are the lines of the poet or the historian's periods. On the other hand, the teachings of science and the rules and methods of useful art have their final end in application and use; and this application and use are what the public derive from the publication of a book which teaches them. But as embodied and taught in a literary composition or book, their essence consists only in their statement. This alone is what is secured by the copyright. The use by another of the same methods of statement, whether in words or illustrations, in a book published for teaching the art, would undoubtedly be an infringement of the copyright.

Recurring to the case before us, we observe that Charles Selden, by his books, explained and described a peculiar system of book-keeping, and illustrated his method by means of ruled lines and blank columns, with proper headings on a page, or on successive pages. Now, whilst no one has a right to print or publish his book, or any material part thereof, as a book intended to convey instruction in the art, any person may practise and use the art itself which he has described and illustrated therein. The use of the art is a totally different thing from a publication of the book explaining it. The copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book. Whether the art might or might not have been patented, is a question which is not before us. It was not patented, and is open and free to the use of the public. And, of course, in using the art, the ruled lines and headings of accounts must necessarily be used as incident to it.

The plausibility of the claim put forward by the complainant in this case arises from a confusion of ideas produced by the peculiar nature of the art described in the books which have been made the subject of copyright. In describing the art, the illustrations and diagrams employed happen to correspond more closely than usual with the actual work performed by the operator who uses the art. Those illustrations and diagrams consist of ruled lines and headings of accounts; and it is similar ruled lines and headings of accounts which, in the application of the art, the book-keeper makes with his pen, or the stationer with his press; whilst in most other cases the diagrams and illustrations can only be represented in concrete forms of wood, metal, stone, or some other physical embodiment. But the principle is the same in all. The description of the art in a book, though entitled to the benefit of copyright, lays no foundation for an exclusive claim to the art itself. The object of the one is explanation; the object of the other is use. The former may be secured by copyright. The latter can only be secured, if it can be secured at all, by letters-patent.

The case of *Cobbett v. Woodward* (Law Rep. 14 Eq. 407) was a claim to copyright in a catalogue of furniture which the publisher had on sale in his establishment, illustrated with many drawings of furniture and decorations. The defendants, being dealers in the same business, published a similar book, and copied many of the plaintiff's drawings, though it was shown that they had for sale the articles represented thereby. The court held that these drawings were not subjects of copyright. Lord Romilly, M.R., said:

“This is a mere advertisement for the sale of particular articles which any one might imitate, and any one might advertise for sale. If a man not being a vendor of any of the articles in question were to publish a work for the purpose of informing the

public of what was the most convenient species of articles for household furniture, or the most graceful species of decorations for articles of home furniture, what they ought to cost, and where they might be bought, and were to illustrate his work with designs of each article he described, — such a work as this could not be pirated with impunity, and the attempt to do so would be stopped by the injunction of the Court of Chancery; yet if it were done with no such object, but solely for the purpose of advertising particular articles for sale, and promoting the private trade of the publisher by the sale of articles which any other person might sell as well as the first advertiser, and if in fact it contained little more than an illustrated inventory of the contents of a warehouse, I know of no law which, while it would not prevent the second advertiser from selling the same articles, would prevent him from using the same advertisement; provided he did not in such advertisement by any device suggest that he was selling the works and designs of the first advertiser.”

Another case, that of *Page v. Wisden* (20 L.T.N.S. 435), which came before Vice-Chancellor Malins in 1869, has some resemblance to the present. There a copyright was claimed in a cricket scoring-sheet, and the Vice-Chancellor held that it was not a fit subject for copyright, partly because it was not new, but also because “to say that a particular mode of ruling a book constituted an object for a copyright is absurd.”

These cases, if not precisely in point, come near to the matter in hand, and, in our view, corroborate the general proposition which we have laid down.

In *Drury v. Ewing* (1 Bond, 540), which is much relied on by the complainant, a copyright was claimed in a chart of patterns for cutting dresses and basques for ladies, and coats, jackets, &c., for boys. It is obvious that such designs could only be printed and published for information, and not for use in themselves. Their practical use could only be exemplified in cloth on the tailor’s board and under his shears; in other words, by the application of a mechanical operation to the cutting of cloth in certain patterns and forms. Surely the exclusive right to this practical use was not reserved to the publisher by his copyright of the chart. Without undertaking to say whether we should or should not concur in the decision in that case, we think it cannot control the present.

The conclusion to which we have come is, that blank account-books are not the subject of copyright; and that the mere copyright of Selden’s book did not confer upon him the exclusive right to make and use account-books, ruled and arranged as designated by him and described and illustrated in said book.

The decree of the Circuit Court must be reversed, and the cause remanded with instructions to dismiss the complainant’s bill; and it is

So ordered.

Notes and questions

(1) In *Baker v. Selden* 101 U.S. 99 (1879), the Supreme Court famously held that copyright in an explanatory text on bookkeeping gave the author no exclusive rights to the novel system of accounting disclosed therein. As the Court explained at (105):

The description of the art in a book, though entitled to the benefit of copyright, lays no foundation for an exclusive claim to the art itself.

(2) *Baker v. Selden* is often thought of as an illustration of the line between idea and expression, but the forms at the back of Selden's book were not uncopyrightable because they were too abstract or generic; they were uncopyrightable because they embodied a functional system. Read in this light, *Baker* is a case about *merger*, specifically the merger of function and expression. The merger doctrine is discussed in more detail below.

(3) The principle that copyright in an expressive work does not give the author any rights in the facts, ideas, or methods of operation communicated in that work is longstanding at common law and was expressly incorporated into the 1976 revision of the Copyright Act.

17 U.S. Code § 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 which it is described, explained, illustrated, or embodied in such a work.

How much of Section 102(b) can be traced directly back to *Baker v. Selden*?

(4) Copyright law clearly distinguishes between facts and the expression of facts, providing no protection for the former and only limited protection for the latter. Recall that in *Feist v. Rural Telephone*, the Supreme Court ruled that copying listings from a telephone directory did not infringe the copyright in that directory because the information itself was not copyrightable. In *Feist*, the Court described the uncopyrightability of facts as “universally understood” and the “most fundamental axiom of copyright law.” It explained this feature of copyright law in terms of the requirement of originality (at 345, 347):

The *sine qua non* of copyright is originality. To qualify for copyright protection, a work must be original to the author. ...

It is this bedrock principle of copyright that mandates the law's seemingly disparate treatment of facts and factual compilations. No one may claim originality as to facts. This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: The first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence.

Does the idea-expression distinction apply the same way to facts as it does to ideas? How should we treat false facts? Is the fact that someone's opinion is X the same as fact X for copyright law purposes?

Rationales for the idea-expression distinction

Why does copyright law draw a distinction between protectable expression and unprotectable ideas, facts, functions, and processes? The longstanding distinction between protectable expression and unprotectable facts and ideas is an essential part of the balance of copyright law. The distinction ensures that protection of the expressive elements of the author's work does not deny subsequent authors the ability to make their own contributions by adding to, reusing, or reinterpreting the facts and ideas embodied in the original work. The essential idea behind copyright is that subsequent authors may not compete with the copyright owner by offering her original expression to the public as a substitute for the copyright owner's work, but they are free to compete with their own expression of the same facts, concepts, and ideas.

The idea-expression distinction is essential for any copyright system that aims to foster a vibrant and creative intellectual ecosystem. In the United States, it is also constitutionally required. As the Supreme Court explained in *Harper & Row*, “copyright’s idea/expression dichotomy strikes a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author’s expression.”²³ The Court later added, in *Eldred v. Ashcroft*, that the idea-expression distinction is one of copyright’s “built-in First Amendment accommodations” and that as a result of the idea-expression distinction “every idea, theory, and fact in a copyrighted work becomes instantly available for public exploitation at the moment of publication.”²⁴

Rationales for the Exclusion of Functionality from Copyright Protection

There are different fields of intellectual property law, each of which is directed to protecting particular interests and addressing particular problems. Briefly, copyright protects original expression, utility patents grant rights in relation to useful inventions, design patents protect the ornamental features of useful objects or articles of manufacture, and trademark law protects marks or signs that convey the source of goods or services.

To illustrate more concretely, consider a new bottle designed to pour specific liquids more evenly and also to look more attractive. The pouring function of the bottle design could conceivably be a new and useful invention (utility patent), the graceful shape of the bottle could be aesthetically appealing (design patent, copyright sculpture), and the shape could be distinctive, such that consumers understand that bottles of this shape are associated with a particular beverage seller (trademark). In addition, the way the bottle is made could be valuable trade secret.

The most problematic area of overlap relates to functionality. Utility patents confer the broadest possible set of exclusive rights (the exclusive right to make, use, and sell the claimed invention), but they are difficult to obtain, short in duration, and usually narrow in scope. Patents must be novel and non-obvious compared to the prior art. Utility patents last for 20 years from the date of application and they are only infringed if the “accused device” features every single element of the relevant patent claim. In contrast to utility patents, copyright protects a work of authorship from the moment of its creation.

Moreover patents are subject to examination to ensure they meet demanding standards with respect to novelty, inventiveness, utility, written description, and enablement. In contrast, although certain additional rights come with registration, trademark law protects distinctive signs from the moment of adoption and it protects trade dress (and descriptive signs) from the moment it comes to be understood by the public as a sign of origin. Trademark rights continue as long as the trademark is being used to signify a source of origin. Copyright lasts for the life of the author plus 70 years.

Design patents are a peculiar hybrid of copyright, trademark, and patent law. Design patents require examination, but the examination threshold is so low in practice as to resemble a registration system. In theory, design patents only protect the ornamental features of a product and not its functional attributes. This is similar to the way trademark law protects trade dress—the design of a product can amount to protectable trade dress, but that

²³ *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 556 (1985).

²⁴ *Eldred v. Ashcroft*, 537 US 186, 291 (2003)

protection covers only those aspects of a design that signal source to consumers, and the law refuses protection for functional design features even if they signal source.

Should the law allow overlapping protection?

It would be going to far to suggest that the law should never allow any overlaps between the different regimes of IP but we should begin with the assumption that the different fields of IP are different for a reason—each reflects a different set of policies and trade-offs. In general, patent-like protection of function should come from patent law; trademark-like protection of brand, reputation, and signaling to consumers should come from trademark law; etc. Even if occasionally different aspects of a single object cross boundaries from one field to the next, that does not mean that trademark law should give copyright-like protection of expression, that design patents should be used to police consumer confusion, or that copyright law should be used to confer patent-like rights of exclusion with respect to function and utility.

Utility patents are a significant exception to the norm of free competition. Although IP regimes can and do sometimes overlap, it is vital that regimes in which rights are easier to obtain and/or longer lasting are not used to achieve a kind of backdoor patent protection.²⁵ To this end, every other regime has doctrines designed to deny protection of functionality.²⁶ The barriers between utility patents and other regimes need to carefully maintained, whereas overlaps between non-utility regimes present less fundamental concerns.

The Supreme Court made a particularly strong statement in this regard in *Baker v. Selden*, 101 U.S. 99 (1879) (at 102):

The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. *That is the province of letters-patent, not of copyright.* The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government. (emphasis added)

Section 102(b) of the Copyright Act

17 U.S. Code § 102

(a) Copyright protection subsists, in accordance with this title, 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

²⁵ See generally, Viva R. Moffat, *Mutant Copyrights and Backdoor Patents: The Problem of Overlapping Intellectual Property Protection*, 19 BERKELEY TECH. L.J. 1473 (2004)

²⁶ The most prominent case differentiating patents from trademarks is *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 28-35 (2001) (elaborating on trademark law's statutory prohibition on protecting functional matter, and the existence of a utility patent on that matter being strong evidence of such functionality); Buccafusco and Lemley call these "functionality screens". Note also that patent law preempts state laws that seek to protect unpatentable inventions. *Sears, Roebuck & Co. v. Sears Fin. Network*, 576 F. Supp. 857 (D.D.C. 1983); *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y. 2015); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989)

communicated, either directly or with the aid of a machine or device. 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.

(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 which it is described, explained, illustrated, or embodied in such work.

Section 102(a) of the US copyright act provides the copyright subsists in original works of authorship fixed in any tangible medium of expression, and then proceeds to list eight categories of works of authorship. Section 102(b) of the Copyright Act of 1976 embodies the approach that the Supreme Court took in *Baker v. Selden*. Section 102(b) provides that *in no case* does copyright protection “extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery.”

How to Read Section 102(b)

Some commentators treat *Baker v. Selden* as confined to the idea-expression distinction, but a more careful reading shows that the case was as much to do with the exclusion of functionality from copyright subject matter and copyright protection as it was the distinction between ideas and their expression.²⁷ Likewise, some courts and commentators have treated Section 102(b) as synonymous with the idea-expression distinction, and no more. A fair reading of *Baker v. Selden*, and even a cursory reading of Section 102(b) show these courts and commentators to be in error.²⁸

Baker v. Selden is obviously not just about the exclusion of ideas from copyright subject matter and Section 102(b) contains many words that are not easily equated with ideas. Section 102(b) applies to ideas as a general category, as well as the more specific subcategories of concepts and principles. The reference in 102(b) to “discovery” includes facts, but it could also be a subset of ideas in the sense of the discovery of principles or philosophical and scientific concepts. But there are key words in the statute that don’t have much to do with facts or ideas. Section 102(b) also excludes *procedures, processes, systems, and methods of operation*—these words must mean something.

²⁷ Pamela Samuelson, *The Story of Baker v. Selden: Sharpening the Distinction Between Authorship and Invention* at 180-92 in *INTELLECTUAL PROPERTY STORIES* (Jane C. Ginsburg & Rochelle Cooper Dreyfuss, eds. 2006).

²⁸ Professor Pamela Samuelson has made this point in a number of articles.

Section 102(b) is not merely a restatement of the common law distinction between ideas and their expression; it is also a restatement of the common law or exclusion of procedures and methods of operation from the scope of copyright protection.²⁹

How to Apply Section 102(b)

Applying Section 102(b) faithfully while preserving meaningful copyright protection can be quite challenging in certain contexts.

For literary works, the non-protection of ideas is mostly just a feature of the level of similarity required to establish infringement. If *B* is similar to *A* in terms of ideas, but not in the expression or manifestation of those ideas, then we say that *B* is not an infringing copy of *A*. In other words, *B* might be similar to *A* on one level, but it is not *substantially similar* to *A* in any relevant sense.

However, sometimes idea and expression are closely intertwined. In rare cases in which there is virtually complete overlap between original expression and unprotectable facts, ideas, or methods, courts must choose between protecting original expression and constraining important freedoms. The *merger doctrine* holds that the freedom of facts, ideas, functions, and methods wins out.

Also, copyright extends far beyond classic literary works. The first United States Copyright Act, in 1790, protected only “maps, charts, and books.”³⁰ But even then, maps were clearly both ornamental and functional. Copyright today protects computer software, architecture, sculptures, and certain compilations of data; many of these works raise difficult issues about separating idea and function from expression. Many of these works do something, as well as say something.

Bikram’s Yoga College of India, L.P. v. Evolation Yoga, LLC, 803 F.3d 1032 (9th Cir. 2015)

Circuit Judge Wardlaw

We must decide whether a sequence of twenty-six yoga poses and two breathing exercises developed by Bikram Choudhury and described in his 1979 book, *Bikram’s Beginning Yoga Class*, is entitled to copyright protection. This question implicates a fundamental principle underlying constitutional and statutory copyright protection — the idea/expression dichotomy. Because copyright protection is limited to the expression of ideas, and does not extend to the ideas themselves, the Bikram Yoga Sequence is not a proper subject of copyright protection.

I. Factual and Procedural History

The Indian practice and philosophy of yoga date back thousands of years. See Linda Sparrowe, *Yoga* 9 (2002). Derived from ancient Hindu scriptures, including the *Bhagavad Gita*, the practice of yoga teaches students to attain spiritual fulfillment through control of the mind and body. See Stefanie Syman, *The Subtle Body: The*

²⁹ Pamela Samuelson, *Why Copyright Law Excludes Systems and Processes from the Scope of Its Protection*, 85 TEX. L. REV. 1921 (2007).

³⁰ See Act of May 31, 1790, ch. 15, 1 Stat. 124 (entitled “An Act for the encouragement of learning”) (repealed 1802).

Story of Yoga in America 4 (2010). Yoga has evolved into a diverse set of spiritual, philosophical, and physical disciplines. Some students practice yoga to transcend the physical body and unite with divine powers; others focus on improving strength, flexibility, and overall physical fitness.

The history of yoga in the United States reflects its wide-ranging appeal. Some of yoga's first American adherents included nineteenth-century transcendentalists, such as Henry David Thoreau and Ralph Waldo Emerson, who were fascinated by yoga's approach to achieving enlightenment. In the early twentieth century, yoga grew more popular as scientists and physicians began to study the physical benefits of the practice.

In 1971, Bikram Choudhury, the self-proclaimed 'Yogi to the stars,' arrived in Beverly Hills, California. He soon became a central figure in the growing popularity of yoga in the United States. Born and raised in Calcutta, India, Choudhury began studying yoga at age four and learned hundreds of traditional Hatha yoga "asanas," or individual poses. Hatha yoga places particular emphasis on the physical components of yoga. Choudhury developed a sequence of twenty-six asanas and two breathing exercises, arranged in a particular order, which he calls the "Sequence." See Bikram Choudhury, *Bikram's Beginning Yoga Class* (1979). Choudhury opened his own studio, where he began offering "Bikram Yoga" classes. In a Bikram Yoga class, the Sequence is practiced over the course of ninety minutes, to a series of instructions (the "Dialogue"), in a room heated to 105 degrees Fahrenheit to simulate Choudhury's native Indian climate.

Choudhury popularized the Sequence by marketing the many health and fitness benefits it provides. Choudhury informs prospective students that his "system of Hatha Yoga is capable of helping you avoid, correct, cure, heal, or at least alleviate the symptoms of almost any illness or injury." He claims that he developed the Sequence after "many of years of research and verification ... using modern medical measurement techniques." He tells reporters that he extended the careers of professional athletes, including Kareem Abdul-Jabbar and John McEnroe. This message has resonated with an American audience: as the complaint in this action explains, "[p]ublic demand for Bikram Yoga classes grew steadily once Bikram Yoga participants realized that Bikram's unique yoga style and method offered them tremendous physical, mental and other benefits."

In 1979, Choudhury published the book *Bikram's Beginning Yoga Class*, which includes descriptions, photographs, and drawings of the Sequence's twenty-six poses and two breathing exercises. Choudhury registered the book with the U.S. Copyright Office in 1979. In 2002, he also registered the "compilation of exercises" contained in the book, using a supplementary registration form that referenced back to the 1979 book.

In 1994, Choudhury introduced the "Bikram Yoga Teacher Training Course." In 2002 and 2005, respectively, Mark Drost and Zefea Samson enrolled in and successfully completed the three-month Bikram Yoga Teacher Training course. In 2009, Drost and Samson founded Evolation Yoga, LLC. Evolation Yoga offers several types and styles of yoga, including "hot yoga," which is similar to "Bikram's Basic Yoga System." Evolation acknowledges that hot yoga "includes 26 postures

and two breathing exercises and is done for 90 minutes, accompanied by a series of oral instructions, in a room heated to approximately 105 degrees Fahrenheit.”

On July 1, 2011, Choudhury and Bikram’s Yoga College of India, L.P. (“Choudhury”) filed a complaint in the Central District of California alleging, inter alia, that defendants Evolation Yoga, LLC, Mark Drost, and Zefea Samson (“Evolution”) infringed “Bikram’s Copyrighted Works through substantial use of Bikram’s Copyrighted Works in and as part of Defendants’ offering of yoga classes.” On November 12, 2012, Evolation moved for partial summary judgment as to Choudhury’s claim of copyright infringement of the “Sequence.” The district court granted Evolation’s motion, ruling that the “Sequence is a collection of facts and ideas” that is not entitled to copyright protection. The parties settled all remaining claims against each other, and Choudhury timely appealed as to the “Sequence.”

III. Discussion

Though Choudhury emphasizes the aesthetic attributes of the Sequence’s “graceful flow,” at bottom, the Sequence is an idea, process, or system designed to improve health. Copyright protects only the expression of this idea — the words and pictures used to describe the Sequence — and not the idea of the Sequence itself. Because the Sequence is an unprotectable idea, it is also ineligible for copyright protection as a “compilation” or “choreographic work.” The district court properly granted partial summary judgment in favor of Evolation because the Sequence is not a proper subject of copyright.

A. The Sequence Is an Unprotectable Idea.

Section 102(a) of the Copyright Act of 1976 sets forth the proper subjects of copyright protection. Section 102(b) expressly excludes protection for “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.” Section 102(b) codifies the “idea/expression dichotomy,” under which “every idea, theory, and fact in a copyrighted work becomes instantly available for public exploitation at the moment of publication.” *Golan v. Holder*, 132 S.Ct. 873, 890 (2012).

The idea/expression dichotomy has two constitutional foundations: the Copyright Clause and the First Amendment. Under the Copyright Clause, “the primary objective of copyright is not to reward the labor of authors, but to promote the Progress of Science and useful Arts.” *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349 (1991) (quoting U.S. Const. art. I, § 8, cl. 8). “To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work.” *Feist*, 499 U.S. at 349-50. At the same time, the idea/expression dichotomy “strikes a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author’s expression.” *Harper & Row Publishers v. Nation Enters.*, 471 U.S. 539, 556 (1985); see also *Eldred*, 537 U.S. at 219 (describing the idea/expression dichotomy as a “built-in First Amendment accommodation”); *L.A. News Serv. v. Tullo*, 973 F.2d 791, 795 (9th Cir.1992) (“Copyright law incorporates First Amendment goals by ensuring that copyright

protection extends only to the forms in which ideas and information are expressed and not to the ideas and information themselves.”).

In *Baker v. Selden*, 101 U.S. 99 (1879), the Supreme Court addressed the protection copyright law provided to a book, a classic subject of copyright protection, explaining a system of book-keeping. The Court held that the book’s expression of the book-keeping system was protected, but the system of book-keeping itself was not entitled to copyright protection. The Court explained:

The description of the art in a book, though entitled to the benefit of copyright, lays no foundation for an exclusive claim to the art itself. The object of the one is explanation; the object of the other is use. The former may be secured by copyright. The latter can only be secured, if it can be secured at all, by letters-patent.

Id. at 105.

Following *Baker*, and recognizing this vital distinction between ideas and expression, courts have routinely held that the copyright for a work describing how to perform a process does not extend to the process itself. In *Palmer v. Braun*, 287 F.3d 1325 (11th Cir.2002), for example, the Eleventh Circuit held that meditation exercises described in a copyrighted manual on exploring the consciousness were “a process” unentitled to copyright protection. The court explained that the “exercises, while undoubtedly the product of much time and effort, are, at bottom, simply a process for achieving increased consciousness. Such processes, even if original, cannot be protected by copyright.” Similarly, in *Publications International, Ltd. v. Meredith Corp.*, 88 F.3d 473 (7th Cir.1996), the Seventh Circuit held that recipes contained in a copyrighted cookbook are not entitled to copyright protection, for they merely “describe a procedure by which the reader may produce many dishes,” and “there can be no monopoly in the copyright sense in the ideas for producing certain foodstuffs.” Finally, in *Seltzer v. Sunbrock*, 22 F.Supp. 621 (S.D.Cal.1938), which predates the Copyright Act of 1976 but applies *Baker*, the court held that the copyright in a manual describing how to organize roller-skating races does not extend to the rules for the races themselves. The court explained, “[w]hat [the author] really composed was a description of a system for conducting races on roller skates. A system, as such, can never be copyrighted. If it finds any protection, it must come from the patent laws.”

Here, we must similarly determine not the validity of a copyright but rather its scope.

Footnote 5: As noted above, Choudhury obtained a copyright for a “compilation of exercises” through his 2002 supplementary registration to Bikram’s Beginning Yoga Class, which was first published in 1979. Choudhury claims that the 2002 supplementary registration relates back to the 1979 registration. In Choudhury’s view, the supplementary registration thus issued within five years of first publication and therefore serves as “prima facie evidence of the validity of the copyright.” 17 U.S.C. § 410(c). Here, however, we need not decide whether Choudhury’s supplementary registration is prima facie evidence of the validity of the copyright, for even if it were, the undisputed facts are sufficient to overcome any presumption of validity.

Does Choudhury’s copyright protection for his 1979 book extend to the Sequence itself? Under the fundamental tenets of copyright law and consistent with the precedents discussed above, the answer is no.

As Choudhury describes it, the Sequence is a “system” or a “method” designed to “systematically work every part of the body, to give all internal organs, all the veins, all the ligaments, and all the muscles everything they need to maintain optimum

health and maximum function.” In Bikram’s Beginning Yoga Class, Choudhury explains that he “arrived at the sequence of postures” after “[researching] the diseases and the postures and after many years of research and verification... using modern medical measurement techniques.” The book tells readers that “Bikram’s twenty-six exercises systematically move fresh, oxygenated blood to one hundred percent of your body, to each organ and fiber, restoring all systems to healthy working order, just as Nature intended.” Bonnie Jones Reynolds, *Introduction to Bikram’s Beginning Yoga Class*, at xi (1979). This text promises readers that Choudhury’s “system of Hatha Yoga is capable of helping you avoid, correct, cure, heal, or at least alleviate the symptoms of almost any illness or injury.”

Also illuminating is Choudhury’s spoken Dialogue, which accompanies the Sequence. Before the Sequence’s first breathing exercise, for example, the instructor tells students, “[The exercise] is good for the lungs and respiratory system. This exercise expands your lungs to their maximum expansion capacity. And it improves the elasticity of your lungs.” Before the twelfth pose, the instructor explains:

Every exercise in the world you do, you burn energy/calories like driving a car burns gas. The tank is empty, you need to fill it up again. Hatha Yoga class is a gas station, it is the only place in the world where you gain energy instead of burning energy. Asana is the only natural physical activity in the world because it is scientific [and] with the help of science, we can explain nature.

An essential element of this “system” is the order in which the yoga poses and breathing exercises are arranged. Bikram’s Beginning Yoga Class instructs readers, “Do the poses in the strict order given in this book. Nothing about Bikram’s Beginning Yoga Class is haphazard. It is designed to scientifically warm and stretch muscles, ligaments, and tendons in the order in which they should be stretched.” *Bikram’s Beginning Yoga Class*, supra, at xi. For instance, Choudhury explains, “Camel Pose (Ustrasana) stretches the abdomen and compresses the spine; so for the next posture, I chose the Rabbit Pose (Sasangasana), which does the converse: stretches the back and compresses the abdomen.” One Yoga Journal article explains that “[a]ccording to Bikram, each posture in his series forms the perfect basis for the next, warming and stretching the appropriate muscles, ligaments and tendons.”

Choudhury thus attempts to secure copyright protection for a healing art: a system designed to yield physical benefits and a sense of well-being. Simply put, this attempt is precluded by copyright’s idea/expression dichotomy, codified by Section 102(b). As the Supreme Court explained in *Baker*, “Certain mixtures are found to be of great value in the healing art. If the discoverer writes and publishes a book on the subject (as regular physicians generally do), he gains no exclusive right to the manufacture and sale of the medicine; he gives that to the public.” 101 U.S. at 102-03. Thus, for example, the copyright for a book describing how to perform a complicated surgery does not give the holder the exclusive right to perform the surgery. Like the series of movements a surgeon makes, the Sequence is, as Choudhury tells readers, a method designed to “cure, heal, or at least alleviate” physical injuries and illness. Monopoly protection for such a method “can only be secured, if it can be secured at all, by letters-patent.” *Id.* at 105; see also *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1526 (9th Cir.1992), as amended (Jan. 6, 1993) (“In order to enjoy a lawful monopoly over the idea or functional principle underlying a work, the creator of the work must

satisfy the more stringent standards imposed by the patent laws.”). In light of *Baker* and its progeny, Choudhury’s healing methodology is not eligible for protection by copyright. Indeed, if it is entitled to protection at all, that protection is more properly sought through the patent process.⁸

Footnote 8: We do not opine on whether the Sequence is, in fact, patentable.

That the Sequence may produce spiritual and psychological benefits makes it no less an idea, system, or process and no more amenable to copyright protection. Choudhury’s personal declaration explains that the Sequence offers “spiritual benefits” to his students and “leads to a general sense of peace and well-being that is undoubtedly of benefit to all of us.” Like the meditation exercises designed to achieve greater consciousness in *Braun*, 287 F.3d at 1334, the Sequence sets forth a method to attain identifiable, if spiritual and psychological, results: a “sense of well-being” and “boundless energy.” *Bikram’s Beginning Yoga Class*, supra, at xi. As such, it falls within the Copyright Act’s definition of an idea, process, or system excluded from copyright protection. See 17 U.S.C. § 102(b).

Choudhury contends that the Sequence’s arrangement of postures is “particularly beautiful and graceful.” But beauty is not a basis for copyright protection. The performance of many ideas, systems, or processes may be beautiful: a surgeon’s intricate movements, a book-keeper’s careful notations, or a baker’s kneading might each possess a certain grace for at least some viewers. Indeed, from Vermeer’s milkmaid to Lewis Hine’s power house mechanic, the individual engrossed in a process has long attracted artistic attention. But the beauty of the process does not permit one who describes it to gain, through copyright, the monopolistic power to exclude all others from practicing it. This is true even where, as here, the process was conceived with at least some aesthetic considerations in mind. Just as some steps in a recipe may reflect no more than the author’s belief that a particular ingredient is beautiful or that a particular cooking technique is impressive to watch and empowering to practice, some elements in Choudhury’s Sequence may reflect his aesthetic preferences. Yet just like the recipe, the Sequence remains unprotectable as a process the design of which primarily reflects function, not expression.

In drawing the “difficult” line between idea and expression in this case, we are mindful of the “guiding consideration” of the idea/expression dichotomy: “the preservation of the balance between competition and protection reflected in the patent and copyright laws.” *CDN Inc. v. Kapes*, 197 F.3d 1256, 1262 (9th Cir.1999) (quoting *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, 446 F.2d 738, 742 (9th Cir. 1971)). As in *Baker*, the “object” of the book *Bikram’s Beginning Yoga Class* is “explanation”: it tells readers how to perform the Sequence and encourages them to try it. *Baker*, 101 U.S. at 105. The introduction to *Bikram’s Beginning Yoga Class*, for example, urges the audience to: (i) “turn to the Contents page,” (ii) “read through the book,” (iii) “build gradually,” and (iv) “do the poses in the strict order given in this book.” Like a book explaining “Book-keeping Simplified,” 101 U.S. at 100, *Bikram’s Beginning Yoga Class* sets out to “communicate to the world the useful knowledge which it contains.” *Id.* at 103. It invites readers to practice the method it describes. “But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book.” *Id.* Consumers would have little reason to buy Choudhury’s book if Choudhury held a monopoly on the practice of

the very activity he sought to popularize. Rather than “stimulat[ing] artistic creativity for the general public good,” copyright protection for the Sequence would prevent the public from engaging with Choudhury’s idea and building upon it.

B. The Sequence Is Not a Copyrightable Compilation.

Choudhury contends that the Sequence is entitled to copyright protection as a “compilation.” Specifically, Choudhury claims that the Sequence qualifies for copyright protection because his “selection, coordination, and arrangement” of twenty-six poses and two breathing exercises create a coherent and expressive composition. The district court correctly rejected this argument.

The Copyright Act identifies compilations as a proper subject of copyright. Section 103 of the Copyright Act provides that “[t]he subject matter of copyright as specified in section 102 includes compilations.” 17 U.S.C. § 103(a). 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.” Id. § 101. It is essential to recognize, however, that Section 103 complements Section 102. Thus, while a compilation may be eligible for copyright protection, it must nevertheless satisfy the requirements of Section 102. A compilation must, in other words, represent an “original work[] of authorship,” and “[i]n no case” may copyright protection “extend to any idea, procedure, process, [or] system.” Id. § 102. The availability of copyright protection for compilations, therefore, does not eliminate Section 102’s categorical bar on copyright protection for ideas.

The Supreme Court addressed the relationship between these “two well-established propositions” — that compilations are eligible for copyright but facts and ideas are not — in *Feist*, 499 U.S. 340. In *Feist*, the Court considered whether the collection of names, towns, and telephone numbers in a telephone directory is eligible for copyright protection as a compilation. The Court held that “[a] factual compilation is eligible for copyright if it features an original selection or arrangement of facts, but the copyright is limited to the particular selection or arrangement. In no event may copyright extend to the facts themselves.” Id. at 350-51.

By claiming copyright protection for the Sequence as a compilation, Choudhury misconstrues the scope of copyright protection for compilations. As we have explained, the Sequence is an idea, process, or system; therefore, it is not eligible for copyright protection. That the Sequence may possess many constituent parts does not transform it into a proper subject of copyright protection. Virtually any process or system could be dissected in a similar fashion. *Baker’s* examples of “how-to” treatises are instructive: “A treatise on the construction and use of ploughs, or watches, or churns, or on the mode of drawing lines to produce the effect of perspective” would likely list the steps necessary to perform the process it describes. 101 U.S. at 102. The watchmaking treatise’s author could not claim a copyright in the process of making a watch, however, by breaking down the process into multiple steps and labeling it a “compilation.” Recipes further illustrate the point: a cake recipe could be viewed as a “compilation” of carefully arranged and selected steps — which may, of course, reflect the personal preferences and tastes of the recipe’s author — yet the recipe would remain, in most instances, a process that is not

eligible for copyright protection. See *Meredith*, 88 F.3d at 480-81. Likewise, Choudhury cannot obtain copyright protection for the Sequence as a compilation by separately identifying the poses and breathing exercises it contains.

Moreover, according to Choudhury himself, the medical and functional considerations at the heart of the Sequence compel the very selection and arrangement of poses and breathing exercises for which he claims copyright protection. According to Bikram's Beginning Yoga Class, the "strict order" of the poses "is designed to scientifically warm and stretch muscles, ligaments, and tendons in the order in which they should be stretched." Bikram's Beginning Yoga Class, *supra*, at xi. Read in the light most favorable to Choudhury, the record demonstrates that the overarching reason for the organization of the poses and breathing exercises in the Sequence is to further the basic goals of the method: to attain "[p]roper weight, muscle tone, glowing complexion, boundless energy, vibrant good health, and a sense of well-being." *Id.* The Sequence's composition renders it more effective as a process or system, but not any more suitable for copyright protection as an original work of authorship.

It makes no difference that similar results could be achieved through a different organization of yoga poses and breathing exercises. Choudhury argues that he could have chosen from "hundreds of postures" and "countless arrangements of these postures" in developing the Sequence. But the possibility of attaining a particular end through multiple different methods does not render the uncopyrightable a proper subject of copyright. See *BellSouth Advert. & Publ'g Corp. v. Donnelley Info. Publ'g, Inc.*, 999 F.2d 1436, 1443 (11th Cir.1993) ("The relevant inquiry [under *Feist*] is not whether there is some imaginable, although manifestly less useful, method of arranging business telephone listings."); see also *ATC Distrib. Grp., Inc. v. Whatever It Takes Transmissions & Parts, Inc.*, 402 F.3d 700, 711-12 (6th Cir.2005) ("To be sure, [the publisher of a catalog describing a transmission parts numbering system] could have arranged the parts information in other ways that were potentially less clear or useful, but this fact alone is insufficient to demonstrate the creativity necessary for copyright protection."). Though it may be one of many possible yoga sequences capable of attaining similar results, the Sequence is nevertheless a process and is therefore ineligible for copyright protection.

[The court also held that the Sequence was not a copyrightable choreographic work.]

IV. Conclusion

Although there is no cause to dispute the many health, fitness, spiritual, and aesthetic benefits of yoga, and Bikram Yoga in particular, they do not bring the Sequence into the realm of copyright protection. The Sequence falls squarely within Section 102(b)'s exclusions from copyright protection, no matter how it is labeled or how ably the label is argued. Therefore, the district court properly granted Evolution's motion for partial summary judgment.

AFFIRMED.

Notes and questions

(1) In *Bikram's Yoga College of India, L.P. v. Evolution Yoga, LLC*, 803 F.3d 1032 (9th Cir. 2015), the Ninth Circuit addressed whether a sequence of twenty-six yoga poses and two breathing exercises developed by Bikram Choudhury and described in his book were entitled to copyright protection. Bikram's Yoga sued defendant Evolution Yoga and two individuals for copyright infringement based on their use of Bikram's Yoga sequence in their yoga classes. The defendants did not challenge Choudhury's copyright protection for his 1979 book explaining his yoga sequence, but they did challenge the notion that copyright in the book extended to the sequence itself or that the Sequence was independently copyrighted as compilation. The court held that the Sequence of poses itself was an unprotectable idea by virtue of section 102(b) and applying *Baker v. Selden*. Choudhury's own declarations of health benefits appeared to be fatal in this respect.

Following *Baker*, and recognizing this vital distinction between ideas and expression, courts have routinely held that the copyright for a work describing how to perform a process does not extend to the process itself.

(2) Note that the court did not discount the aesthetic qualities of the Sequence:

Though Choudhury emphasizes the aesthetic attributes of the Sequence's "graceful flow," at bottom, the Sequence is an idea, process, or system designed to improve health. ... the beauty of the process does not permit one who describes it to gain, through copyright, the monopolistic power to exclude all others from practicing it ...

But those aesthetic considerations were subordinate to the functional aspects of the Sequence:

Yet just like the recipe, the Sequence remains unprotectable as a process the design of which primarily reflects function, not expression.

(3) Choudhury tried to argue that the Sequence qualified for copyright protection as a compilation because his "selection, coordination, and arrangement" of twenty-six poses and two breathing exercises created a coherent and expressive composition. This is a common tactic by copyright plaintiffs and the court rightly rejected it.

It is true that the Copyright Act identifies compilations as a proper subject of copyright. Section 103(a) of the Copyright Act provides that "[t]he subject matter of copyright as specified in section 102 includes compilations." Compilation is defined in section 101 as "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."

But as the court was quick to point out, Section 103 must be read in conjunction with Section 102. The court concluded that the mere fact that the Sequence possessed many constituent parts did not transform it into a proper subject of copyright protection. After all, "Virtually any process or system could be dissected in a similar fashion."

(4) Another noteworthy aspect of the decision is what the court says about the existence of alternatives.

It makes no difference that similar results could be achieved through a different organization of yoga poses and breathing exercises. Choudhury argues that he could have chosen from "hundreds of postures" and "countless arrangements of these postures" in developing the Sequence. But the possibility of attaining a particular

end through multiple different methods does not render the uncopyrightable a proper subject of copyright. ...

Though it may be one of many possible yoga sequences capable of attaining similar results, the Sequence is nevertheless a process and is therefore ineligible for copyright protection.

Following *Baker*, courts routinely hold that when ideas can be expressed in no more than a few ways, merger precludes copyright protection because of the limited range of expressive alternatives.

Merger and scènes à faire

The Merger Doctrine

Very occasionally a literary work will fail to qualify for copyright protection because it lacks the modicum of creativity required by *Feist*. Telephone directories and works based on the public domain with no recognizable authorial changes are not eligible for copyright protection and may be copied at will. However, sometimes even works that display that modicum of creativity will also be ineligible for copyright protection because potentially copyrightable expression has merged with uncopyrightable facts, ideas, or functions. The uncopyrightability of the forms in *Baker v. Selden* is an early example the merger doctrine at work, although the Court did not expressly invoke the doctrine by name.

Every copyrightable work contains unprotectable elements. In very rare cases, there is complete overlap between original expression and unprotectable facts, ideas, or methods. In such cases, the merger doctrine holds that the freedom of facts, ideas, and methods wins out. Under the merger doctrine, when “there is only one feasible way of expressing an idea, so that if the expression were copyrightable it would mean that the idea was copyrightable,” the expression is not protected.³¹ Or to put in another way, the “merger doctrine” holds that, in certain circumstances, where authors have only one or very few ways of expressing an idea or function, the expression and the idea are merged, and the expression is treated as unprotectable.³²

In *Morrissey v. Procter & Gamble Co.*, 379 F.2d 675 (1st Cir. 1967) for example, the plaintiff was the copyright owner of a set of rules for a sales promotional contest of the ‘sweepstakes’ type involving the social security numbers of the participants. Morrissey alleged that the defendant, Procter & Gamble, had copied and thus infringed Rule 1 of its rules.

Plaintiff’s Rule

1. Entrants should print name, address and social security number on a boxtop, or a plain paper. Entries must be accompanied by * * * boxtop or by plain paper on which the name * * * is copied from any source. Official rules are explained on * * * packages or leaflets obtained from dealer. If you do not have a social security number you may use the name and number of any member of your immediate family living with you. Only the person named on the entry will be deemed an entrant and may qualify for prize.

³¹ See *Bucklew v. Hawkins, Ash, Baptie & Co., LLP*, 329 F.3d 923, 928 (7th Cir. 2003)

³² See Pamela Samuelson, *Reconceptualizing Copyright’s Merger Doctrine*, 63 J. COPYRIGHT SOC’Y (2016).

‘Use the correct social security number belonging to the person named on entry * *
* wrong number will be disqualified.’

Defendant’s Rule

1. Entrants should print name, address and Social Security number on a Tide boxtop, or on (a) plain paper. Entries must be accompanied by Tide boxtop (any size) or by plain paper on which the name ‘Tide’ is copied from any source. Official rules are available on Tide Sweepstakes packages, or on leaflets at Tide dealers, or you can send a stamped, self-addressed envelope to: Tide ‘Shopping Fling’ Sweepstakes, P.O. Box 4459, Chicago 77, Illinois.

‘If you do not have a Social Security number, you may use the name and number of any member of your immediate family living with you. Only the person named on the entry will be deemed an entrant and may qualify for a prize.

‘Use the correct Social Security number, belonging to the person named on the entry - wrong numbers will be disqualified.’

Holding for the defendant, the Ninth Circuit said (at 678–679) that:

When the uncopyrightable subject matter is very narrow, so that ‘the topic necessarily requires,’ ..., if not only one form of expression, at best only a limited number, to permit copyrighting would mean that a party or parties, by copyrighting a mere handful of forms, could exhaust all possibilities of future use of the substance.

In such circumstances it does not seem accurate to say that any particular form of expression comes from the subject matter. However, it is necessary to say that the subject matter would be appropriated by permitting the copyrighting of its expression. We cannot recognize copyright as a game of chess in which the public can be checkmated.

Three points are worth keeping in mind in relation to merger. First, the merger is not a *sui generis* or *ad hoc* principle, it is one manifestation of the broader principle that copyright protection does not extend to the protection of facts, ideas, functions, or processes. Second, the merger doctrine operates to exclude what might have otherwise been protectable expression from the ambit of copyright protection. Third, the merger doctrine can deny copyright to a work in total, but merger analysis is also used by courts to identify unprotectable elements within protectable expression that must be filtered in any infringement analysis.

Scènes à Faire

Stock themes and conventions belong in the public domain.

Like the merger doctrine, the *scènes à faire* doctrine also polices the idea-expression distinction. Under the *scènes à faire* doctrine stock or standard literary devices are not considered protectable, even if they are expressive. The doctrine’s name is borrowed from the French who “ use a very expressive phrase in dramatic literature: ‘*scènes à faire*’ that is, scenes which ‘must’ be done.”³³

³³ Schwarz v. Universal Pictures Co., 85 F. Supp. 270, 275 (S.D. Cal. 1945)

As the Seventh Circuit explained in *Bucklew v. Hawkins, Ash, Baptie & Co.*, 329 F.3d 923, 929 (7th Cir. 2003):

... copyright owner can't prove infringement by pointing to features of his work that are found in the defendant's work as well but that are so rudimentary, commonplace, standard, or unavoidable that they do not serve to distinguish one work within a class of works from another.

... Every expressive work can be decomposed into elements not themselves copyrightable—the cars in a car chase, the kiss in a love scene, the dive bombers in a movie about Pearl Harbor, or for that matter the letters of the alphabet in any written work. The presence of such elements obviously does not forfeit copyright protection of the work as a whole, but infringement cannot be found on the basis of such elements alone; it is the combination of elements, or particular novel twists given to them, that supply the minimal originality required for copyright protection.

As the Second Circuit explained in *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 979 (2d Cir. 1980), the *scènes à faire* doctrine is justified on the basis that “it is virtually impossible to write about a particular historical era or fictional theme without employing certain ‘stock’ or standard literary devices.”

How does a stock character have to be to constitute *scènes à faire*? Some courts put this in terms of whether expression is “indispensable,” but that is an overstatement. An element can be “standard” or “customary” without being indispensable. See, e.g., *Hoehling v. Universal* (at 979): “incidents, characters or settings which are as a practical matter *indispensable, or at least standard*, in the treatment of a given topic.”

Scènes à faire will not usually make a work uncopyrightable, but it will make aspects of the work irrelevant for infringement analysis. Like an unprotectable idea, any aspect of the work that is *scènes à faire* is unprotectable as such. The fact that work A and work B both contain the same *scènes à faire* elements does not go very far to prove one was copied from the other in the usual case, and it certainly does not establish that any such copying was wrongful, even if proven or admitted.

Lexmark Int'l, Inc. v. Static Control Components, Inc., 387 F.3d 522 (6th Cir. 2004)

At the time of this litigation, Lexmark made and sold printers and printer cartridges. Lexmark print cartridges contained a simple computer program (the Toner Loading Program) and an authentication code stored on an embedded microchip. For a Lexmark printer to accept a print cartridge, it would have to receive an authentication code from the chip inside the cartridge. The printers were designed this way so that Lexmark could sell toner cartridges as single-use items, or that could only be refurbished by Lexmark. Static Control supplied its own chips that would defeat the Lexmark authentication sequence and thus allow third parties to sell remanufactured Lexmark toner cartridges. Each of Static Control's SMARTEK chips also contained an exact copy of Lexmark's Toner Loading Program, which was necessary to make its product compatible with Lexmark's printers.

Lexmark alleged that Static Control violated its copyright in the Toner Loading Program and that it violated the DMCA by circumventing Lexmark's access controls. This extract focuses on the copyright issues in the case. DMCA anti-circumvention issues are addressed in a later chapter.

Circuit Judge Sutton

... As this case comes to the court, the parties agree that computer programs may be entitled to copyright protection as “literary works” under 17 U.S.C. § 101 and may be protected from infringement under 17 U.S.C. § 106. And that is true with respect to a computer program's object code (the binary code — a series of zeros and ones —

that computers can read) and its source code (the spelled-out program commands that humans can read).

The parties also agree that Lexmark has registered the Toner Loading Program with the Copyright Office, which is an infringement suit prerequisite, see 17 U.S.C. § 411(a), and which constitutes prima facie evidence of the copyright's validity, see *id.* § 410(c). And the parties agree that SCC shoulders the burden of rebutting the presumptive validity of Lexmark's copyright.

The parties also share common ground when it comes to most of the general principles of copyright infringement applicable to this case. A plaintiff may establish a claim of copyright infringement by showing (1) ownership of a valid copyright in the computer program at issue (here, the Toner Loading Program) and (2) that the defendant copied protectable elements of the work. See *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991). The first prong tests the originality and non-functionality of the work, see *M.M. Bus. Forms Corp. v. Uarco, Inc.*, 472 F.2d 1137, 1139 (6th Cir.1973), both of which are presumptively established by the copyright registration. The second prong tests whether any copying occurred (a factual matter) and whether the portions of the work copied were entitled to copyright protection (a legal matter). If no direct evidence of copying is available, a claimant may establish this element by showing that the defendant had access to the copyrighted work and that the copyrighted work and the allegedly copied work are substantially similar.

As to the first prong, the Supreme Court has instructed that "original ... 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," even if the work is not a "novel" one. *Feist*, 499 U.S. at 345-46 (originality requires both "independent creation plus a modicum of creativity"). And although constitutionally mandated, the threshold showing of originality is not a demanding one. *Id.* at 345 ("To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice.").

But even if a work is in some sense "original" under § 102(a), it still may not be copyrightable because § 102(b) provides that "[i]n 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 [its] form." This provision embodies the common-law idea-expression dichotomy that distinguishes the spheres of copyright and patent law. "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." *Mazer v. Stein*, 347 U.S. 201, 217 (1954); see also *Baker v. Selden*, 101 U.S. 99, 101-02 (1879) (explaining that while a book describing a bookkeeping system is worthy of copyright protection, the underlying method described is not); *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 703 (2d Cir.1992) ("It is a fundamental principle of copyright law that a copyright does not protect an idea, but only the expression of the idea."). While this general principle applies equally to computer programs, *id.*; see also House Report at 5667 (extending copyright protection to computer programs only "to the extent that they incorporate authorship in programmer's expression of original ideas, as distinguished from ideas themselves"), the task of separating expression from idea in this setting is a vexing one, see *Altai*, 982 F.2d at 704 ("The essentially utilitarian nature of a computer

program further complicates the task of distilling its idea from its expression.”); *Sega Enters., Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1524 (9th Cir.1992); see also *Lotus Dev. Corp. v. Borland Int’l, Inc.*, 49 F.3d 807, 819-20 (1st Cir.1995) (Boudin, J., concurring). “Compared to aesthetic works, computer programs hover even more closely to the elusive boundary line described in § 102(b).” *Altai*, 982 F.2d at 704.

In ascertaining this “elusive boundary line” between idea and expression, between process and non-functional expression, courts have looked to two other staples of copyright law — the doctrines of merger and *scènes à faire*. Where the “expression is essential to the statement of the idea,” *CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61, 68 (2d Cir.1994); see also *Lotus Dev.*, 49 F.3d at 816 (“If specific words are essential to operating something, then they are part of a ‘method of operation’ and, as such, are unprotectable.”), or where there is only one way or very few ways of expressing the idea, *Warren Publ’g, Inc. v. Microdos Data Corp.*, 115 F.3d 1509, 1519 n. 27 (11th Cir.1997), the idea and expression are said to have “merged.” In these instances, copyright protection does not exist because granting protection to the expressive component of the work necessarily would extend protection to the work’s uncopyrightable ideas as well. See *Gates Rubber Co. v. Bando Chem. Indus., Ltd.*, 9 F.3d 823, 838 (10th Cir.1993); see also *Murray Hill Publ’ns, Inc. v. Twentieth Century Fox Film Corp.*, 361 F.3d 312, 319 n. 2 (6th Cir.2004) (noting that where idea and expression are intertwined and where non-protectable ideas predominate, expression is not protected). For computer programs, “if the patentable process is embodied inextricably in the line-by-line instructions of the computer program, [] then the process merges with the expression and precludes copyright protection.” *Atari I*, 975 F.2d at 839-40.

For similar reasons, when external factors constrain the choice of expressive vehicle, the doctrine of “*scènes à faire*” — “scenes,” in other words, “that must be done” — precludes copyright protection. See *Twentieth Century Fox Film*, 361 F.3d at 319-20. In the literary context, the doctrine means that certain phrases that are “standard, stock, ... or that necessarily follow from a common theme or setting” may not obtain copyright protection. *Gates Rubber*, 9 F.3d at 838. In the computer-software context, the doctrine means that the elements of a program dictated by practical realities — e.g., by hardware standards and mechanical specifications, software standards and compatibility requirements, computer manufacturer design standards, target industry practices, and standard computer programming practices — may not obtain protection. *Id.* (citing case examples); see *Sega Enters.*, 977 F.2d at 1524 (“To the extent that a work is functional or factual, it may be copied.”); *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465, 1473 (9th Cir.1992) (affirming district court’s finding that “plaintiffs may not claim copyright protection of an expression that is, if not standard, then commonplace in the computer software industry”). As “an industry-wide goal,” programming “efficiency” represents an external constraint that figures prominently in the copyrightability of computer programs. *Altai*, 982 F.2d at 708.

Generally speaking, “lock-out” codes fall on the functional-idea rather than the original-expression side of the copyright line. Manufacturers of interoperable devices such as computers and software, game consoles and video games, printers and toner cartridges, or automobiles and replacement parts may employ a security system to bar the use of unauthorized components. To “unlock” and permit operation of the

primary device (i.e., the computer, the game console, the printer, the car), the component must contain either a certain code sequence or be able to respond appropriately to an authentication process. To the extent compatibility requires that a particular code sequence be included in the component device to permit its use, the merger and *scènes à faire* doctrines generally preclude the code sequence from obtaining copyright protection. See *Sega Enters.*, 977 F.2d at 1524 (“When specific instructions, even though previously copyrighted, are the *only and essential means of accomplishing a given task*, their later use by another will not amount to infringement.”) (quoting National Commission on New Technological Uses of Copyrighted Works, Final Report 20 (1979)) (emphasis added); *Atari Games Corp. v. Nintendo of Am., Inc.*, 1993 WL 207548, at *1 (N.D.Cal. May 18, 1993) (“Atari III”) (“Program code that is strictly necessary to achieve current compatibility presents a merger problem, almost by definition, and is thus excluded from the scope of any copyright.”).

In trying to discern whether these doctrines apply, courts tend to “focus on whether the idea is capable of various modes of expression.” *Mason v. Montgomery Data, Inc.*, 967 F.2d 135, 138 (5th Cir.1992) (quoting *Franklin Computer*, 714 F.2d at 1253); *Atari I*, 975 F.2d at 840 (“The unique arrangement of computer program expression which generates the data stream does not merge with the process so long as alternate expressions are available.”). The question, however, is not whether any alternatives theoretically exist; it is whether other options practically exist under the circumstances. See *Altai*, 982 F.2d at 708 (“While, hypothetically, there might be a myriad of ways in which a programmer may effectuate certain functions within a program ... efficiency concerns may so narrow the practical range of choice as to make only one or two forms of expression workable options.”); *Atari I*, 975 F.2d at 840 (noting that “no external factor dictated the bulk of the program” and finding the program copyrightable). In order to characterize a choice between alleged programming alternatives as expressive, in short, the alternatives must be feasible within real-world constraints.

The Supreme Court’s decision in *Feist* helps to illustrate the point. In *Feist*, the alleged infringer had included 1,309 of the plaintiff’s alphabetically-organized telephone book listings in its own telephone directory. 499 U.S. at 344. The facts comprising these listings, it was clear, theoretically could have been organized in other ways — for instance, by street address or phone number, or by the age or height of the individual. But by virtue of tradition and settled expectations, the familiar alphabetical structure copied by the defendant amounted to the only organizational option available to the defendant. *Id.* at 363. For these reasons, the Supreme Court determined that alphabetical phone listings did not satisfy the low threshold of originality for copyright protection. *Id.*; see *Altai*, 982 F.2d at 711 (noting that although *Feist* dealt with factual compilations under 17 U.S.C. § 101, the decision’s “underlying tenets apply to much of the work involved in computer programming” under 17 U.S.C. § 102(a)).

* * *

In applying these requirements to this case, it helps to clarify the terms of debate between the parties. Lexmark claims copyright protection in, and infringement of, the code that composes its Toner Loading Program. It has not alleged that SCC copied any other portion of its chip, including any of the data on which the SHA-1

algorithm — the authentication sequence or “secret handshake” — appear. Presumably that is because SCC replaced Lexmark’s SHA-1 function with a different publicly available encryption program to enable interoperability of its chip with Lexmark’s printers. When it comes to the merits of the infringement claim, the parties primarily debate whether the Toner Loading Program satisfies the originality requirement (prong one), as distinct from whether any copying by SCC is substantially similar to the Lexmark chip (prong two). That is because the parties agree that SCC’s SMARTEK chip copied all aspects of the Toner Loading Program.

In our view, the district court committed three related legal errors in determining that Lexmark had a likelihood of prevailing on its copyright claim with respect to the Toner Loading Program. First, the district court concluded that, because the Toner Loading Program “could be written in a number of different ways,” it was entitled to copyright protection. In refusing to consider whether “external factors such as compatibility requirements, industry standards, and efficiency” circumscribed the number of forms that the Toner Loading Program could take, the district court believed that the idea-expression divide and accompanying principles of merger and *scènes à faire* play a role only in the “substantial similarity” analysis and do not apply when the first prong of the infringement test (copyrightability) is primarily at issue. In taking this path, the district court relied on cases invoking the pronouncement [in *Nimmer on Copyright*] that the idea-expression divide “constitutes not so much a limitation on the copyrightability of works, as it is a measure of the degree of similarity that must exist between a copyrightable work and an unauthorized copy.” And in concluding more generally that the copyrightability of a computer program turns solely on the availability of other options for writing the program, the court relied on several cases from other circuits. See, e.g., *Apple Computer, Inc. v. Formula Int’l, Inc.*, 725 F.2d 521, 525 (9th Cir.1984); *Franklin Computer*, 714 F.2d at 1253; *Whelan Assocs., Inc. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222, 1240 (3d Cir. 1986); *E.F. Johnson Co. v. Uniden Corp. of Am.*, 623 F.Supp. 1485, 1502 (D.Minn. 1985).

This reasoning, to start with, conflicts with *Feist*. As the Supreme Court’s recent decision suggests, one does not satisfy the originality requirement for copyright protection merely by showing that the work could have been put together in different ways. Just as it failed to suffice in *Feist* that the author of the competing telephone book could have organized the listings in some manner other than the individual’s last name, so it does not suffice here that SCC could have written the Toner Loading Program in some other way. As in *Feist*, the court must ask whether the alternative ways of putting together the competing work are feasible in that setting.

Nor does *Nimmer* support the district court’s “a number of different ways” reasoning. As a matter of practice, *Nimmer* is correct that courts most commonly discuss the idea-expression dichotomy in considering whether an original work and a partial copy of that work are “substantially similar” (as part of prong two of the infringement test), since the copyrightability of a work as a whole (prong one) is less frequently contested. But the idea-expression divide figures into the substantial similarity test not as a measure of “similarity”; it distinguishes the original work’s protectable elements from its unprotectable ones, a distinction that allows courts to determine whether any of the former have been copied in substantial enough part to

constitute infringement. Both prongs of the infringement test, in other words, consider “copyrightability,” which at its heart turns on the principle that copyright protection extends to expression, not to ideas. See *Brown Bag Software*, 960 F.2d at 1475-76 (noting that copyrightability is an aspect of both parts of the infringement test); see also *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1545 (11th Cir.1996) (deciding that district court erred by not permitting consideration of merger, *scènes à faire* doctrines in instance of literal copying); *Lotus Dev.*, 49 F.3d at 815 (assessing whether the literally copied menu command structure is copyrightable in light of § 102(b)’s limitation); *Whelan Assocs.*, 797 F.2d at 1236-37 (discussing *scènes à faire* doctrine in considering copyrightability of computer program structure); *Franklin Computer*, 714 F.2d at 1253 (discussing merger in context of copyrightability of computer operating system program). When a work itself constitutes merely an idea, process or method of operation, or when any discernible expression is inseparable from the idea itself, or when external factors dictate the form of expression, copyright protection does not extend to the work. See *Bateman*, 79 F.3d at 1546 n. 28 (“Compatibility and other functionality challenges to originality ... are applied so as to deny copyright protection to a particular work or portion of a work.”) (emphasis added); *Mason*, 967 F.2d at 138 n. 5 (rejecting argument that merger doctrine applies only to question of infringement and noting that “this court has applied the merger doctrine to the question of copyrightability”).

Neither do the cited cases support the district court’s initial frame of reference. *Franklin Computer*, 714 F.2d 1240, and *Formula International*, 725 F.2d 521, involved copies of Apple’s operating system program — a program whose size and complexity is to the Toner Loading Program what the Sears Tower is to a lamppost. Given the nature of the Apple program, it would have been exceedingly difficult to say that practical alternative means of expression did not exist and indeed no defendant in the cases advanced that argument. And *Franklin Computer*, 714 F.2d at 1253, and *Whelan Assocs.*, 797 F.2d at 1236-37, do not establish that any variation in the modes of expression establishes copyrightability, as they acknowledge the potential relevance of the merger and *scènes à faire* doctrines. While *E.F. Johnson* rejected the defendant’s argument that the computer software program at issue was not protectable because it was needed for “compatibility” with a certain radio system, it did so only after finding that “the exact duplication of the program was not the ‘only and essential’ means of achieving compatibility.” 623 F.Supp. at 1502.

Second, given the district court’s mistaken view of the legal standard for distinguishing protectable expression from unprotectable ideas, the constraints on the Toner Loading Program established by the evidence need to be reconsidered. To discern whether “originality” exists in the work, the court should ask whether the ideas, methods of operation and facts of the program could have been expressed in any form other than that chosen by the programmer, taking into consideration the functionality, compatibility and efficiency demanded of the program.

In presenting evidence in support of its motion for a preliminary injunction, Lexmark focused on establishing that the Toner Loading Program could have been written in other ways. Dr. Maggs, Lexmark’s expert, described several possible alternatives in his declaration: (1) different constants and equations could be used; (2) a lookup table could be used in lieu of equations; (3) some measure other than

torque could be used to approximate toner level (e.g., the number of pages printed); or (4) the same equations could be used in a different sequence. He concluded that over 50 different programs could be written to substitute for the Toner Loading Program.

Dr. Goldberg, SCC's expert, acknowledged that certain changes could be made to the program, for example, by changing the sequence of elements in the program, or by writing the Toner Loading Program in a different programming language altogether. But Dr. Goldberg conceded this point only as a theoretical matter, as he concluded that functionality and efficiency considerations precluded any material changes to the Toner Loading Program.

Dr. Goldberg concluded that several external constraints limit the options available in designing the Toner Loading Program. For one, the Printer Engine Program that downloads and executes the program understands only a single programming language composed of eight simple commands. For another, the program must consist of only 55 bytes because the printer downloads only these particular bytes. Efficiency considerations and the physical realities of the printer and toner cartridge also restrict the forms that the Toner Loading Program could take. As a result, Dr. Goldberg concluded, these external factors together "dictate the way that the simple toner loading program looks," and the resulting program is a "no-thought translation of the formulas to the language that the internal loading program must be written in, and the programmer doesn't have much choice." Dr. Goldberg responded to Dr. Maggs' testimony that the Toner Loading Program could take alternative forms by noting that Dr. Maggs' proposed changes were trivial — that they did not make any "substantial difference to the nature of the program" — or that they were so inefficient and repetitive as to be "ridiculous." Instead, Dr. Goldberg concluded, the Toner Loading Program as it is written is the most "straightforward, efficient, natural way to express the program." By contrast, Dr. Maggs' testimony did not reference any of these functional considerations discussed by Goldberg, meaning that the record fails to establish any affirmative support for the contention that Dr. Maggs' proposed alternatives satisfy the memory restrictions of the program.

Even aside from Dr. Goldberg's testimony that the Toner Loading Program is the most efficient means of calculating toner levels, the alternatives suggested by Dr. Maggs do not appear to support the district court's initial conclusion that the program is expressive. Dr. Maggs' first and third suggestions — that different equations and values or a different means of measuring toner level altogether could have been used — do not appear to represent alternative means of expressing the ideas or methods of operations embodied in the Toner Loading Program; they appear to be different ideas or methods of operation altogether. Selection from among competing ideas or methods of operation generally does not result in copyright-protectable expression. See *Bateman*, 79 F.3d at 1546 n.29 ("Generally there is more than one method of operation or process that can be used to perform a particular computer program function. However, methods of operation and processes are not copyrightable."); see also *Am. Dental Ass'n v. Delta Dental Plans Ass'n*, 126 F.3d 977, 980 (7th Cir.1997) ("A lamp may be entirely original, but if the novel elements are also functional the lamp cannot be copyrighted."). Nor would the use of a "lookup table" appear to differ meaningfully from the use of other equations

directly. Instead of executing a mathematical formula on a given input, this program merely “looks up” in a data table the output of that same formula for the given input value. Finally, Dr. Maggs’ fourth suggestion — that the same equations could be reordered — does not appear to show originality because such alterations may be too trivial to support a finding of creative expression. See *M.M. Bus. Forms*, 472 F.2d at 1140 (holding that paraphrasing of words on legal forms does not contain the requisite originality for copyright protection).

To the extent these alternatives suggest any originality in the Toner Loading Program, at any rate, the quantum of originality may well be de minimis and accordingly insufficient to support the validity of Lexmark’s copyright in the work. See *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1373-74 (10th Cir.1997) (determining that plaintiff’s “arbitrary selection” of several numbers required only “de minimis creative effort” and did not “evince enough originality to distinguish authorship”); cf. *Sega Enters.*, 977 F.2d at 1524 n. 7 (noting that 20-byte code is of de minimis length and therefore likely a “word” or “short phrase” that is not protected by copyright law); *Murray Hill Publ’ns, Inc. v. ABC Comm’ns, Inc.*, 264 F.3d 622, 633 (6th Cir.2001) (noting that short movie line was “a phrase or slogan not worthy of copyright protection in its own right”). Because the district court initially looked at these issues and this evidence through the wrong frame of reference, its conclusion that the Toner Loading Program had sufficient originality to obtain copyright protection does not support the preliminary injunction. At the permanent injunction stage of this dispute, we leave it to the district court in the first instance to decide whether the Toner Loading Program has sufficient originality to warrant copyright protection.

Third, and perhaps most significantly, the district court erred in assessing whether the Toner Loading Program functions as a lock-out code. Even if the constraints described by Dr. Goldberg — the programming language, the program size, efficiency concerns — did not dictate the content of the Toner Loading Program, the fact that it also functions as a lock-out code undermines the conclusion that Lexmark had a probability of success on its infringement claim.

The Toner Loading Program, recall, serves as input to the checksum operation that is performed each time the printer is powered on or the printer door is opened and closed (i.e., for toner cartridge replacement). After downloading a copy of the Toner Loading Program to calculate toner levels, the Printer Engine Program runs a calculation — the checksum — using every data byte of the Toner Loading Program as input. The program then compares the result of that calculation with a “checksum value” that is located elsewhere on Lexmark’s toner cartridge chip. If any single byte of the Toner Loading Program is altered, the checksum value will not match the checksum calculation result. Only if the checksum value is correspondingly changed to accommodate any alterations in the data bytes will the printer function.

In addition to its general conclusion that external constraints on the program were not relevant, the district court concluded that the checksum operation did not operate as a strict constraint on the content of the Toner Loading Program because “SCC’s identical copying of Lexmark’s Toner Loading Programs went beyond that which was necessary for compatibility.” According to the district court, the program could be altered rather simply, even in view of the checksum operation, because reasonable trial and error of no more than 256 different data combinations would

have enabled SCC to discover and encode the correct checksum value on its chip. In reaching this conclusion, the court downplayed the significance of Dr. Goldberg’s testimony regarding the importance of contextual information to the ease or difficulty of guessing the correct checksum value, saying that Dr. Goldberg called the task “extraordinarily difficult,” then dismissing his testimony without further explanation. Dr. Goldberg, however, did not describe this endeavor as “extraordinarily difficult” but as “*computationally impossible*,” (emphasis added) — a point that Lexmark did not then, and does not now, refute. Contrary to Judge Feikens’ suggestion, moreover, Lexmark offered no evidence to show that the task of “turning off” the checksum operation altogether (without contextual information) would be any different from, or any less arduous than, the task of altering the checksum value to accommodate another program.

The difficulty of deriving the proper checksum value and the corresponding degree to which the checksum operation acts as a constraint on the content of the bytes comprising the Toner Loading Program may be an open question at the permanent injunction phase. But for purposes of the preliminary injunction, Dr. Goldberg’s unchallenged testimony that it would be “computationally impossible” to modify the checksum value without contextual information suffices to establish that the checksum operation imposes a compatibility constraint in the most literal sense possible: if any single byte of the Toner Loading Program is altered, the printer will not function. On this record, pure compatibility requirements justified SCC’s copying of the Toner Loading Program.

* * *

In defense of the district court’s decision, Lexmark raises several other arguments, all unavailing. First, Lexmark notes that it “creatively inserted” in the Toner Loading Program a computer code representation of its stock ticker symbol, “LXK.” Lexmark describes this segment as “non-functional” because it does not translate into source code contributing to the toner-calculating program. It is not clear whether these three letters would support a finding of creative expression in the work as a whole. See *Sega Enters.*, 977 F.2d at 1524 n. 7 (noting that Sega’s 20-byte initialization code is of de minimis length and therefore likely a “word” or “short phrase” that is not protected by copyright law as described in 37 C.F.R. § 202.1(a)); see also *Feist*, 499 U.S. at 344 (concluding that phone book listings are not copyrightable even though the listings contained four fictitious listings that the plaintiff included for infringement detection purposes). What is clear is that the bytes containing the “LXK” reference are functional in the sense that they, like the rest of the Toner Loading Program, also serve as input to the checksum operation and as a result amount to a lock-out code that the merger and *scènes à faire* doctrines preclude from obtaining protection.

Second, Lexmark argues that if the Toner Loading Program is not copyrightable, then “most computer programs would not be copyrightable.” But the slope of this decision is neither as slippery nor as steep as Lexmark suggests. Most computer programs do not simultaneously operate as a lock-out code that is “computationally impossible” to alter without input from the programmer; and most programs are not as brief as this one.

In reaching this conclusion, we do not mean to say that brief computer programs are ineligible for copyright protection. Short programs may reveal high levels of creativity and may present simple, yet unique, solutions to programming quandaries. Just as a mathematician may develop an elegant proof, or an author may express ideas in a spare, simple, but creative manner, see, e.g., e.e. cummings, *Selected Poems* (Richard S. Kennedy ed., 1994), so a computer programmer may develop a program that is brief and eligible for protection. But unless a creative flair is shown, a very brief program is less likely to be copyrightable because it affords fewer opportunities for original expression.

Third, invoking the Federal Circuit's decision in *Atari I*, 975 F.2d at 840, Lexmark argues that even if the Toner Loading Program amounts to a lock-out code, it still may be eligible for protection. In *Atari I*, Nintendo developed a program (known as "10NES") that blocked its game console from accepting unauthorized game cartridges. Relying on this program, Nintendo sold game cartridges that generated a data stream that "unlocked" the game console, allowing it to load and run the game. The Federal Circuit determined that the 10NES program was copyrightable despite arguments that the program constituted unprotectable ideas rather than expression and that the merger doctrine precluded copyright protection.

The Federal Circuit's rationale for accepting copyright protection for the 10NES program does not undermine our conclusion because the 10NES program was not a "lock out" code in the same sense that the Toner Loading Program is. In *Atari*, the data bytes of the 10NES program did not themselves do the "unlocking" of the game console; the program, when executed, generated an arbitrary stream of data that in turn enabled the console to function. That same data stream, the court concluded, could have been produced by a number of alternative programs; for this reason, the expression contained in the computer program did not "merge" with the process. *Id.* ("The unique arrangement of computer program expression which generates that data stream does not merge with the process so long as alternate expressions are available. In this case, Nintendo has produced expert testimony showing a multitude of different ways to generate a data stream which unlocks the NES console.") *id.* ("[N]o external factor dictated the bulk of the [10NES] program."). Here, by contrast, the data bytes comprising the Toner Loading Program themselves act as the input to the checksum operation that must be successfully completed for the printer to operate. None of these bytes of the program can be altered without impeding printer functionality given the compatibility requirements created by the checksum operation. See *Atari III*, 1993 WL 207548, at *1 (distinguishing current compatibility requirements from future ones, and excluding program code "that is strictly necessary" to comply with the former from copyright protection under the merger concept). Compatibility requirements in *Atari*, in short, did not preclude the possibility of substituting other programs for the 10NES, while they do here.

For like reasons, Judge Feikens is correct that a poem in the abstract could be copyrightable. But that does not mean that the poem receives copyright protection when it is used in the context of a lock-out code. Similarly, a computer program may be protectable in the abstract but not generally entitled to protection when used necessarily as a lock-out device.

Notes and questions

(1) In *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004), the Sixth Circuit held that a simple computer program used as a lock-out device was not copyrightable because of the merger and *scènes à faire* doctrines. In a part of the decision not extracted here, the court also indicated that even if it were copyrightable the defendant's use to enable compatible printer cartridges to work in Lexmark printers would have been fair use.

(2) The Sixth Circuit treats merger and *scènes à faire* as a matter of whether feasible alternatives exist within "real-world constraints" and not simply whether alternatives exist in theory. The court of appeals faulted the district court (at 537) for "refusing consider whether external factors such as compatibility requirements, industry standards, and efficiency circumscribed the number of forms that the Toner Loading Program could take."

(3) Notice that the Sixth Circuit treats merger and *scènes à faire* as limitations on copyright scope that can arise after the work has been created. The court says (at 536) that the question is not simply "whether *any* alternatives theoretically exist" but rather "whether other options practically exist under the circumstances" and of course, circumstances change over time.

This is consistent with *Baker v. Selden*. Recall that in the Court in *Baker* held that Baker did not infringe the copyright in Selden's book on a novel bookkeeping system, even though Baker copied the forms used to implement the system. When Selden devised his bookkeeping system initially he no doubt had many choices to make and some of these choices might be thought of as creative, after a fashion. And yet when Baker came to implement the same system he was left with relatively few choices. This is not to say that Baker had literally no choice but to copy the forms exactly, indeed Baker's forms were somewhat different Selden's.

(4) In a more recent computer software case, *Oracle America, Inc. v. Google Inc.*, 750 F.3d at 1363-1364, the Federal Circuit held (arguably, against the weight of authority), takes the position that a court must focus on the choices available to the author of the copyrighted work at the time of creation; thus constraints faced by the later author and concerns such as compatibility and interoperability are irrelevant to a merge or *scènes à faire* analysis.

(5) The *Lexmark* court rejects the position of the Nimmer treatise that merger and *scènes à faire* are only applicable to assessing substantial similarity and holds that an analysis of copyrightability informed by the doctrines of merger and *scènes à faire* apply to establishing the existence of a valid copyright and to determine whether a particular act of reproduction amounts to infringement.

(6) Does the court's conclusion in *Lexmark* (at 538) that "when external factors dictate the form of expression, copyright protection does not extend to the work" make sense in absolute terms? What if Lexmark had a poem that functioned as a lock-out code, would the poem be uncopyrightable for all purposes, or simply when used in that one functionally constrained manner?

At 544 the court notes that:

a poem in the abstract could be copyrightable. But that does not mean that the poem receives copyright protection when it is used in the context of a lock-out code. Similarly, a computer program may be protectable in the abstract but not generally entitled to protection when used necessarily as a lock-out device.

Is the court saying that when a poem used as a lock-out device it loses copyright protection, or that it retains copyright generally, but is not infringed by use for a similar function?

The law itself is not copyrightable

In *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 668 (1834) the Supreme Court held unanimously, although with very little explanation, that “no reporter has or can have any copyright in the written opinions delivered by this Court; and that the judges thereof cannot confer on any reporter any such right.”

In *Banks v. Manchester*, 128 U.S. 244 (1888) the Court addressed the same issue with respect to the opinions of state court judges. In *Banks*, an Ohio statute provided for the appointment of an official reporter for the Supreme Court of Ohio, and tasked him with compiling the decisions and other materials authored by the judges and securing “for the benefit of the state” a copyright on the compilations. That reporter was Mr. E.L. DeWitt. Ohio statute also required the Secretary of State to contract with a publisher, who would be given the exclusive right to publish the reports compiled by the official court reporter “so far as the state can confer [such right].” The contract was awarded to Derby & Co. who assigned it in turn to Banks & Brothers. The controversy in *Banks* arose when a rival publisher sought to publish some of the same official reports of decisions of the Supreme Court of Ohio in the *American Law Journal*.

Banks v. Manchester, 128 U.S. 244 (1888)

Mr. Justice Blatchford delivered the opinion of the court.

... We are of opinion that these provisions of the statute do not cover the case of the State of Ohio in reference to what Mr. DeWitt undertook to obtain a copyright for, for the benefit of that State, in the present instance. Mr. DeWitt, although he may have been a citizen of the United States or a resident therein, was not the author, inventor, designer, or proprietor of the syllabus, the statement of the case, or the decision or opinion of the court. The State, therefore, could not become the assignee of Mr. DeWitt, as such author, inventor, designer, or proprietor. The State cannot properly be called a citizen of the United States or a resident therein, nor could it ever be in a condition to fall within the description in § 4952, or § 4954 [the relevant sections of the Copyright Act].

The copyright claimed to have been taken out by Mr. DeWitt in the present case, being a copyright “for the State,” is to be regarded as if it had been a copyright taken out in the name of the State. Whether the State could take out a copyright for itself, or could enjoy the benefit of one taken out by an individual for it, as the assignee of a citizen of the United States or a resident therein, who should be the author of a book, is a question not involved in the present case, and we refrain from considering it and from considering any other question than the one above indicated. In no proper sense can the judge who, in his judicial capacity, prepares the opinion or decision, the statement of the case and the syllabus or head note, be regarded as their author or their proprietor, in the sense of § 4952, so as to be able to confer any title by assignment on the State, sufficient to authorize it to take a copyright for such matter, under that section, as the assignee of the author or proprietor.

Judges, as is well understood, receive from the public treasury a stated annual salary, fixed by law, and can themselves have no pecuniary interest or proprietorship, as against the public at large, in the fruits of their judicial labors. This extends to whatever work they perform in their capacity as judges, and as well to the statements of cases and head notes prepared by them as such, as to the opinions and decisions themselves. The question is one of public policy, and there has always been a judicial consensus, from the time of the decision in the case of *Wheaton v. Peters*, 8 Pet. 591, that no copyright could under the statutes passed by Congress, be secured in the products of the labor done by judicial officers in the discharge of their judicial duties. The whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all, whether it is a declaration of unwritten law, or an interpretation of a constitution or a statute. *Nash v. Lathrop*, 142 Mass. 29, 35. In *Wheaton v. Peters*, it was said by this court, that it was “unanimously of opinion that no reporter has or can have any copyright in the written opinions delivered by this court; and that the judges thereof cannot confer on any reporter any such right.” What a court, or a judge thereof, cannot confer on a reporter as the basis of a copyright in him, they cannot confer on any other person or on the State.

Notes and questions:

(1) In *Banks v. Manchester*, 128 U.S. 244 (1888) the Supreme Court held that court reporter for the Ohio Supreme Court could not hold copyright in the opinions of the Court. The court said (at 253) that as a matter of public policy “no copyright could under the statutes passed by Congress, be secured in the products of the labor done by judicial officers in the discharge of their judicial duties.” Justice Blatchford further explained (at 253-254) that:

The whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all, whether it is a declaration of unwritten law, or an interpretation of a constitution or a statute.

(2) However, less than a month later in *Callaghan v. Myers*, 128 U.S. 617 (1888) the Court came to a different conclusion than it had reached in *Wheaton v. Peters* and *Banks v. Manchester*. In *Callaghan*, the Court held that although “there can be no copyright in the opinions of the judges, or in the work done by them in their official capacity as judges,” the additional intellectual contribution of the court reporter—things such as organizing the cases; writing annotations such as headnotes and syllabi to appear alongside the opinions in the reports—may be entitled to copyright protection in the hands of the reporter as a private individual. The Court said (at 647) that there was “no ground of public policy on which a reporter who prepares a volume of law reports, of the character of those in this case, can ... be debarred from obtaining a copyright for the volume which will cover the matter which is the result of his intellectual labor.”

(3) Section 8 of the Copyright Act of 1909 provided that “no copyright shall subsist in the original text of any work which is in the public domain ... or in any publication of the United States Government, or any reprint, in whole or in part, thereof.” A similar provision persists in section 105 of the current Act.

17 U.S. Code § 105. Subject matter of copyright: United States Government works

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.

Although section 105 only applies to the federal government, it is understood that Supreme Court's broader prohibition still applies with respect to state laws, municipal ordinances, court decisions, and similar official documents.³⁴

(4) In *Veck v. Southern Building Code Congress International, Inc.*, 293 F.3d 791 (5th Cir. 2002) (en banc), the Fifth Circuit held that privately authored building codes lost their copyright status once they were incorporated into law. However, various other courts have declined to extend the rule in other similar contexts.³⁵

Recent cases: Code Revision Commission v. Public Resource

The issue in *Code Revision Commission v. Public.Resource.Org, Inc.*, 906 F. 3d 1229 (11th Cir. 2018) was whether the Official Code of Georgia Annotated (OCGA) produced under the supervision of the Code Revision Commission was copyrighted. The OCGA is comprised of both legislative text (obviously uncopyrightable) and annotations that provide explanations and cross-references. As the court explained:

Appearing alongside the statutory text are various annotations, consisting of history lines, repeal lines, cross references, commentaries, case notations, editor's notes, excerpts from law review articles, summaries of opinions of the Attorney General of Georgia, summaries of advisory opinions of the State Bar, and other research references.

However,

Despite the fact that they are part of the official Code, Georgia law says that the annotations themselves do not have the force of law in the way that the statutory portions of the Code do.”

A highly abbreviated extract of the court of appeals' decision follows. The Supreme Court will hear an appeal in this case in the 2019 Term.

Code Revision Commission v. Public.Resource.Org, Inc., 906 F. 3d 1229 (11th Cir. 2018)

Circuit Judge Marcus

... The ultimate inquiry posed by the rule in *Banks* is thus whether a work is attributable to the constructive authorship of the People, which is to say whether it was created by an agent of the People in the direct exercise of sovereign authority.

³⁴ See Copyright Office's 1961 Register's Report, at 129-30.

³⁵ See e.g. *See, e.g., CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994); *Practice Mgmt. Info. Corp. v. Am. Med. Ass'n*, 121 F.3d 516 (9th Cir. 1997), amended, 133 F.3d 1140 (9th Cir. 1998); *Cty. of Suffolk v. First Am. Real Estate Sols.*, 261 F.3d 179, 193 (2d Cir. 2001); *John G. Danielson, Inc. v. Winchester-Conant Properties, Inc.*, 322 F.3d 26 (1st Cir. 2003)

Statutes and judicial opinions are the most obvious examples of what falls within the ambit of the rule.

This does not mean that statutes, judicial opinions, and other texts that carry the clear force of law are the only works that may be subject to the rule. For one thing, relying, as the district court did, on a bright line distinction between edicts that have the force of law and those that do not to apply the Banks rule simply does not work in some cases. This is one of them. It is clear to us that there exists a zone of indeterminacy at the frontier between edicts that carry the force of law and those that do not. In this small band of cases a government work may not be characterized as law, and yet still be so sufficiently law-like as to implicate the core policy interests undergirding Banks.

Statutory texts are the kinds of works most obviously subject to the rule announced in *Banks*. Because statutes are the prototypical works to which the rule applies, we rely on the statutory example as the lodestar for our inquiry. Whether or not a work is subject to the rule is dependent on whether the work is the law, or sufficiently like the law, so as to be deemed the product of the direct exercise of sovereign authority, and therefore attributable to the constructive authorship of the People. Basing the inquiry on whether a work is similar enough to the law so as to be attributable to the People, of course, does little to diminish the difficulty of applying the *Banks* rule in the unique circumstances presented here. But it does point us toward the right way of structuring our analysis.

Put simply, there are certain things that make the law what it is. The law is written by particular public officials who are entrusted with the exercise of legislative power; the law is, by nature, authoritative; and the law is created through certain, prescribed processes, the deviation from which would deprive it of legal effect. Each of these attributes is a hallmark of law. These characteristics distinguish written works that carry the force of law from all other works. Since we are concerned here with whether a work is attributable to the constructive authorship of the People, these factors guide our inquiry into whether a work is law or sufficiently law-like so as to be subject to the rule in *Banks*.

An analysis of these factors yields the conclusion that the annotations in the OCGA, while not having the force of law, are part and parcel of the law. They are so enmeshed with Georgia's law as to be inextricable. The annotations are themselves law-like insofar as we examine who made them, how they were made, and the role they play in the legislative and jurisprudential spheres of Georgia's public life. In consequence, they too represent a work, like the statutes themselves, that is constructively authored by the People. They are therefore uncopyrightable.

...

Our inquiry has focused on whether the official annotations represent a direct exercise of sovereign power, and are therefore attributable to the constructive authorship of the People. In making this determination, we have compared the work in question to works that represent the prototypical exercise of sovereign power, which is to say statutes and official interpretations of the law. We have been guided by three factors that may be regarded as the defining characteristics of law — the

identity of the public official who created the work; the nature of the work; and the process by which the work was produced.

When the wrong public official exercises a power delegated in the law, when the power exercised is of a type not contemplated by the law, or when the power is exercised outside the procedural channels prescribed by the law, the act cannot be considered a valid exercise of the sovereign power. From these principles, the corollary logically follows: when the action taken is of the type entrusted by the People to their agents, when it is wielded by a public official whose assigned duties include the exercise of sovereign power, and when it is exercised pursuant to constitutionally designated processes, it more likely represents an exercise of the sovereign authority. The reasoning found in *Banks* also suggests the importance of these factors.

All of them point strongly toward the conclusion that the OCGA annotations are not copyrightable. The OCGA annotations are created by Georgia's legislative body, which has been entrusted with exercising sovereign power on behalf of the people of Georgia. While the annotations do not carry the force of law in the way that statutes or judicial opinions do, they are expressly given legal significance so that, while not "law," the annotations undeniably are authoritative sources on the meaning of Georgia statutes. The legislature has stamped them "official" and has chosen to make them an integral part of the official codification of Georgia's laws. By wrapping the annotations and the statutory text into a single unified edict, the Georgia General Assembly has made the connection between the two inextricable and, thereby, ensured that obtaining a full understanding of the laws of Georgia requires having unfettered access to the annotations. Finally, the General Assembly's annual adoption of the annotations as part of the laws of Georgia is effected by the legislative process — namely bicameralism and presentment — that is ordinarily reserved for the exercise of sovereign power.

Thus, we conclude that the annotations in the OCGA are attributable to the constructive authorship of the People. To advance the interests and effect the will of the People, their agents in the General Assembly have chosen to create an official exposition on the meaning of the laws of Georgia. In creating the annotations, the legislators have acted as draftsmen giving voice to the sovereign's will. The resulting work is intrinsically public domain material, belonging to the People, and, as such, must be free for publication by all.

As a result, no valid copyright can subsist in these works. We, therefore, reverse the judgment of the district court, direct that judgment be entered for appellant PRO, vacate the district court's order granting the State of Georgia injunctive relief, and remand for further proceedings consistent with this opinion.

Recent cases: ASTM v. Public Resource

The issue in *ASTM v. Pub.Resource.Org* was whether and to what extent privately developed codes and standards retain the copyright protection once they become incorporated into federal, state, or municipal law. As part of its self-proclaimed mission is "to make the law and other government materials more widely available," Public.Resource.Org ("PRO") posted copies of a number of incorporate standards to its public website. Between 2012 and

2014, PRO uploaded hundreds of technical standards, which, collectively, were downloaded tens of thousands of times. In mid-2013, several standards organizations, including the American Society for Testing & Materials sued PRO, asserting claims of copyright infringement, among other things.

Tens of thousands of technical standards developed by private organizations are incorporated into or referenced by law in different ways and with varying consequences. As the court explained:

When agencies or legislatures incorporate private standards into law, they often do so by reference—that is, instead of spelling out the requirements of a standard within legislative or regulatory text, they reference the standard being incorporated and direct interested parties to consult that standard in order to understand their obligations. ... Just as the incorporation process varies, so too—and this is central to the issues before us—do the legal consequences of any given incorporation. This is hardly surprising, given that federal, state, and local legislatures and agencies have incorporated by reference thousands of technical standards. Indeed, by ASTM’s own count, the Code of Federal Regulations alone has incorporated by reference over 1,200 of its standards. This appeal, which concerns ten standards incorporated by reference into law, reflects just a sliver of that diversity.

One way in which the incorporated standards vary is how readily they resemble ordinary, binding law. At one end of this spectrum lie incorporated standards that define one’s legal obligations just as much as, say, a local building code—except that the specific legal requirements are found outside the two covers of the codebook. The NFPA 70 tank-barge plug specification discussed above, which the relevant regulation mentions by name in making compliance mandatory, is one such example. Another is the incorporation of ASTM D975-07, the “Standard Specification for Diesel Fuel Oils,” into the U.S. Code. It provides that a retailer of certain biofuels need not affix any special labels to its fuel so long as the fuel “meets ASTM D975 diesel specifications.” 42 U.S.C. § 17021(b)(1). These laws impose legally binding requirements indistinguishable from, for example, a cigarette-labeling obligation, see 15 U.S.C. § 1333(a), except that the federal law imposing that obligation expressly specifies, without reference to an external standard, exactly what qualifies as a cigarette, see *id.* § 1332(1).

At the other end of the spectrum lie standards that serve as mere references but have no direct legal effect on any private party’s conduct. One example is the incorporation of ASTM D86-07, the “Standard Test Method for Distillation of Petroleum Products and Liquid Fuels at Atmospheric Pressure,” which a federal regulation describes as a “reference procedure” used by the Environmental Protection Agency and regulated motor-vehicle manufacturers to determine whether the boiling point for certain gasoline used for “exhaust and evaporative emission testing” falls within a permissible range. 40 C.F.R. § 86.113-04(a)(1). The regulation creates only one relevant legal obligation: the regulated entity, in testing vehicular emissions, must use gasoline that meets specifications expressly laid out within the regulation itself. The incorporation of an external standard merely tells the regulated entity how it can ensure that the gasoline it uses in fact satisfies the codified requirements.

Judge Tatal’s majority opinion in the *ASTM* case acknowledged that PRO had raised “a serious constitutional concern with permitting private ownership of standards essential to understanding legal obligations.” However, the but thought “it best at this juncture to

address only the statutory fair use issue—which may provide a full defense to some, if not all, of the [Standards Developing Organizations] infringement claims in this case—and leave for another day the question of whether the Constitution permits copyright to persist in works incorporated by reference into law.”

In terms of fair use, the majority noted that PRO had distributed the standards for the purpose of educating the public about the specifics of governing law and it generally credited the argument that paraphrases, summaries, and descriptions, would not adequately “capture the precision that is necessary to understand the legal obligations that governments impose and enforce.” But the court regarded this as a highly fact specific inquiry. Citing *Banks*, the court reiterated that “the express text of the law falls plainly outside the realm of copyright protection” and held further that “standards incorporated by reference into law are, at best, at the outer edge of copyright’s protective purposes.” Judge Tatel court further explained (at 452) that:

Where the consequence of the incorporation by reference is virtually indistinguishable from a situation in which the standard had been expressly copied into law, this factor weighs heavily in favor of fair use. But where the incorporation does not lend to such easy substitution, fair use is harder to justify.

The court of appeals instructed the district court to take these principles into account on remand and also to conduct a more nuanced analysis of the potential market effect of PRO’s activities. Judge Katsas’ concurring opinion in *ASTM* is extracted below

American Society for Testing & Materials v. Pub.Resource.Org, Inc., 896 F.3d 437 (D.C. Cir. 2018)

Circuit Judge Katsas concurring:

The plaintiffs here claim a copyright over binding legal texts, which would enable them to prevent anyone from gaining access to that law or copying it for the public. See 17 U.S.C. § 106. Moreover, saying what that law is, without plaintiffs’ permission, would expose an individual to injunctive relief, impoundment, damages, attorneys’ fees, and potentially even criminal liability. See *id.* §§ 502-506. As a matter of common-sense, this cannot be right: access to the law cannot be conditioned on the consent of a private party, just as it cannot be conditioned on the ability to read fine print posted on high walls. See Suetonius, Gaius Caligula ¶ XLI, in *The Lives of the Caesars* (J.C. Rolfe trans., Macmillan Co. 1914) (“he . . . had the law posted up, but in a very narrow place and in excessively small letters, to prevent the making of a copy”).

Not surprisingly, precedent confirms this instinct. In *Banks v. Manchester*, 128 U.S. 244 (1888), the Supreme Court held that judges cannot copyright their opinions, in part because their work “constitutes the authentic expression and interpretation of the law, which, binding every citizen, is free for publication to all.” *Id.* at 253. Moreover, two courts of appeals have confirmed that *Banks* remains good law under the modern Copyright Act of 1976. In *Building Officials & Code Administrators v. Code Technology, Inc.*, 628 F.2d 730 (1st Cir. 1980), the First Circuit vacated a preliminary injunction that would have enforced the copyright of a model building code as enacted into Massachusetts law. While not definitively deciding the question, the court reasoned that enforcement of the copyright could not be “squared with the

right of the public to know the law to which it is subject.” Id. at 735. Similarly, in *Veck v. Southern Building Code Congress International*, 293 F.3d 791 (5th Cir. 2002) (en banc), the Fifth Circuit held that “as law,” model rules adopted by a legislative body “enter the public domain and are not subject to the copyright holder’s exclusive prerogatives.” Id. at 793.

Today, the *Banks* rule might rest on at least four possible grounds: the First Amendment; the Due Process Clause of the Fifth Amendment; Section 102(b) of the Copyright Act, which denies copyright protection to “any idea, procedure, process, system, method of operation, concept, principle, or discovery,” 17 U.S.C. § 102(b); or Section 107 of the Act, which sets forth the fair-use doctrine, id. § 107. The Court today reasonably avoids what it correctly regards as “a serious constitutional concern” under the First and Fifth Amendments. And it expressly reserves, in substance though not by name, the question whether Section 102(b) extends protection to private standards as enacted into law.

The Court’s fair-use analysis faithfully recites the governing four-factor balancing test, yet, in conducting the balancing, it puts a heavy thumb on the scale in favor of an unrestrained ability to say what the law is. Thus, when an incorporated standard sets forth binding legal obligations, and when the defendant does no more and no less than disseminate an exact copy of it, three of the four relevant factors—purpose and character of the use, nature of the copyrighted work, and amount and substantiality of the copying—are said to weigh “heavily” or “strongly” in favor of fair use. This analysis closely parallels *Banks*, which the Court explicitly invokes in its discussion of factor two. The Court acknowledges the thinness of the record in this case, and it appropriately flags potentially complicating questions about how particular standards may be incorporated into law, and whether such standards, as so incorporated, actually constitute “the law.” But, where a particular standard is incorporated as a binding legal obligation, and where the defendant has done nothing more than disseminate it, the Court leaves little doubt that the dissemination amounts to fair use.

With that understanding, and recognizing that the Section 102(b) and constitutional issues remain open in the unlikely event that disseminating “the law” might be held not to be fair use, I join the Court’s opinion.

Notes and questions:

(1) In his concurring opinion in *ASTM*, Judge Katsas seems intent on leaving us in no doubt that publishing copyrighted works incorporated as a binding legal obligations will be fair use.

Other exclusions from copyright

Words, titles, and short phrases³⁶

In *Feist Publications, Inc. v. Rural Telephone Service, Co.*, 499 U.S. 340, 346 (1991), the Supreme Court held that, “originality is a constitutional requirement.” And it explained (at 345):

³⁶ This material is also addressed in the chapter on copyright subject matter, but I have left it in here for the sake of completeness.

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*. (emphasis added)

In theory, every copyrightable work embodies “*at least some minimal degree of creativity*”, but courts rarely have cause to define what that quantum of creativity is, although they often observe its absence in particular contexts. Usually we don’t need to know much more than that fact that telephone books lack creativity entirely and novels possess it in abundance. However, the originality requirement has some important implications for the minimum size of copyrightable works and the Copyright Office has a long established practice of refusing registration to words and short phrases on this basis.

37 C.F.R. § 202.1(a) Material not subject to copyright.

The following are examples of works not subject to copyright and applications for registration of such works cannot be entertained:

(a) Words and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents; ...

The requirement of originality is a good enough reason to preclude copyright for most words and short phrases, but perhaps not all.

Words and short phrases that are novel (in the patent law sense of being entirely new) arguably are original in that they owe their existence to the author, but they should probably be denied independent copyright status by virtue of the merger doctrine and the idea-expression distinction, rather than a lack of creativity as such.³⁷ For example, the word “*Quidditch*” was new and creative when JK Rowling invented it. She apparently selected it from five notebook pages of words beginning with “Q”. The word Quidditch could not be copyrighted without depriving the public of the only plausible way of referring to the popular contact sport played on flying broomsticks in the Harry Potter fantasy series. Quidditch is uncopyrightable because the word is merged with the much more complicated set of ideas the word represents.

On the other hand, “*supercalifragilisticexpialidocious*” in Mary Poppins is also creative, and more importantly, because it is nonsense it is hard to see that merger and idea-expression distinction would bar it from copyright protection. But even if it could have been registered as a one-word literary work, the fact that it wasn’t should mean something for copyright analysis.³⁸

Taxonomies

There is some case law to the contrary, but the better view is that taxonomies of arbitrary naming conventions are not copyrightable. For example in *Southco, Inc. v. Kanebridge Corp.*, 390 F.3d 276 (3d Cir. 2004)(en banc), the Third Circuit held that a list of serial numbers used to identify hardware parts was not copyrightable.

³⁷ See e.g. *Perma Greetings, Inc. v. Russ Berrie & Co.*, 598 F. Supp 445, 448-49 (E.D. Mo. 1984) (finding that phrases such as “hang in there,” “message,” and “along the way take time to smell the flowers” are unprotected and considering ideas of images and simple design characteristics to be uncopyrightable). See also, *Matthews v. Freedman*, 157 F.3d 25, 26 (1st Cir. 1998).

³⁸ *Life Music, Inc. v. Wonderland Music Co.* 241 F. Supp. 653 (S.D.N.Y. 1965).

After discussing the originality requirement and the implications of the Feist decision, the court held (at 282):

In this case, the Southco product numbers are not “original” because each number is rigidly dictated by the rules of the Southco system. Because ideas may not be copyrighted, Southco does not assert any claim of copyright in its numbering *system*, but instead focuses on *the part numbers themselves*. The numbers, however, do not reflect any creativity.

The court also held (at 285) that the part numbers were uncopyrightable on a separate ground, the uncopyrightability of short phrases and titles. The court explained that “since at least 1899, it has been the practice of the Copyright Office to deny registration to ‘words and phrases.’” It summarized and accepted the policy rationale for the doctrine put forward by the government in an amicus brief as follows (at 286):

The government suggests that this practice serves at least two purposes. First, the government notes that a short phrase such as a part number typically lacks any creativity whatsoever. Second, the government suggests that extending copyright protection to part numbers would unduly interfere with the legitimate use of the numbers in question. Because the owner of a copyright has the exclusive rights to reproduce the copyrighted work, if a part number (say, XXXXXXXXX, to take the example discussed above) were copyrighted, *any* use of the number would potentially infringe the copyright. Moreover, if Southco’s nine-digit numbers are protected, would there be a principled basis for denying protection to a number with, say, seven or five digits? Could a company or person thereby obtain the exclusive right to use the number 4,710,202 or 47,102? In light of the huge number of part and product numbers (and other analogous numbers) that now exist, this prospect gives reason for concern. Although the fair use defense would presumably protect the use of such numbers in most situations, fair use is an affirmative defense and may impose an undue burden.

The law in the Sixth Circuit is the same. In *ATC Distribution Group v. Whatever It Takes Transmissions & Parts, Inc.*, 402 F.3d 700, 706 (6th Cir. 2005), the court of appeals held that a taxonomy for assigning unique identifiers to auto transmission parts by sorting them into categories and sub-categories was not copyrightable. Just as in *Southco*, the court recognized the system that generated the unique identifiers as an uncopyrightable idea and the numbers so generated as either unoriginal products of that system or as excluded by merger. The court also invoked the short works doctrine following a similar reasoning to *Southco*.

For a contrary view, see *American Dental Association v. Delta Dental Plans Association*, 126 F.3d 977, 979 (7th Cir.1997), arguing that:

Facts do not supply their own principles of organization. Classification is a creative endeavor. Butterflies may be grouped by their color, or the shape of their wings, or their feeding or breeding habits, or their habitats, or the attributes of their caterpillars, or the sequence of their DNA; each scheme of classification could be expressed in multiple ways. Dental procedures could be classified by complexity, or by the tools necessary to perform them, or by the parts of the mouth involved, or by the anesthesia employed, or in any of a dozen different ways. The Code’s descriptions don’t “merge with the facts” any more than a scientific description of butterfly attributes is part of a butterfly.

The Seventh Circuit’s opinion in *American Dental* appears to confuse originality in the system with originality in the codes that are the product of that system.

4. THE HISTORICAL DEVELOPMENT OF THE CONCEPTS OF REPRODUCTION, ADAPTATION, AND FAIR USE

Reproduction and Adaptation—Current International Framework

Berne Convention

Article 9, subsection 1, of Berne Convention recognizes a broad reproduction right for literary and artistic works. The Convention provides that “authors of literary and artistic works protected by this convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form.”

Berne Convention (Paris 1971). Article 9.

- (1) Authors of literary and artistic works protected by this Convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form.
- (2) It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.
- (3) Any sound or visual recording shall be considered as a reproduction for the purposes of this Convention.

Article 12 Berne Convention provides that “authors of literary or artistic works shall enjoy the exclusive right of authorizing, arrangements and other alterations of their works.”

Berne Convention (Paris 1971). Article 12

Authors of literary or artistic works shall enjoy the exclusive right of authorizing adaptations, arrangements and other alterations of their works.

Article 14 of Berne adds a specific right to authorize cinematographic adaptation and the reproduction and distribution of such adaptations. It also adds the right of “public performance and communication to the public by wire” of the works thus adapted.

This right to make a film adaptation has been part of the Berne Convention since the 1908 Berlin revision, and it actually precedes the inclusion of the general reproduction right (Article 9) by many decades. This was reasonably fast work considering that the first film shot with the Cinématographe camera was only made in 1895.

Berne Convention (Paris 1971). Article 14.

- (1) Authors of literary or artistic works shall have the exclusive right of authorizing:
 - (i) the cinematographic adaptation and reproduction of these works, and the distribution of the works thus adapted or reproduced; (ii) the public performance and communication to the public by wire of the works thus adapted or reproduced.
- (2) The adaptation into any other artistic form of a cinematographic production derived from literary or artistic works shall, without prejudice to the authorization of the author of the cinematographic production, remain subject to the authorization of the authors of the original works.

The Information Society Directive

The European Union Directive on Copyright and Related Rights in the Information Society, 2001/29/EC (usually just referred to as the Information Society Directive or just the Infosoc Directive), attempts to harmonize many aspects of copyright law in the European Union, including exclusive rights.

Comparing the Berne Convention to the Infosoc Directive, it is striking how much more detailed and prescriptive the latter is than the former. The Infosoc Directive directs member states to provide an exclusive right encompassing direct or indirect, permanent or temporary reproductions by any means and in any form, in whole or in part.

European Union Directive on Copyright and Related Rights in the Information Society, 2001/29/EC. Article 2.

Reproduction right

Member States shall provide for the exclusive right to authorise or prohibit direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part:

- (a) for authors, of their works;
- (b) for performers, of fixations of their performances;
- (c) for phonogram producers, of their phonograms;
- (d) for the producers of the first fixations of films, in respect of the original and copies of their films;
- (e) for broadcasting organisations, of fixations of their broadcasts, whether those broadcasts are transmitted by wire or over the air, including by cable or satellite.

The Infosoc Directive talks about authors, performers, phonogram producers, film-fixators, and broadcasting organisations. What do all these entities have in common?

Reproduction, Adaptation, and Fair Use—United States Framework

17 U.S. Code § 106 - Exclusive rights in copyrighted works

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work; ...

17 U.S. Code § 107 - Limitations on exclusive rights: Fair use

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether

the use made of a work in any particular case is a fair use the factors to be considered shall include—

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

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

Among other things, Section 106 of the Copyright Act of 1976 gives copyright owners the exclusive right “to reproduce the copyrighted work in copies” and “to prepare derivative works based upon the copyrighted work”. Section 107 of the copyright act provides that the fair use of a copyrighted work is not an infringement of copyright. Taken together, what do Sections 106(1), 106(2) and 107 of the Copyright Act tell us about the scope of copyright?

Understanding these provisions and the associated concepts of reproduction, adaptation (the right to make derivative works based upon the copyrighted work), and fair use requires historical and technological context; it also requires addressing some metaphysical and conceptual questions. Historical context is required to see how the concept of reproduction has evolved over time. Technological context is required to understand the contemporary significance of many technical acts of reproduction. Finally, if the reproduction alleged is not a verbatim and exact copy of the entire work, understanding the reproduction right means delving into some metaphysical conceptual questions.

[Placeholder for discussion of Shyamkrishna Balganesesh’s article on the relational structure of the copyright entitlement]

The Historical Context of the Reproduction Right

The Premodern Era of Copyright Law

In *The Making of Modern Intellectual Property Law*, Brad Sherman and Lionel Bently draw the distinction between modern and premodern copyright, using 1850 as a rough line of demarcation. For reasons that will become clear, in the American context it makes sense to bring that date forward slightly to 1841 when Justice Story decided the case of *Folsom v. Marsh*. The premodern/modern distinction is a useful one because the categories of intellectual-property law were quite fluid up until the mid-nineteenth century. And only after the mid-1800s did the drive to internationalize copyright (a movement that culminated in the Berne Convention) significantly influence copyright law. Most of our modern concepts of copyright law can be seen evolving in the premodern era, but that evolution is messy and the case law from that era is at best a rough prototype of modern copyright law.

The Reproduction Right in the Premodern Era

There is no doubt that the scope of copyright law was much narrower in the premodern era than it is today, but it is not true (as many have suggested) that early copyright law was strictly limited to merely mechanical acts of reproduction. As I explain in my 2011 article *The Prehistory of Fair Use*,³⁹ the truth is more subtle. It would be more accurate to say that over the course of the premodern era of copyright the scope of the author's rights expanded from the narrow right to object, to unauthorized complete reproductions (i.e., reprinting the exact same book), to a slightly broader right that also included partial copies.

Making a shortened version or abstract of a longer text—both the practice and the resulting adaptation were known as abridgement (verb and noun, respectively)—was common in the premodern era, but the lawful scope of was abridgement contested throughout.

Gyles v. Wilcox (1740) 26 ER 489

Like many early copyright cases, the controversy in *Gyles* centered on an important book of learning, Sir Matthew Hale's *Historia Placitorum Coronæ* (The History of the Pleas of the Crown). Although Hale died on Christmas Day 1676, his *Historia Placitorum Coronæ* was not published in an authorized form until 1736. The defendant, John Wilcox, had commissioned an abridgment of the *Historia*, to be entitled *Modern Crown Law*. The plaintiffs alleged that the defendant's work "borrowed *verbatim* from *Sir Matthew Hale's Pleas of the Crown*"—omitting only statutes that had been repealed—and translated "all the Latin and French quotations" in Hale's book into English. See Matthew Sag, *The Prehistory of Fair Use*, 76 BROOKLYN LAW REVIEW 1371(2011).

Lord Hardwicke (the Lord Chancellor)

... As to what has been said by Mr. Attorney General of the acts being a monopoly, and therefore ought to receive strict construction, I am quite of a different opinion, and that it ought to receive a liberal construction, for it is very far from being a monopoly, as it is intended to secure the property of books in the authors themselves, or the purchasers of the copy, as some recompence for their pains and labour in such works as may be of use to the learned world.

The question is, Whether this book of the New Crown Law, which the defendant has published, is the same with Sir Matthew Hale's *Historia Placitorum Coronæ*, the copy of which is now the property of the plaintiff.

Where books are colourably shortened only, they are undoubtedly within the meaning of the act of Parliament, and are a mere evasion of the statute, and cannot be called an abridgment.

But this must not be carried so far as to restrain persons from making a real and fair abridgment, for abridgments may with great propriety be called a new book, because not only the paper and print, but the invention, learning, and judgment of the author is shewn in them, and in many cases are extremely useful, though in some instances prejudicial, by mistaking and curtailing the sense of an author.

If I should extend the rule so far as to restrain all abridgments, it would be of mischievous consequence, for the books of the learned, *les Journaux des Scavans*, and several others that might be mentioned, would be brought within the meaning of this act of parliament.

³⁹ Matthew Sag, *The Prehistory of Fair Use*, 76 BROOKLYN LAW REVIEW 1371(2011).

In the present case it is merely colourable, some words out of the *Historia Placitorum Coronce* are left out only, and translations given instead of the Latin and French quotations that are dispersed through Sir Matthew Hale's works; yet not so flagrant as the case of *Read versus Hodges*, for there they left out whole pages at a time; but I shall not be able to determine this properly, unless both books were read over, and the case fairly stated between the parties.

Mr. Attorney General has said I may send it to [the common law courts] to be determined by a jury; but how can this possibly be done it would be absurd for the chief justice to sit and hear both books read over, which is absolutely necessary, to judge between them, whether the one is only a copy from the other.

The court is not under an indispensable obligation to send all facts to a jury, but may refer them to a master, to state them, where it is a question of nicety and difficulty, and more fit for men of learning to inquire into, than a common jury.

This I think is one of those cases where it would be much better for the parties to fix upon two persons of learning and abilities in the profession of the law, who would accurately and carefully compare them, and report their opinion to the court.

The House of Lords very often, in matters of account which are extremely perplexed and intricate, refer it to two merchants named by the parties, to consider the case, and report their opinions upon it, rather than leave it to a jury; and I should think a reference of the same kind in some measure would be the properest method in the present case.

Notes and questions

(1) Lord Hardwicke continued the injunction, pending a master of the court's report on the similarities between the two works. The result is not contained in the report of the case, but it is discussed in *Tonson v. Walker*, (1752) 36 Eng. Rep. 1017 (Ch.). Apparently, the court-assisted arbitration proceeding led to an agreement that the defendant's work was a fair abridgment outside the Statute of Anne's scope. Accordingly, the injunction was dissolved.

(2) Does the decision in *Gyles* expand or contract the scope of copyright? Notice how Lord Hardwicke rejects the argument that the Statute of Anne should be narrowly construed as a monopoly. In *The Prehistory of Fair Use* (at 1391), I argue that Hardwicke's purposive reading of the copyright statute was also an expansive one. Under the Statute of Anne, 1710, 8 Ann., c. 19, §1 (Eng.), "the author of any book or books" or his assignees, was entitled to "the sole right and liberty of printing such book and books." Construed literally, the Act regulated only exact and entire reprinting, but Lord Hardwicke readily looked beyond the narrow text of the act to its underlying purpose and rejected any "mere evasion of the statute."

(4) It is important to recognize that copyright's limiting principles, such as fair use and the idea-expression dichotomy, play an important role in strengthening the copyright system. Because every act of authorship relies to some extent on engaging with and reusing existing materials, every generation of authors benefits from copyright limitations in their own creative process. Moreover, looking at the statutory system of copyright as a whole, limits

like fair use allow the rights of the copyright owner to be phrased more expansively than would otherwise be possible.⁴⁰

(5) Is the decision in *Gyles* pro-abridgment? In *The Prehistory of Fair Use* (at 1391), I argue that:

Although *Gyles* is often cited as the origin of the fair use doctrine in England and has generally been received as a pro-abridgment decision, Lord Hardwicke's reasoning gave as much to copyright owners as it took away. On the one hand, *Gyles* confirmed the legality of some abridgments (those described as fair). Yet it also entrenched a broad purposive reading of the Statute of Anne and condemned another set of abridgments (those deemed unfair) as infringing copyright.

(6) What distinguishes an infringing abridgment from a non-infringing one under *Gyles*? Hardwicke draws a line between reprints with minor alterations and "true abridgments" or "real and fair abridgments" which (at 490) he says:

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

The premodern copyright cases are not entirely coherent, perhaps no body of case law is. In general the dividing line between infringing and noninfringing abridgments was drawn with a view to two factors. First, the degree of intellectual labor contributed by the defendant. This not simply an assessment of the amount of work added by the defendant, usually the question was presented as whether the defendant's work should fairly be seen as a new work. The second factor was whether the defendant's work was likely to substitute for the plaintiff's original work.

(7) In *Gyles v. Wilcox*, Lord Hardwicke said "abridgments may with great propriety be called a new book, because not only the paper and print, but the invention, learning, and judgment of the author is shewn in them." In an even earlier case, *Burnett v. Chetwood*, (1720) 35 Eng. Rep. 1009 (Ch.), Lord Parker made a similar point with respect to translations, noting that "a translation might not be the same with the reprinting the original, on account that the translator has bestowed his care and pains upon it, and so not within the prohibition of the act." Likewise, in *Strahan v. Newbery* (1773) 98 Eng. Rep. 913, 913 (Ch.) the court described an abridgement as "an act of understanding . . . in the nature of a new and meritorious work.")

(8) Modern United States copyright law has retained some of the decisional structure of the premodern English abridgment cases. The modern fair use doctrine is significantly influenced by the degree of newness of the defendant's work in the sense of the question of whether the defendant's use was *transformative* (this is part of the first fair use factor). The modern fair use cases are also highly sensitive to concerns of market substitution (this is part of the fourth fair use factor). However, infringement analysis under modern United States copyright law begins with much broader notion of what kinds of derivative works or adaptations belong within the ambit of the copyright's rights.

⁴⁰ See, Matthew Sag, *God in the Machine: A New Structural Analysis of Copyright's Fair Use Doctrine*, 11 MICH. TELECOMM. & TECH. L. REV. 381, 414 (2005)

The emergence of the right “to prepare derivative works based upon the copyrighted work”

Over the course of the 19th century we see a significant expansion in the concept of the rights of the copyright owner. This development can be seen in the case law and statute. The two most prominent markers of this transition are the 1841 case of *Folsom v. Marsh* and the 1870 amendment to the U.S. Copyright Act that gave authors the right to control translations and dramatizations of their works.⁴¹

Folsom v. Marsh concerned two different literary treatments of the life of George Washington. The plaintiffs were Folsom, Wells & Thurston, a partnership of publishers that held the rights to Jared Sparks’ multivolume collection of *The Writings of George Washington*. The accused work was Reverend Charles Upham’s *The Life of Washington*, which was mainly comprised of extracts from Washington’s own writings. Upham’s abbreviated and simplified *Life of Washington*, intended for local school libraries, weighed in at a mere 866 pages—light in comparison to Sparks’ massive 6763-page 12 volume compilation. About a third of Upham’s work consisted of previously unpublished presidential writings, presumably copied from Sparks’ compilation.

Upham’s publisher, the firm Marsh, Capen & Lyon, disputed Folsom’s copyright ownership, but it also argued that even if Folsom held the copyright in Sparks’ twelve-volume collection of Washington’s writings, the good Reverend Upham’s work was nonetheless a fair abridgment that did not infringe. Marsh contended that once Washington’s papers and correspondence were published, anyone had the right to selectively use those materials to prepare a new and original work. This defense was entirely plausible given the state of the legal authorities at the time, similar abridgments had been allowed by numerous English authorities, but it was not successful.

Folsom v. Marsh, 9 F. Cas. 342, 349 (C.C.D. Mass. 1841) (No. 4901)

Circuit Justice Story

This is one of those intricate and embarrassing questions, arising in the administration of civil justice, in which it is not, from the peculiar nature and character of the controversy, easy to arrive at any satisfactory conclusion, or to lay down any general principles applicable to all cases. Patents and copyrights approach, nearer than any other class of cases belonging to forensic discussions, to what may be called the metaphysics of the law, where the distinctions are, or at least may be, very subtle and refined, and, sometimes, almost evanescent. In many cases, indeed, what constitutes an infringement of a patented invention, is sufficiently clear and obvious, and stands upon broad and general agreements and differences; but, in other cases, the lines approach very near to each other, and, sometimes, become almost evanescent, or melt into each other. So, in cases of copyright, it is often

⁴¹ Note also that in 1802 Congress amended the Copyright Act to include prints in the protected subject matter. It also made it an infringement to cause such a work to be “engraved, etched, copied or sold, in the whole or in part, by varying, adding to, or diminishing from the main design. . . .” Bill Patry notes that “This language may be read either as enumerating specific acts that constitute infringement of the right to print or publish the work, or as a form of a derivative right. The language was subsequently incorporated in section 7 of the 1831 general revision, where it applied to prints, cuts, engravings, maps, charts, and musical compositions (but not to books). The right remained a part of the copyright statutes until the 1909 Act.” 4 PATRY ON COPYRIGHT § 12:4

exceedingly obvious, that the whole substance of one work has been copied from another, with slight omissions and formal differences only, which can be treated in no other way than as studied evasions; whereas, in other cases, the identity of the two works in substance, and the question of piracy, often depend upon a nice balance of the comparative use made in one of the materials of the other; the nature, extent, and value of the materials thus used; the objects of each work; and the degree to which each writer may be fairly presumed to have resorted to the same common sources of information, or to have exercised the same common diligence in the selection and arrangement of the materials.

Thus, for example, no one can doubt that a reviewer may fairly cite largely from the original work, if his design be really and truly to use the passages for the purposes of fair and reasonable criticism. On the other hand, it is as clear, that if he thus cites the most important parts of the work, with a view, not to criticise, but to supersede the use of the original work, and substitute the review for it, such a use will be deemed in law a piracy. A wide interval might, of course, exist between these two extremes, calling for great caution and involving great difficulty, where the court is approaching the dividing middle line which separates the one from the other. So, it has been decided that a fair and bona fide abridgment of an original work, is not a piracy of the copyright of the author. See *Dodsley v. Kinnersley*, 1 Amb. 403; *Whittingham v. Wooler*, 2 Swanst. 428, 430, 431, note; *Tonson v. Walker*, 3 Swanst. 672-679, 681. But, then, what constitutes a fair and bona fide abridgment, in the sense of the law, is one of the most difficult points, under particular circumstances, which can well arise for judicial discussion. It is clear, that a mere selection, or different arrangement of parts of the original work, so as to bring the work into a smaller compass, will not be held to be such an abridgment. There must be real, substantial condensation of the materials, and intellectual labor and judgment bestowed thereon; and not merely the facile use of the scissors; or extracts of the essential parts, constituting the chief value of the original work. See *Gyles v. Wilcox*, 2 Atk. 141.

In the present case, the work alleged to be pirated, is the *Writings of President Washington*, in twelve volumes, royal octavo, containing nearly seven thousand pages, of which the first volume contains a life of Washington, by the learned editor, Mr. Sparks, in respect to which no piracy is asserted or proved. The other eleven volumes consist of the letters of Washington, private and official, and his messages and other public acts, with explanatory notes and occasional illustrations by the editor. That the original work is of very great, and, I may almost say, of inestimable value, as the repository of the thoughts and opinions of that great man, no one pretends to doubt. The work of the defendants is in two volumes, duodecimo, containing eight hundred and sixty-six pages. It consists of a *Life of Washington*, written by the learned defendant, (the Rev. Charles W. Upham), which is formed upon a plan different from that of Mr. Sparks, and in which Washington is made mainly to tell the story of his own life, by inserting therein his letters and his messages, and other written documents, with such connecting lines in the narrative, as may illustrate and explain the times and circumstances, and occasions of writing them.

There is no complaint, that Mr. Upham has taken his narrative part, substantially, from the *Life* by Mr. Sparks. The gravamen is, that he has used the letters of

Washington, and inserted, verbatim, copies thereof from the collection of Mr. Sparks. The master finds, by his report, that the whole number of pages in Mr. Upham's work, corresponding and identical with the passages in Mr. Sparks's work, are three hundred and fifty-three pages out of eight hundred and sixty-six, a fraction more than one third of the two volumes of the defendants. Of these three hundred and fifty-three pages, the report finds that three hundred and nineteen pages consist of letters of Washington, which have been taken from Mr. Sparks's work, and have never been published before; namely, sixty-four pages are official letters and documents, and two hundred and fifty-five pages are private letters of Washington. The question, therefore, upon this admitted state of the facts, resolves itself into the point, whether such a use, in the defendants' work, of the letters of Washington, constitutes a piracy of the work of Mr. Sparks.

[Justice Story held that the letters of Washington were proper subjects of copyright and that the rights to those letters had been acquired by the plaintiffs. Story then turned to the question of abridgment.]

... The next and leading objection is, that the defendants had a right to abridge and select, and use the materials which they have taken for their work, which, though it embraces the number of letters above stated, is an original and new work, and that it constitutes, in no just sense, a piracy of the work of the plaintiffs. This, in truth, is the real hinge of the whole controversy, and involves the entire merits of the suit. It is certainly true, that the defendants' work cannot properly be treated as an abridgment of that of the plaintiffs; neither is it strictly and wholly a mere compilation from the latter. So far as the narrative goes, it is either original, or derived (at least as far as the matter has been brought before the court) from common sources of information, open to all authors. It is not even of the nature of a collection of beauties of an author; for it does not profess to give fugitive extracts, or brilliant passages from particular letters. It is a selection of the entire contents of particular letters, from the whole collection or mass of letters of the work of the plaintiffs. From the known taste and ability of Mr. Upham, it cannot be doubted, that these letters are the most instructive, useful and interesting to be found in that large collection.

The question, then, is, whether this is a justifiable use of the original materials, such as the law recognizes as no infringement of the copyright of the plaintiffs. It is said, that the defendant has selected only such materials, as suited his own limited purpose as a biographer. That is, doubtless, true; and he has produced an exceedingly valuable book. But that is no answer to the difficulty. It is certainly not necessary, to constitute an invasion of copyright, that the whole of a work should be copied, or even a large portion of it, in form or in substance. If so much is taken, that the value of the original is sensibly diminished, or the labors of the original author are substantially to an injurious extent appropriated by another, that is sufficient, in point of law, to constitute a piracy *pro tanto*. The entirety of the copyright is the property of the author; and it is no defence, that another person has appropriated a part, and not the whole, of any property. Neither does it necessarily depend upon the quantity taken, whether it is an infringement of the copyright or not. It is often affected by other considerations, the value of the materials taken, and the importance of it to the sale of the original work. Lord Cottenham, in the recent cases of *Bramwell*

v. Halcomb, 3 Mylne & C. 737, 738, and *Saunders v. Smith*, Id. 711, 736, 737, adverting to this point, said:

“When it comes to a question of quantity, it must be very vague. One writer might take all the vital part of another’s book, though it might be but a small proportion of the book in quantity. It is not only quantity, but value, that is always looked to. It is useless to refer to any particular cases, as to quantity.”

In short, we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work. Many mixed ingredients enter into the discussion of such questions. In some cases, a considerable portion of the materials of the original work may be fused, if I may use such an expression, into another work, so as to be undistinguishable in the mass of the latter, which has other professed and obvious objects, and cannot fairly be treated as a piracy; or they may be inserted as a sort of distinct and mosaic work, into the general texture of the second work, and constitute the peculiar excellence thereof, and then it may be a clear piracy. If a person should, under color of publishing “Elegant Extracts” of poetry, include all the best pieces at large of a favorite poet, whose volume was secured by a copyright, it would be difficult to say why it was not an invasion of that right, since it might constitute the entire value of the volume. The case of *Mawman v. Tegg*, 2 Russ. 385, is to this purpose. There was no pretence in that case, that all the articles of the encyclopedia of the plaintiffs had been copied into that of the defendants; but large portions of the materials of the plaintiffs’ work had been copied. Lord Eldon, upon that occasion, held, that there might be a piracy of part of a work, which would entitle the plaintiffs to a full remedy and relief in equity. In prior cases, he had affirmed the like doctrine. In *Wilkins v. Aikin*, 17 Ves. 422, 424, he said:

“There is no doubt, that a man cannot, under the pretence of quotation, publish either the whole or a part of another’s book, though he may use, what in all cases it is difficult to define, fair quotation.”

In *Roworth v. Wilkes*, 1 Camp. 94, Lord Ellenborough said:

“A review will not, in general, serve as a substitute for the book reviewed; and even there, if so much is extracted, that it communicates the same knowledge with the original work, it is an actionable violation of literary property. The intention to pirate is not necessary in an action of this sort; it is enough, that the publication complained of is in substance a copy, whereby a work vested in another is prejudiced. A compilation of this kind (an encyclopedia) may differ from a treatise published by itself; but there must be certain limits fixed to its transcripts; it must not be allowed to sweep up all modern works, or an encyclopedia would be a recipe for completely breaking down literary property.”

The vice chancellor (Sir L. Shadwell), in *Sweet v. Shaw*, 1 Jur. (London) 212, referring to the remarks of Lord Ellenborough, cited by counsel, said:

“That does not mean a substitute for the whole work. From what you state, suppose a book to contain one hundred articles, and ninety-nine were taken, still it would not be a substitute.”

And in this very case he granted an injunction, being of opinion, that there was *prima facie*, at law, an invasion of the plaintiffs’ right; not only an injury, but also a

damage to the plaintiffs, in copying from several volumes of Reports, published by the plaintiffs, although eleven only had been copied verbatim, but a considerable number of what were called “abridged cases,” were, in truth, copies of the plaintiffs’ volumes, with little, or trifling, alterations. It is manifest, also, from what fell from Lord Chancellor Cottenham, in *Saunders v. Smith*, 3 Mylne & C. 711, that he entertained no doubt, (although he did not decide the point,) that there might be a violation of the copyright of volumes of Reports, by copying verbatim a part only of the cases reported. Much must, in such cases, depend upon the nature of the new work, the value and extent of the copies, and the degree in which the original authors may be injured thereby. In *Lewis v. Fullarton*, 2 Jur. (London) 127, 2 Beav. 6, Lord Langdale, in the case of a topographical dictionary, held, that largely copying from the work in another book having a similar object, was a violation of that copyright, although the same information might have been (but, in fact, was not) obtained from common sources, open to all persons. On that occasion, he said:

“None are entitled to save themselves trouble and expense, by availing themselves, for their own profit, of other men’s works, still entitled to the protection of copyright;”

and, accordingly, in that case, he granted an injunction as to the parts pirated, although it was admitted, on all hands, that there was much which was original in the new work.

In the present case, I have no doubt whatever, that there is an invasion of the plaintiffs’ copyright; I do not say designedly, or from bad intentions; on the contrary, I entertain no doubt, that it was deemed a perfectly lawful and justifiable use of the plaintiffs’ work. But if the defendants may take three hundred and nineteen letters, included in the plaintiffs’ copyright, and exclusively belonging to them, there is no reason why another bookseller may not take other five hundred letters, and a third, one thousand letters, and so on, and thereby the plaintiffs’ copyright be totally destroyed. Besides; every one must see, that the work of the defendants is mainly founded upon these letters, constituting more than one third of their work, and imparting to it its greatest, nay, its essential value. Without those letters, in its present form the work must fall to the ground. It is not a case, where abbreviated or select passages are taken from particular letters; but the entire letters are taken, and those of most interest and value to the public, as illustrating the life, the acts, and the character of Washington. It seems to me, therefore, that it is a clear invasion of the right of property of the plaintiffs, if the copying of parts of a work, not constituting a major part, can ever be a violation thereof; as upon principle and authority, I have no doubt it may be. If it had been the case of a fair and bona fide abridgment of the work of the plaintiffs, it might have admitted of a very different consideration.

I have come to this conclusion, not without some regret, that it may interfere, in some measure, with the very meritorious labors of the defendants, in their great undertaking of a series of works adapted to school libraries. But a judge is entitled in this case, as in others, only to know and to act upon his duty. I hope, however, that some means may be found, to produce an amicable settlement of this unhappy controversy. The report of the master must stand confirmed, and a perpetual injunction be awarded, restraining the defendants, their agents, servants and salesmen, from farther printing, publishing, selling, or disposing of any copy or

copies of the work complained of; the “*Life of Washington*,” by the Rev. Charles W. Upham, containing any of the three hundred and nineteen letters of Washington, stated in the report of the master, and never before published; and that it be referred to a master, to take an account of the profits made by the defendants, in the premises; with leave for either party to apply to the court for farther directions.

Notes and questions

(1) *Folsom v. Marsh*, 9 F. Cas. 342, 349 (C.C.D. Mass. 1841), is often cited as the beginning of the modern United States doctrine of fair use, but the term does not actually appear in Justice Story’s decision in the 1841 case. The earliest American report that actually uses the expression “fair use” is *Lawrence v. Dana*, 15 F. Cas. 26, 60 (C.C.D. Mass. 1869) (No. 8136). More importantly, although *Folsom v. Marsh* is certainly an important decision in the fair use canon, the caselaw from which the modern understanding of fair use evolved dates back to at least 1741 in Lord Hardwicke’s decision in *Gyles v. Wilcox*.

(2) In *Folsom v. Marsh*, Justice Story rejected the defendant’s argument that it has simply made a fair or bona fide abridgment of Jared Sparks’ *The Writings of George Washington*. Story acknowledged the English authorities on fair abridgment, but he emphasized the limiting principles in those cases. It was “clear,” in Justice Story’s view (at 345), “that a mere selection, or different arrangement of parts of the original work, so as to bring the work into a smaller compass,” did not constitute a fair and bona fide abridgment. On the contrary, to qualify as a fair and bona fide abridgment, “[t]here must be real, substantial condensation of the materials, and intellectual labor and judgment bestowed thereon; and not merely the facile use of the scissors; or extracts of the essential parts, constituting the chief value of the original work.”

(3) In *The Ideology of Authorship Revisited: Authors, Markets, and Liberal Values in Early American Copyright*, 118 YALE LAW JOURNAL 186 (2008), Oren Bracha argues that *Folsom v. Marsh* was a pivotal component of American copyright law’s transformation in the nineteenth century. Over the course of the nineteenth century, Bracha contends copyright changed from an exclusive right to make verbatim copies of particular texts to an abstract right of general control in which the only boundaries of a work were identified vis-à-vis its market value. Bracha argues that the concept of fair use announced in *Folsom v. Marsh* was a fundamental change in copyright’s baseline. In *The Prehistory of Fair Use*, I argue that Bracha’s characterization is correct in broad strokes, but that he over-states the abruptness of the shift: *Folsom v. Marsh* is undoubtedly significant, but its contribution was more subtle than Bracha suggests.⁴²

Fair abridgement was lawful in the United States prior to *Folsom v. Marsh*. In *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 652 (1834) the Court said:

An abridgement fairly done, is itself authorship, requires mind; and is not an infringement, no more than another work on the same subject.

And abridgement did not become suddenly unlawful after *Folsom v. Marsh*. See e.g. *Story v. Holcombe*, 23 F. Cas. 171, 173 (C.C.D. Ohio 1847) (No. 13,497) (“A fair abridgment of any

⁴² See generally, Matthew Sag, *The Prehistory of Fair Use*, 76 BROOKLYN LAW REVIEW 1371 (2011).

book is considered a new work, as to write it requires labor and exercise of judgment”); *Lawrence v. Dana*, 15 F. Cas. 26, 59 (C.C.D. Mass. 1869) (No. 8,136).

Copyright in the premodern era was not limited to exclusive right to make verbatim copies of particular texts, but the scope of infringing adaptations was much narrower than today. The premodern cases illustrate a half-formed notion of the derivative work right: unauthorized derivatives could be enjoined to defend the market of the original work, but they did not constitute a separate market unto themselves.⁴³ *Folsom* departs from the earlier English cases in that it recognizes derivatives as inherently valuable—not just something to be enjoined to defend the original work against substitution. This subtle shift is important because while the boundaries of a defensive derivative right can be ascertained vis-à-vis the defendant’s work on the plaintiff’s original market, the boundaries of an offensive derivative right can only be determined in the context of some other limiting principle.

(4) Why did the scope of the right to make derivative works expand? The expansion of the derivative right may reflect broader shifts in 19th century thinking and a desire to protect value as an abstract concept as opposed to merely protecting title. In *The Prehistory of Fair Use*, I suggest that the extension of the derivative right from defensive to offensive may simply reflect an anchoring effect. As more and more derivatives were enjoined defensively, courts and copyright owners began to see these derivatives as part of the authors’ inherent rights in their creations.

Reproduction in the Modern Era

White-Smith Music Publishing Co. v. Apollo Co 209 U.S. 1 (1908)

Mr. Justice Day delivered the opinion of the court.

The actions were brought to restrain infringement of the copyrights of two certain musical compositions, published in the form of sheet music, entitled, respectively, “Little Cotton Dolly” and “Kentucky Babe.” The appellee, defendant below, is engaged in the sale of piano players and player pianos, known as the “Apollo,” and of perforated rolls of music used in connection therewith. The appellant, as assignee of Adam Geibel, the composer, alleged compliance with the copyright act, and that a copyright was duly obtained by it on or about March 17, 1897. The answer was general in its nature, and upon the testimony adduced a decree was rendered, as stated, in favor of the Apollo Company, defendant below, appellee here.

The action was brought under the provisions of the copyright act, § 4952, giving to the author, inventor, designer or proprietor of any book, map, chart, dramatic or musical composition the sole liberty of printing, reprinting, publishing, completing, copying, executing, finishing and vending the same. The appellee is the manufacturer of certain musical instruments adapted to be used with perforated rolls. The testimony discloses that certain of these rolls, used in connection with such instruments, and being connected with the mechanism to which they apply,

⁴³ I discuss these cases at length in *The Prehistory of Fair Use*.

reproduce in sound the melody recorded in the two pieces of music copyrighted by the appellant.

The manufacture of such instruments and the use of such musical rolls has developed rapidly in recent years in this country and abroad. The record discloses that in the year 1902 from seventy to seventy-five thousand of such instruments were in use in the United States, and that from one million to one million and a half of such perforated musical rolls, to be more fully described hereafter, were made in this country in that year.

It is evident that the question involved in the use of such rolls is one of very considerable importance, involving large property interests, and closely touching the rights of composers and music publishers. The case was argued with force and ability, orally and upon elaborate briefs.

Without entering into a detailed discussion of the mechanical construction of such instruments and rolls, it is enough to say that they are what has become familiar to the public in the form of mechanical attachments to pianos, such as the pianola, and the musical rolls consist of perforated sheets, which are passed over ducts connected with the operating parts of the mechanism in such manner that the same are kept sealed until, by means of perforations in the rolls, air pressure is admitted to the ducts which operate the pneumatic devices to sound the notes. This is done with the aid of an operator, upon whose skill and experience the success of the rendition largely depends. As the roll is drawn over the tracker board the notes are sounded as the perforations admit the atmospheric pressure, the perforations having been so arranged that the effect is to produce the melody or tune for which the roll has been cut.

Speaking in a general way, it may be said that these rolls are made in three ways. First. With the score or staff notation before him the arranger, with the aid of a rule or guide and a graduated schedule, marks the position and size of the perforations on a sheet of paper to correspond to the order of notes in the composition. The marked sheet is then passed into the hands of an operator who cuts the apertures, by hand, in the paper. This perforated sheet is inspected and corrected, and when corrected is called "the original." This original is used as a stencil and by passing ink rollers over it a pattern is prepared. The stenciled perforations are then cut, producing the master or templet. The master is placed in the perforating machine and reproductions thereof obtained, which are the perforated rolls in question. Expression marks are separately copied on the perforated music sheets by means of rubber stamps. Second. A perforated music roll made by another manufacturer may be used from which to make a new record. Third. By playing upon a piano to which is attached an automatic recording device producing a perforated matrix from which a perforated music roll may be produced.

It is evident, therefore, that persons skilled in the art can take such pieces of sheet music in staff notation, and by means of the proper instruments make drawings indicating the perforations, which are afterwards outlined and cut upon the rolls in such wise as to reproduce, with the aid of the other mechanism, the music which is recorded in the copyrighted sheets.

The learned counsel for the parties to this action advance opposing theories as to the nature and extent of the copyright given by statutory laws enacted by Congress for the protection of copyright, and a determination of which is the true one will go far to decide the rights of the parties in this case. On behalf of the appellant it is insisted that it is the intention of the copyright act to protect the intellectual conception which has resulted in the compilation of notes which, when properly played, produces the melody which is the real invention of the composer. It is insisted that this is the thing which Congress intended to protect, and that the protection covers all means of expression of the order of notes which produce the air or melody which the composer has invented.

Music, it is argued, is intended for the ear as writing is for the eye, and that it is the intention of the copyright act to prevent the multiplication of every means of reproducing the music of the composer to the ear.

On the other hand, it is contended that while it is true that copyright statutes are intended to reward mental creations or conceptions, that the extent of this protection is a matter of statutory law, and that it has been extended only to the tangible results of mental conception, and that only the tangible thing is dealt with by the law, and its multiplication or reproduction is all that is protected by the statute.

It must be admitted that the decisions, so far as brought to our attention in the full discussion had at the bar and upon the briefs, have been uniformly to the effect that these perforated rolls operated in connection with mechanical devices for the production of music are not within the copyright act. It was so held in *Kennedy v. McTammany*, 33 Fed. Rep. 584. In that case the learned judge said:

“I cannot convince myself that these perforated sheets of paper are copies of sheet music within the meaning of the copyright law. They are not made to be addressed to the eye as sheet music, but they form a part of a machine. They are not designed to be used for such purposes as sheet music, nor do they in any sense occupy the same field as sheet music. They are a mechanical invention made for the sole purpose of performing tunes mechanically upon a musical instrument.”

Again the matter was given careful consideration in the Court of Appeals of the District of Columbia in an opinion by Justice Shepard (*Stearn v. Rosey*, 17 App. D.C. 562), in which that learned justice, speaking for the court, said:

“We cannot regard the reproduction, through the agency of a phonograph, of the sounds of musical instruments playing the music composed and published by the complainants, as the copy or publication of the same within the meaning of the act. The ordinary signification of the words ‘copying,’ ‘publishing,’ etc., cannot be stretched to include it.

“It is not pretended that the marking upon waxed cylinders can be made out by the eye or that they can be utilized in any other way than as parts of the mechanism of the phonograph.

“Conveying no meaning, then, to the eye of even an expert musician and wholly incapable of use save in and as a part of a machine specially adapted to make them give up the records which they contain, these prepared waxed cylinders can neither substitute the copyrighted sheets of music nor serve any purpose which is within their scope. In these respects there would seem to be no substantial difference between them and the metal cylinder of the old and familiar music box, and this,

though in use at and before the passage of the copyright act, has not been regarded as infringing upon the copyrights of authors and publishers.”

The question came before the English courts in *Boosey v. Whight* (1899, 1 Ch. 836), and it was there held that these perforated rolls did not infringe the English copyright act protecting sheets of music. Upon appeal Lindley, Master of the Rolls, used this pertinent language (1900, 1 Ch. 122):

“The plaintiffs are entitled to copyright in three sheets of music. What does this mean? It means that they have the exclusive right of printing or otherwise multiplying copies of those sheets of music, i.e., of the bars, notes, and other printed words and signs on these sheets. But the plaintiffs have no exclusive right to the production of the sounds indicated by or on those sheets of music; nor to the performance in private of the music indicated by such sheets; nor to any mechanism for the production of such sounds or music.

“The plaintiff’s rights are not infringed except by an unauthorized copy of their sheets of music. We need not trouble ourselves about authority; no question turning on the meaning of that expression has to be considered in this case. The only question we have to consider is whether the defendants have copied the plaintiff’s sheets of music.

“The defendants have taken those sheets of music and have prepared from them sheets of paper with perforations in them, and these perforated sheets, when put into and used with properly constructed machines or instruments, will produce or enable the machines or instruments to produce the music indicated on the plaintiff’s sheets. In this sense the defendant’s perforated rolls have been copies from the plaintiff’s sheets.

“But is this the kind of copying which is prohibited by the copyright act; or rather is the perforated sheet made as above mentioned a copy of the sheet of music from which it is made? Is it a copy at all? Is it a copy within the meaning of the copyright act? A sheet of music is treated in the copyright act as if it were a book or sheet of letter press. Any mode of copying such a thing, whether by printing, writing, photography, or by some other method not yet invented, would no doubt be copying. So, perhaps, might a perforated sheet of paper to be sung or played from in the same way as sheets of music are sung or played from. But to play an instrument from a sheet of music which appears to the eye is one thing; to play an instrument with a perforated sheet which itself forms part of the mechanism which produces the music is quite another thing.”

Since these cases were decided Congress has repeatedly had occasion to amend the copyright law. The English cases, the decision of the District Court of Appeals, and Judge Colt’s decision must have been well known to the members of Congress; and although the manufacture of mechanical musical instruments had not grown to the proportions which they have since attained they were well known, and the omission of Congress to specifically legislate concerning them might well be taken to be an acquiescence in the judicial construction given to the copyright laws.

This country was not a party to the Berne convention of 1886, concerning international copyright, in which it was specifically provided:

“It is understood that the manufacture and sale of instruments serving to reproduce mechanically the airs of music borrowed from the private domain are not considered as constituting musical infringement.”

But the proceedings of this convention were doubtless well known to Congress.

In the last analysis this case turns upon the construction of a statute, for it is perfectly well settled that the protection given to copyrights in this country is wholly statutory. When we turn to the consideration of the act it seems evident that Congress has dealt with the tangible thing, a copy of which is required to be filed with the Librarian of Congress, and wherever the words are used (copy or copies) they seem to refer to the term in its ordinary sense of indicating reproduction or duplication of the original. ...

What is meant by a copy? We have already referred to the common understanding of it as a reproduction or duplication of a thing. A definition was given by Bailey, J., in *West v. Francis*, 5 B. & A. 743, quoted with approval in *Boosey v. Whight, supra*. He said: "A copy is that which comes so near to the original as to give to every person seeing it the idea created by the original."

Various definitions have been given by the experts called in the case. The one which most commends itself to our judgment is perhaps as clear as can be made, and defines a copy of a musical composition to be "a written or printed record of it in intelligible notation." It may be true that in a broad sense a mechanical instrument which reproduces a tune copies it; but this is a strained and artificial meaning. When the combination of musical sounds is reproduced to the ear it is the original tune as conceived by the author which is heard. These musical tones are not a copy which appeals to the eye. In no sense can musical sounds which reach us through the sense of hearing be said to be copies as that term is generally understood, and as we believe it was intended to be understood in the statutes under consideration. A musical composition is an intellectual creation which first exists in the mind of the composer; he may play it for the first time upon an instrument. It is not susceptible of being copied until it has been put in a form which others can see and read. The statute has not provided for the protection of the intellectual conception apart from the thing produced, however meritorious such conception may be, but has provided for the making and filing of a tangible thing, against the publication and duplication of which it is the purpose of the statute to protect the composer.

Also it may be noted in this connection that if the broad construction of publishing and copying contended for by the appellants is to be given to this statute it would seem equally applicable to the cylinder of a music box, with its mechanical arrangement for the reproduction of melodious sounds, or the record of the graphophone, or to the pipe organ operated by devices similar to those in use in the pianola. All these instruments were well known when these various copyright acts were passed. Can it be that it was the intention of Congress to permit them to be held as infringements and suppressed by injunctions?

After all, what is the perforated roll? The fact is clearly established in the testimony in this case that even those skilled in the making of these rolls are unable to read them as musical compositions, as those in staff notation are read by the performer. It is true that there is some testimony to the effect that great skill and patience might enable the operator to read his record as he could a piece of music written in staff notation. But the weight of the testimony is emphatically the other way, and they are

not intended to be read as an ordinary piece of sheet music, which to those skilled in the art conveys, by reading, in playing or singing, definite impressions of the melody.

These perforated rolls are parts of a machine which, when duly applied and properly operated in connection with the mechanism to which they are adapted, produce musical tones in harmonious combination. But we cannot think that they are copies within the meaning of the copyright act.

It may be true that the use of these perforated rolls, in the absence of statutory protection, enables the manufacturers thereof to enjoy the use of musical compositions for which they pay no value. But such considerations properly address themselves to the legislative and not to the judicial branch of the Government. As the act of Congress now stands we believe it does not include these records as copies or publications of the copyrighted music involved in these cases.

The decrees of the Circuit Court of Appeals are affirmed.

Notes and Questions

(1) In *White-Smith Music Publishing Co. v. Apollo Co*, 209 US 1 (1908), the Supreme Court held that music encoded in the mechanical cylinder of a player-piano was not a “copy” because the player-piano rolls were not human-readable: they were “not made to be addressed to the eye as sheet music, but they form a part of a machine[.]”

(2) Congress responded to the *White-Smith* decision by amending the definition of a copy, making it clear that actual human readership or direct human readability were not required. Instructions encoded in machine-readable memory that could reproduce the sound but were unintelligible to humans qualified as “copies” in the relevant sense. The modern Copyright Act takes the same view. It gives copyright owners the exclusive right “to reproduce the copyrighted work in copies” and defines copies in Section 101 as “material objects . . . in which a work is fixed . . . and from which the work *can* be perceived, reproduced, or otherwise communicated.

(3) [Placeholder for summary of competition law issues]

Kalem Co. v. Harper Brothers, 222 U.S. 55 (1911)

Mr. Justice Holmes delivered the opinion of the court

This is an appeal from a decree restraining an alleged infringement of the copyright upon the late General Lew Wallace’s book “Ben Hur.” The case was heard on the pleadings and an agreed statement of facts, and the only issue is whether those facts constitute an infringement of the copyright upon the book. So far as they need to be stated here they are as follows. The appellant and defendant, the Kalem Company, is engaged in the production of moving picture films, the operation and effect of which are too well known to require description. By means of them anything of general interest from a coronation to a prize fight is presented to the public with almost the illusion of reality — latterly even color being more or less reproduced. The defendant employed a man to read Ben Hur and to write out such a description or scenario of certain portions that it could be followed in action; these portions giving enough of the story to be identified with ease. It then caused the described action to be performed and took negatives for moving pictures of the scenes, from which it produced films suitable for exhibition. These films it expected and intended to sell

for use as moving pictures in the way in which such pictures commonly are used. It advertised them under the title Ben Hur. "Scenery and Supers by Pain's Fireworks Co. Costumes from Metropolitan Opera House. Chariot Race by 3d Battery, Brooklyn. Positively the Most Superb Moving Picture Spectacle ever Produced in America in Sixteen Magnificent Scenes,' etc., with taking titles, culminating in 'Ben Hur Victor.' It sold the films and public exhibitions from them took place.

The subdivision of the question that has the most general importance is whether the public exhibition of these moving pictures infringed any rights under the copyright law. By Rev. Stat., § 4952, as amended by the act of March 3, 1891, c. 565, 26 Stat. 1106, authors have the exclusive right to dramatize any of their works. So, if the exhibition was or was founded on a dramatizing of Ben Hur this copyright was infringed. We are of opinion that Ben Hur was dramatized by what was done. Whether we consider the purpose of this clause of the statute, or the etymological history and present usages of language, drama may be achieved by action as well as by speech. Action can tell a story, display all the most vivid relations between men, and depict every kind of human emotion, without the aid of a word. It would be impossible to deny the title of drama to pantomime as played by masters of the art. But if a pantomime of Ben Hur would be a dramatizing of Ben Hur, it would be none the less so that it was exhibited to the audience by reflection from a glass and not by direct vision of the figures — as sometimes has been done in order to produce ghostly or inexplicable effects. The essence of the matter in the case last supposed is not the mechanism employed but that we see the event or story lived. The moving pictures are only less vivid than reflections from a mirror. With the former as with the latter our visual impression — what we see — is caused by the real pantomime of real men through the medium of natural forces, although the machinery is different and more complex. How it would be if the illusion of motion were produced from paintings instead of from photographs of the real thing may be left open until the question shall arise.

It is said that pictures of scenes in a novel may be made and exhibited without infringing the copyright and that they may be copyrighted themselves. Indeed it was conceded by the Circuit Court of Appeals that these films could be copyrighted and, we may assume, could be exhibited as photographs. Whether this concession is correct or not, in view of the fact that they are photographs of an unlawful dramatization of the novel, we need not decide. We will assume that it is. But it does not follow that the use of them in motion does not infringe the author's rights. The most innocent objects, such as the mirror in the other case that we have supposed, may be used for unlawful purposes. And if, as we have tried to show, moving pictures may be used for dramatizing a novel, when the photographs are used in that way they are used to infringe a right which the statute reserves.

But again it is said that the defendant did not produce the representations, but merely sold the films to jobbers, and on that ground ought not to be held. In some cases where an ordinary article of commerce is sold nice questions may arise as to the point at which the seller becomes an accomplice in a subsequent illegal use by the buyer. It has been held that mere indifferent supposition or knowledge on the part of the seller that the buyer of spirituous liquor is contemplating such unlawful use is not enough to connect him with the possible unlawful consequences, but that if the sale

was made with a view to the illegal resale the price could not be recovered. But no such niceties are involved here. The defendant not only expected but invoked by advertisement the use of its films for dramatic reproduction of the story. That was the most conspicuous purpose for which they could be used, and the one for which especially they were made. If the defendant did not contribute to the infringement it is impossible to do so except by taking part in the final act. It is liable on principles recognized in every part of the law.

It is argued that the law construed as we have construed it goes beyond the power conferred upon Congress by the Constitution, to secure to authors for a limited time the exclusive right to their writings. Art. I, § 8, cl. 8. It is suggested that to extend the copyright to a case like this is to extend it to the ideas as distinguished from the words in which those ideas are clothed. But there is no attempt to make a monopoly of the ideas expressed. The law confines itself to a particular, cognate and well known form of reproduction. If to that extent a grant of monopoly is thought a proper way to secure the right to the writings this court cannot say that Congress was wrong.

Decree affirmed.

Notes and questions

(1) Dramatization, not reproduction?

Arguably the most interesting aspect of the Supreme Court's decision in *Kalem Co. v. Harper Brothers* is what is missing. It seems remarkable in light of our current understanding of copyright law, but the court of appeals in *Harper & Bros. v. Kalem Co.*, 169 F. 61 (2d Cir. 1909) held in essence that a film based on a book was not a copy of the book. The court of appeals said (at 63):

The series of photographs taken by the defendant constitutes a single picture, capable of copyright as such; and as pictures only represent the artist's idea of what the author has expressed in words, they do not infringe a copyrighted book or drama, and should not as a photograph be enjoined. This distinction between infringement of a copyright of a book and of the performing rights is like the distinction in respect to an infringement between perforated music rolls and sheet music discussed in the case of *White-Smith Co. v. Apollo Co.*, 209 U.S. 1, where the court said: "There is no complaint in this case of the public performances of copyrighted music, nor is the question involved whether the manufacturers of such perforated music rolls, when sold for use in public performances, might be held as contributory infringers."

The notion that "pictures only represent the artist's idea of what the author has expressed in words" and thus fall on the idea side of the idea-expression dichotomy that fails to grasp that the pictures in sequence tell a story and that story was the *Ben Hur* story.

(2) Like the *White-Smith v. Apollo* case, *Kalem* case reflects a much narrower understanding of the reproduction right. There was no general derivative work right in the copyright act of the day. However, the Act did give the copyright owner the right to dramatize the work and the Court of Appeals agreed with the plaintiff that the act of exhibiting the film violated the publisher's dramatization right. The Supreme Court agreed.

(3) If the film version of Ben Hur had been regarded as an infringing copy of the book, then the moviemaker's liability would have been straightforward. However, because the right infringed related to dramatization, the moviemaker could only be indirectly liable for the actions of the individual movie theaters. To be clear, dramatization in this context is a verb, not a noun. It was the act of showing the pictures in sequence to the public that amounted to the infringing dramatization. Justice Holmes had no hesitation in attributing the acts of the movie theaters to the defendant because it "not only expected but invoked by advertisement the use of its films for dramatic reproduction of the story".

The right to prepare a derivative work based upon the copyrighted work

Earlier Copyright Acts

The express statutory right to "prepare a derivative work based upon the copyrighted work" is recent addition to American copyright law. Section 1 of the Copyright Act of 1790 gave domestic authors who complied with certain formalities the "sole right and liberty" to print, reprint, publish, and to vend (sell or offer for sale) qualifying maps, charts, and books, for a term of fourteen years. Section 2 added an importation right, but the Act did not expressly recognize a derivative right.

In 1909, Congress provided a more expansive but still specific list of derivatives that authors were entitled to control. The Copyright Act of 1909, Section 1(b) conferred an exclusive right (among other things) to translate literary works, to dramatize nondramatic literary works, and to novelize a dramatic work. It is important to note the structure of the 1909 Act. The Act not only identified specific types of derivatives that authors were entitled to control; it also tied each type of derivative to the type of work being adapted. It was not until the Copyright Act of 1976 that United States copyright law conferred an express general right to control the preparation of derivative works based upon copyrighted works.

The Copyright Act of 1976

Section 106(2) of the Copyright Act of 1976 grants copyright owners the exclusive right "to prepare derivative works based upon the copyrighted work". But what does this mean? Before delving into the case law it is important to take stock of the other provisions of the Copyright Act that illuminate the meaning of Section 106(2).

17 U.S. Code §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, which, as a whole, represent an original work of authorship, is a "derivative work".

Section 101 of the Copyright Act of 1976 defines a "derivative work" as "a work based upon one or more preexisting works" and then lists several examples followed by a catchall "or any other form in which a work may be recast, transformed, or adapted."

What does it mean for one work to be "based upon one or more preexisting works"? Assuming that there are two conceptually distinguishable works, what is the nature and

extent of connection between required to assert that one is a derivative work (or, “a work based upon”) the other? Speaking loosely, one could say that a musical composition inspired by a painting is a work ‘based upon’ a preexisting copyrighted work, but that is obviously not what Congress intended.

H.R. Rep. No. 1476, 94th Cong., 2d Sess. 62 (1976); S. Rep. No. 473, 94th Cong., 1st Sess. 58 (1975).

To be an infringement the “derivative work” must be “based upon the copyrighted work.” ... 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 programmatic musical composition inspired by a novel would not normally constitute infringements under this clause.

Not all transformations, recastings, or adaptations will create a derivative work as that term is used in the Copyright Act because many such activities do not produce a work that includes a sufficient amount of the original copyrighted expression. Explanations, commentaries, indexes, and bibliographies and similar supplementary works are not derivative works. These works would not exist but for the copyrighted work which they supplement, however, “but for” causation is not enough.

Limiting principles

There are at least three key limiting principles that apply to the exclusive right “to prepare derivative works based upon the copyrighted work” under United States copyright law.

First, making a derivative work necessitates recasting a qualitatively and quantitatively significant amount of the primary work’s original expression into a new form or a new version. Assessing whether this threshold has been met requires some understanding of what made the primary work copyrightable in the first place. Suppose we reduced a novel such as *Fifty Shades of Gray* down to a table of individual words and the frequency with which they appeared in the text. We could program a computer to randomly construct an alternative novel, *Gray Fifty Shades Of*, which followed traditional rules of English grammar and used the same individual words. A few things should be obvious about, *Gray Fifty Shades Of*: (i) it would be terrible; (ii) it would not exist, but for *Fifty Shades Of Gray*, (iii) but it would not convey any of the original expression of the primary work. Without some nontrivial overlap in original expression *Gray Fifty Shades Of* would not be a derivative work. On the other hand, a sequel to the primary work that uses the same characters and settings would be very likely to be a derivative work.

Second, not all reproductions are derivative works, but all infringing derivatives must meet the same threshold of similarity that is required to infringe the reproduction right. This means that the right to “produce a derivative work based upon the copyrighted work” is in some sense superfluous to the reproduction right.⁴⁴ But Section 106(2) is not entirely pointless. It makes it easier for a copyright owner to license reproduction but still object to unauthorized changes to her work. Also, the existence of the right to “produce a derivative work based upon the copyrighted work” gives courts some guidance as to the extent of similarity required to make one work a reproduction of some prior work. Without the

⁴⁴ Melville B. Nimmer & David Nimmer, *Nimmer On Copyright* § 8.09 [A] (2012). See also 4 Patry on Copyright § 12:13 “In order to infringe the derivative right, there must be substantial similarity in protectible expression between the parties’ works.”

derivative work right it may not be obvious that translations, abridgments, fictionalizations, and dramatizations are presumptively within the scope of the copyright owners rights.

Third, the relationship between fair use and derivative works can be confusing. Technically, some fair uses will create derivative works, but if a use is fair it does not infringe the exclusive right to “produce a derivative work based upon the copyrighted work,” because that right is expressly conditioned as subject to the fair use doctrine. This is not that odd, after all, some fair uses create reproductions of the original copyrighted work that don’t infringe the reproduction right in section 106(1).

Some find it confusing that the Copyright Act defines a *derivative work*, in part, as one that *transforms* a preexisting work, and yet the Supreme Court has said that whether a work is *transformative* is a key to determining its status as fair use.⁴⁵ No doubt, the confusion of terms is unfortunate, but the follow explanation may help:

Matthew Sag, *Predicting Fair Use*, 73 OHIO STATE LAW JOURNAL 47, 55 (2012)

A transformative work, in the fair use sense, is one that imbues the original “with a further purpose or different character, altering the first with new expression, meaning, or message.” Thus, the assessment of transformativeness is not merely a question of the degree of difference between two works; rather, *it requires a judgment of the motivation and meaning of those differences.*

The difference between a noninfringing transformative use and an infringing derivative work can be illustrated as follows: if *Pride and Prejudice* were still subject to copyright protection, the novel *Pride and Prejudice and Zombies*, which combines Jane Austen’s original work with scenes involving zombies, cannibalism, and ninjas, would be considered a transformative parody of the original, and thus fair use rather than infringement. In contrast, a more traditional sequel would merely be an infringing derivative work. (emphasis added).

Note this explanation juxtaposes a transformative parody that would be fair use with an infringing derivative. It does not suggest that transformative use and derivative works are mutually exclusive categories, although once a work has been determined to be fair use there not much clarity to be gained by continuing to refer to it as a derivative work as well.

The Harry Potter Lexicon Case as an illustration of the relationship between the concepts of reproduction, adaptation, and fair use

At the time of the litigation, J.K. Rowling was the author of seven highly acclaimed *Harry Potter* books and two short companion books to the *Harry Potter* series. Steven Vander Ark began work on The Harry Potter Lexicon website in 1999 and opened it to the public in 2000. The *Harry Potter Lexicon* was a crowd-sourced fan website that collected and organized information from the Harry Potter books in encyclopedic form. The lexicon website was well received, and received positive feedback from Rowling herself. At the trial Rowling said: “this is such a great site that I have been known to sneak into an internet cafe while out writing and check a fact rather than go into a bookshop and buy a copy of *Harry Potter* (which is embarrassing).”

⁴⁵ Campbell v. Acuff-Rose at 579 (transformative works ... lie at the heart of the fair use doctrine’s guarantee of breathing space...).

In 2007, RDR Books contacted Vander Ark about the possibility of publishing a Harry Potter encyclopedia based on some of the materials from the Lexicon website. RDR overcame Vander Ark initial reluctance to publish by agreeing to defend and indemnify Vander Ark in the event of any lawsuit. The *Harry Potter Lexicon* was published as an encyclopedia of Harry Potter information.

The extract that follows has been significantly edited to focus on the derivative work discussion.

Warner Brothers Entertainment, Inc. v. RDR Books, 575 F. Supp. 2d 513 (S.D.N.Y. 2008)

The Lexicon is an A-to-Z guide to the creatures, characters, objects, events, and places that exist in the world of Harry Potter. As received by the Court in evidence, the Lexicon manuscript is more than 400 type-written pages long and contains 2,437 entries organized alphabetically. The first few pages contain a list of abbreviations used throughout the Lexicon to cite to the original sources of the material.

The Lexicon itself makes clear that the only source of its content is the work of J.K. Rowling. The first page of the Lexicon manuscript states: “All the information in the Harry Potter Lexicon comes from J.K. Rowling, either in the novels, the ‘schoolbooks,’ from her interviews, or from material which she developed or wrote herself.” Aside from four dictionary citations, no other citations to third-party works appear in the Lexicon.

The Lexicon entries cull every item and character that appears in the Harry Potter works, no matter if it plays a significant or insignificant role in the story. The entries cover every spell (e.g., Expecto Patronum, Expelliarmus, and Incendio), potion (e.g., Love Potion, Felix Felicis, and Draught of Living Death), magical item or device (e.g., Deathly Hallows, Horcrux, Cloak of Invisibility), form of magic (e.g., Legilimency, Occlumency, and the Dark Arts), creature (e.g., Blast-Ended Skrewt, Dementors, and Blood-Sucking Bugbears), character (e.g., Harry Potter, Hagrid, and Lord Voldemort), group or force (e.g., Aurors, Dumbledore’s Army, Death Eaters), invented game (e.g., Quidditch), and imaginary place (e.g., Hogwarts School of Witchcraft and Wizardry, Diagon Alley, and the Ministry of Magic) that appear in the Harry Potter works. The Lexicon also contains entries for items that are not explicitly named in the Harry Potter works but which Vander Ark has identified, such as medical magic, candle magic, wizard space, wizard clothing, and remorse. Some of the entries describe places or things that exist in the real world but also have a place in the Harry Potter works, such as moors, Greece, and Cornwall.

Each entry, with the exception of the shortest ones, gathers and synthesizes pieces of information relating to its subject that appear scattered across the Harry Potter novels, the companion books, The Daily Prophet newsletters, Famous Wizard Cards, and published interviews of Rowling. The types of information contained in the entries include descriptions of the subject’s attributes, role in the story, relationship to other characters or things, and events involving the subject. Repositories of such information, the entries seek to give as complete a picture as possible of each item or character in the Harry Potter world, many of which appear only sporadically throughout the series or in various sources of Harry Potter material.

The snippets of information in the entries are generally followed by citations in parentheses that indicate where they were found within the corpus of the Harry Potter works. The thoroughness of the Lexicon's citation, however, is not consistent; some entries contain very few citations in relation to the amount material provided. When the Lexicon cites to one of the seven Harry Potter novels, the citation provides only the book and chapter number.

While not its primary purpose, the Lexicon includes commentary and background information from outside knowledge on occasion. For example, the Lexicon contains sporadic etymological references, (e.g., entries for "Colloportus," "Lupin, Remus," "Alohamora," "Fidelius Charm"), analogies to characters outside the Harry Potter world such as Merlin, and observations of Rowling's allusions to other works of literature such as "the weird sisters" from Shakespeare's *Macbeth*. The Lexicon also points to the very few "flints," or errors in the continuity of the story, that appear in the Harry Potter series.

While there was considerable opining at trial as to the type of reference work the Lexicon purports to be and whether it qualifies as such (no doubt in part due to its title), the Lexicon fits in the narrow genre of non-fiction reference guides to fictional works. As Defendant's expert testified, the Harry Potter series is a multi-volume work of fantasy literature, similar to the works of J.R.R. Tolkien and C.S. Lewis. Such works lend themselves to companion guides or reference works because they reveal an elaborate imaginary world over thousands of pages, involving many characters, creatures, and magical objects that appear and reappear across thousands of pages. The Lexicon, an A-to-Z guide which synthesizes information from the series and generally provides citations for location of that information rather than offering commentary, is most comparable to the comprehensive work of Paul F. Ford, *Companion to Narnia: A Complete Guide to the Magical World of C.S. Lewis's The Chronicles of Narnia*, or the unauthorized A-to-Z guide by George W. Beahm, *Fact, Fiction, and Folklore in Harry Potter's World: An Unofficial Guide*.

At trial, Rowling testified that the Lexicon took all the highlights of her work, in other words her characters' secret history, the jokes certainly, certain exciting narrative twists, all the things that are the highlights of her stories. She compared this taking of her work to plundering all of the "plums in [her] cake." At trial, the testimony of Rowling and the expert opinion of Johnson focused at length on the Lexicon's verbatim copying of language from the Harry Potter works. Johnson testified that in particular, entries that deal with invented terms, creatures, places and things from the Harry Potter books use "again and again the specific, very colorful, idiosyncratic ... nouns and phrases of Ms. Rowling."

Although it is difficult to quantify how much of the language in the Lexicon is directly lifted from the Harry Potter novels and companion books, the Lexicon indeed contains at least a troubling amount of direct quotation or close paraphrasing of Rowling's original language. The Lexicon occasionally uses quotation marks to indicate Rowling's language, but more often the original language is copied without quotation marks, often making it difficult to know which words are Rowling's and which are Vander Ark's.

For example, in the entry for “armor, goblin made,” the Lexicon uses Rowling’s poetic language nearly verbatim without quotation marks. The original language from *Harry Potter and the Deathly Hallows* reads:

“Muggle-borns,” he said. “Goblinmade armour does not require cleaning, simple girl. Goblins’ silver repels mundane dirt, imbuing only that which strengthens it.”

The Lexicon entry for “armor, goblin made” reads in its entirety:

Some armor in the wizarding world is made by goblins, and it is quite valuable. (e.g., HBP20) According to Phineas Nigellus, goblin-made armor does not require cleaning, because goblins’ silver repels mundane dirt, imbuing only that which strengthens it, such as basilisk venom. In this context, “armor” also includes blades such as swords.

Although the Lexicon entry introduces Rowling’s language with the phrase, “According to Phineas Nigellus,” it does not use quotation marks.

The Lexicon entry for “Dementors” reproduces Rowling’s vivid description of this creature sometimes using quotation marks and sometimes quoting or closely paraphrasing without indicating which language is original expression. The original language appears in Chapters 5 and 10 of *Harry Potter and the Prisoner of Azkaban* as follows:

Its face was completely hidden beneath its hood. . . . There was a hand protruding from the cloak and it was glistening, grayish, slimy-looking, and scabbed, like something dead that had decayed in water. . . . And then the thing beneath the hood, whatever it was, drew a long, slow, rattling breath, as though it were trying to suck something more than air from its surroundings.

* * *

“Dementors are among the foulest creatures to walk this earth. They infest the darkest, filthiest places, they glory in decay and despair, they drain peace, hope, and happiness out of the air around them. Even Muggles feel their presence, though they can’t see them. Get too near a dementor and every good feeling, every happy memory will be sucked out of you. If it can, the dementor will feed on you long enough to reduce you to something like itself . . . soulless and evil. . . .”

The Lexicon entry for “Dementors” reads in its entirety:

Dementors are some of the most terrible creatures on earth, flying tall black spectral humanoid things with flowing robes. They “infest the darkest, filthiest places, they glory in decay and despair, they drain peace, hope, and happiness out of the air around them,” according to Lupin (PA10). Dementors affect even Muggles, although Muggles can’t see the foul, black creatures. Dementors feed on positive human emotions; a large crowd is like a feast to them. They drain a wizard of his power if left with them too long. They were the guards at Azkaban and made that place horrible indeed. The Ministry used Dementors as guards in its courtrooms as well (GF30, DH13). There are certain defenses one can use against Dementors, specifically the Patronus Charm. A Dementor’s breath sounds rattling and like it’s trying to suck more than air out of a room. Its hands are “glistening, grayish, slimy-looking, and scabbed”. It exudes a biting, soulfreezing cold (PA5).

[Discussion of additional examples omitted]

The entries for the hero and the villain of the Harry Potter series (Harry Potter and Lord Voldemort) present the closest thing to “plot summaries,” but are more aptly characterized as synopses or outlines of the narrative revolving around those characters. Because Harry Potter and Lord Voldemort drive the narrative and because they appear in nearly every chapter of the series, an encapsulation of the events surrounding them ultimately yields a synopsis of the primary narrative thread in the Harry Potter series.

Copying

[The trial court found that the Lexicon was substantially similar to Rowling’s original works, not so much in terms of the overall plot (the court’s analysis not entirely consistent on this point), character and story of the works, but in terms of excessive literal quotation.]

Although it is difficult to quantify how much of the language in the Lexicon is directly lifted from the Harry Potter novels and companion books, the Lexicon indeed contains at least a troubling amount of direct quotation or close paraphrasing of Rowling’s original language. The Lexicon occasionally uses quotation marks to indicate Rowling’s language, but more often the original language is copied without quotation marks, often making it difficult to know which words are Rowling’s and which are Vander Ark’s.

[The court reviewed several examples.] ... Although in these instances, the Lexicon often changes a few words from the original or rewrites original dialogue in the third person, the language is nonetheless substantially similar.

Derivative Work

Plaintiffs allege that the Lexicon not only violates their right of reproduction, but also their right to control the production of derivative works. The Copyright Act defines a “derivative work” as “a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted” 17 U.S.C. § 101 (emphasis added). A work “consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represents an original work of authorship” is also a derivative work.

A work is not derivative, however, simply because it is “based upon” the preexisting works. If that were the standard, then parodies and book reviews would fall under the definition, and certainly “ownership of copyright does not confer a legal right to control public evaluation of the copyrighted work.” *Ty, Inc. v. Publ’ns Int’l Ltd.*, 292 F.3d 512, 521 (7th Cir.2002). The statutory language seeks to protect works that are “recast, transformed, or adapted” into another medium, mode, language, or revised version, while still representing the “original work of authorship.” Thus in *Ty, Inc. v. Publications International Ltd.*, Judge Posner concluded, as the parties had stipulated, that a collectors’ guide to Beanie Babies was not a derivative work because “guides don’t recast, transform, or adapt the things to which they are guides.” 292 F.3d at 520 (emphasis added).

Plaintiffs argue that based on the *Twin Peaks* decision “companion guides constitute derivative works where, as is the case here, they ‘contain a substantial amount of material from the underlying work.’” This argument inaccurately states the holding of *Twin Peaks* and overlooks two important distinctions between the Lexicon and the guidebook in *Twin Peaks*. First, as mentioned earlier, the portions of the Lexicon that encapsulate plot elements or sketch plotlines bear no comparison with the guidebook in *Twin Peaks*, whose plot summaries giving “elaborate recounting of plot details” were found to constitute an “abridgement” of the original work. See *Twin Peaks*, 996 F.2d at 1373 n. 2 (reproducing an excerpt of the infringing book containing a high degree of detail). Given that the Lexicon’s use of plot elements is far from an “elaborate recounting” and does not follow the same plot structure as the Harry Potter novels, Plaintiffs’ suggestion that these portions of the Lexicon are “unauthorized abridgements” is unpersuasive. Second, and more importantly, although the Lexicon contains a substantial amount of material from the Harry Potter works, the material is not merely “transformed from one medium to another,” as was the case in *Twin Peaks. Id.* at 1373. By condensing, synthesizing, and reorganizing the preexisting material in an A-to-Z reference guide, the Lexicon does not recast the material in another medium to retell the story of Harry Potter, but instead gives the copyrighted material another purpose. That purpose is to give the reader a ready understanding of individual elements in the elaborate world of Harry Potter that appear in voluminous and diverse sources. As a result, the Lexicon no longer “represents [the] original work[s] of authorship.” 17 U.S.C. § 101. Under these circumstances, and because the Lexicon does not fall under any example of derivative works listed in the statute, Plaintiffs have failed to show that the Lexicon is a derivative work.

Fair use

[The court found that the overall purpose of the Lexicon was transformative because the purpose of the original works was to tell an entertaining and thought-provoking story, whereas the purpose of the Lexicon was to make information about the intricate world of Harry Potter readily accessible to readers through a reference guide. However, the claim to fair use ultimately failed because (a) the Lexicon was not really transformative in relation to the companion books and (b) in spite of its general transformativeness, the Lexicon’s use of the underlying Harry Potter books was not reasonable in light of that purpose. The Lexicon not contained too much slapdash cut-and-paste and thus the lexicon slipped from transformative reference guide to expressive substitute.]

Notes and Questions

- (1) *Warner Brothers Entertainment, Inc. v. RDR Books*, 575 F. Supp. 2d 513 (S.D.N.Y. 2008), illustrates how fact-intensive copyright cases can be. It is also an excellent illustration of the convergence of issues relating to substantial similarity, adaptation, and fair use.
- (2) The *Harry Potter Lexicon* case also illustrates that guidebooks to fictional worlds must walk a fine line, but it nonetheless offers some encouragement for those who wish to make the attempt. A less encouraging case is *Castle Rock Entertainment v. Carol Publishing Group, Inc.*, 150 F.3d 132 (2d Cir. 1998).

In *Castle Rock*, the Second Circuit held that a quiz book based on the characters and events of the popular television series, *Seinfeld*, violated the show's copyright. The differences between the *Seinfeld* quiz and the *Harry Potter Lexicon* are subtle, but important. Like the *Seinfeld* quiz, the *Lexicon* related "fictional facts" the author, J.K. Rowling, had created.

The *Castle Rock* court acknowledged (at 138) that the substantially similar standard depends on "the copying of expression, rather than ideas" and that the quiz reproduced none of the plot, sequence, pace, or setting of the show. The defendant's quiz focused on "facts" internal to the *Seinfeld* universe, such as the reason that Kramer enjoys going to the airport (because he is hypnotized by the baggage carousels) or what it was that Jerry placed on Elaine's leg during a piano recital (a Pez dispenser), and not facts about the show.

The court of appeals took the view (at 139) that "[b]ecause these characters and events spring from the imagination of *Seinfeld*'s authors, the [quiz] plainly copies copyrightable, creative expression." Of course, the court can't really mean that any work that refers to the characters and events in a creative work would be infringing, otherwise ownership of copyright would confer a legal right to control public evaluation of the copyrighted work, an idea anathema to copyright law.⁴⁶

The real problem with the defendant's quiz in *Castle Rock Entertainment* was that it sought to "repackage *Seinfeld* to entertain *Seinfeld* viewers" and that the quiz itself was in no way analytical. If the *Seinfeld* quiz infringed the copyright owner's rights at all, it was because it essentially recast the series' copyrightable characters into a new format, much the same as if the defendant had made miniature dolls of the show's characters.⁴⁷

Penguin Random House LLC v. Colting, 270 F. Supp. 3d 736 (S.D.N.Y. 2017)

District Judge Jed S. Rakoff

At all times here relevant, plaintiffs owned valid copyrights to *Breakfast at Tiffany's*, *The Old Man and the Sea*, *On the Road*, and *2001: A Space Odyssey*. Defendants' "colorfully illustrated story summaries," called "KinderGuides," are designed to "introduce" these works to children.

On or about September 22, 2016, defendants published their four Guides (part of a planned 50-book series). On their front covers, the Guides very prominently display the titles of plaintiffs' Novels and the names of the authors of plaintiffs' Novels, along with the words "KinderGuides," in large print and, in much smaller print, the words "Early Learning Guides to Culture Classics." The only other words are "Illustrations by _____," in very small print at the bottom.

All four Guides share the same layout. The first four pages feature illustrations and one-line quotations taken from and attributed to the authors of the Novels (Capote, Hemingway, Kerouac, and Clarke). The fifth page contains publication information, and the sixth is a title page, stating, to take one example, "KinderGuides: Early Learning Guides to Culture Classics," "On the Road," "by Jack Kerouac," and, in smaller font, "Illustrations by Rose Forshall," "a division of Moppet Books/Los

⁴⁶ *Ty, Inc. v. Publ'ns Int'l. Ltd.*, 292 F.3d 512, 521 (7th Cir. 2002)

⁴⁷ See, e.g., *Hasbro Bradley, Inc. v. Sparkle Toys, Inc.*, 780 F.2d 189 (2d Cir. 1985) (upholding copyrightability of "Transformer" changeable robotic action figures as sculptural works).

Angeles, CA.” The seventh and eighth pages contain a “Table of Contents.” The ninth displays an illustration of the original author of the Novel, and the tenth is a page “About the Author.” Following these front-pages are “Story Summaries,” which comprise a few dozen pages. Appended after these “Story Summaries” are a series of back-pages, two each devoted to “Main Characters,” “Key Words,” “Quiz Questions,” and “Analysis.”

Defendants admit that they had access to plaintiffs’ Novels in preparing their Guides and that they relied on them. Indeed, a side-by-side comparison of plaintiffs’ and defendants’ works reveals as much. Not only do the plots, settings, and characters of the Guides mirror the Novels, but the Guides also include many specific details from the Novels. For example, in both versions of *Breakfast at Tiffany’s*, Holly Golightly’s business card reads “Holly Golightly, Traveling,” and in both versions Holly describes an experience she calls “the mean reds,” or feeling afraid “but you don’t know what you’re afraid of.” See, Truman Capote, *Breakfast at Tiffany’s* (2012 edition) at 32 (“the mean reds are horrible. You’re afraid ... but you don’t know what you’re afraid of”), *Kinder-Guides, Breakfast at Tiffany’s* (2016) at 11, (“... the mean reds. That means she is afraid but doesn’t know what she is afraid of.”). Similarly, in both versions of *On the Road*, Sal drives across the United States with \$50 in his pocket and goes to see a blind jazz pianist named George Shearing; in both versions of *2001: A Space Odyssey*, Dr. Heywood Floyd travels to Clavius Base, a space station on the moon, where there is a large monolith named “TMA-1” and a crater named “Tyco”; and, in both versions of *The Old Man and the Sea*, Santiago has gone 84 days without catching a fish and roots for the New York Yankees. While, of course, many aspects of plaintiffs’ Novels do not appear in defendants’ shorter Guides, all of the plots, characters, and settings in defendants’ Guides appear in plaintiffs’ Novels.

It is also undisputed that there is an established market for children’s books based on adult novels, and that it is not unusual for copyright holders to publish, or license publication of, children’s versions of works originally intended for adults. Defendants, however, never sought permission to prepare children’s guides for plaintiffs’ Novels.

It is further undisputed that plaintiffs have never authorized anyone to publish children’s versions of their Novels. The managers of Hemingway’s literary estate altogether rejected requests to create children’s versions of *The Old Man and the Sea*. Penguin Random House considered authorizing a children’s version of *2001: A Space Odyssey*, but decided against it. The Capote estate did authorize the creation of an illustrated, stand-alone children’s version of *A Christmas Memory* — a short story originally included in the same volume as *Breakfast at Tiffany’s* — but did not authorize a children’s version of *Breakfast at Tiffany’s*. Finally, Penguin Random House and the Clarke Estate have authorized the creation of an ESL (“English as a Second Language”) version of *2001: A Space Odyssey* — “a simplified version,” which includes “inserted pages of exercises and notes,” but no children’s versions.

Infringement

The Copyright Act of 1976 grants copyright owners a bundle of exclusive rights, including the exclusive right to “reproduce the copyrighted work” and the exclusive

right “to prepare derivative works based upon the copyrighted work.” Id. § 106. Here, plaintiffs allege that defendants’ Guides infringe both those rights.

To prevail on either ground, plaintiffs must prove that: (1) they hold a valid ownership interest in the relevant copyrights, (2) defendants have “actually copied” their works, and (3) defendants’ “copying is illegal” because of a “substantial similarity” between defendants’ works and the “protectable elements” of their copyrighted works. *Castle Rock*, 150 F.3d at 137. To prevail on the second ground, plaintiffs must further prove that (4) defendants’ works are unauthorized derivatives under 17 U.S.C. § 106(2).²

Footnote 2: With respect to the first ground, the question of whether defendants’ Guides are derivative works is “completely superfluous,” as “infringement of the adaptation right necessarily infringes the reproduction right.” *Twin Peaks Prods., Inc. v. Publications Int’l, Ltd.*, 996 F.2d 1366, 1373 (2d Cir. 1993).

[The court found that the undisputed evidence established ownership and actual copying. After reviewing different tests for substantial similarity the court continued:]

In the instant case, however, none of these special tests is even needed to establish substantial similarity, as defendants’ Guides are not even superficially distinct from the respective Novels. Instead, they are explicitly based on plaintiffs’ Novels, and seek in defendant’s words, to “introduce” them to children “through colorfully illustrated story summaries and kid-friendly analyses.”

To avoid, therefore, this obvious similarity, defendants would have the Court, in effect, subtract from defendants’ Guides the characters, plots, and settings that were directly lifted from plaintiffs’ Novels, on the ground that these elements do not constitute protectable expression. See *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1002 (2d Cir. 1995) (noting that a court must limit its infringement inquiry to whether “the protectable elements, standing alone, are substantially similar”).

Defendants claim that the characters, plots, and settings in plaintiffs’ Novels are merely “a collection of made-up facts” or “fictional facts,” and, since (historical or independently-existing) facts are not protected, these elements are not aspects of “an author’s original expression” subject to copyright. As defendants put it, their Guide to 2001: A Space Odyssey “merely summarized some of the facts of the book and the characters, not the creative expression that makes Dr. David Bowman and HAL [the characters] memorable.” In other words, the aspects of plaintiffs’ Novels that appear in defendants’ Guides, such as the character of Holly Golightly, her place of residence, her trips to the prison, her relationship to Sally Tomato, are not protected expression but, according to defendants, “fictional facts.”

This exercise in sophistry, however, which confuses the difference between historical or independently-existing facts and fictional details created by a novelist, finds no support in applicable law. As the Second Circuit has clearly stated, “characters and events” that “spring from the imagination” of authors are copyrightable, creative expression. See *Castle Rock*, 150 F.3d at 139. Thus, the Copyright Act protects both the literal text describing, for example, Dr. Bowman and HAL, and the “made-up facts” about Dr. Bowman and HAL. “Unlike the facts in a phone book, which do not owe their origin to an act of authorship,” each “fact” in defendants’ Guides is really “fictitious expression” created by plaintiffs’ authors. *Castle Rock*, 150 F.3d at 139. Because the “characters and events” in defendants’ Guides “spring from the

imagination of” Capote, Hemingway, Kerouac, and Clarke, each Guide “plainly copies copyrightable, creative expression.” *Id.*

By any reasonable comparison, defendants’ Guides copy substantial aspects of the themes, characters, plots, sequencing, pace, and settings of plaintiffs’ Novels. Indeed, that is their stated purpose. The defendants admit that “they wanted to be true to the author’s original conception” at least “as far as possible given the nature of the Kinder-Guides as children’s books” and that defendants’ works seek to convey to children “the stories and characters” in plaintiffs’ Novels. Defendants thus effectively admit to copyright infringement as a matter of law.

Derivative Works

Plaintiffs also allege that defendants’ Guides violate their right to control the preparation of derivative works. See 17 U.S.C. § 106(2). The Copyright Act defines a “derivative work” as: “a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted.” 17 U.S.C. § 101. “A work is not derivative, however, simply because it is ‘based upon’ the preexisting works.” *Harry Potter*, 575 F.Supp.2d at 538. Only works that are “recast, transformed, or adapted” into another medium, mode, or language while still representing the “original work of authorship” are derivative. *Id.*; *Castle Rock*, 150 F.3d at 143 n. 9. For example, book reviews and parodies of copyrighted works are not derivative works, despite being based on, and potentially reproducing, substantial amounts of protected expression. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 592 (1994) (stating the general rule that the “market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop”).

Depending on its nature, a “guide” may or may not qualify as a derivative work. The issue turns on whether the guide changes the copyrighted material in such a way that the guide no longer represents the original “work of authorship.” 17 U.S.C. § 101; *Warner Bros. Entm’t Inc. v. RDR Books*, 575 F.Supp.2d 513, 539 (S.D.N.Y. 2008). For example, the Second Circuit found that a guide to the TV show *Twin Peaks*, which “merely transformed” the original work “from one medium to another,” was a derivative work. But an encyclopedia based on the Harry Potter world, which did not tell the same story as the original copyrighted books and movies, was not a derivative work. *Id.* (“by condensing, synthesizing, and reorganizing the preexisting material in an A-to-Z reference guide, the Lexicon does not recast the material in another medium to retell the story of Harry Potter, but instead gives the copyrighted material another purpose. That purpose is to give the reader a ready understanding of individual elements in the elaborate world of Harry Potter that appear in voluminous and diverse sources.”).

Here, though defendants’ Guides add additional material at the end, specifically a few brief pages of “Analysis,” “Quiz Questions,” and information about the author, they are primarily dedicated to retelling plaintiffs’ stories. Two pages of analysis do not convert the Guides overall — which are largely composed of “Story Summaries” — into something that no longer “represents the original work of authorship.” Like a

translation, dramatization, or motion picture adaptation (three categories explicitly delineated by Congress as derivative works, see 17 U.S.C. § 101), and like the guide in *Twin Peaks*, defendants' works basically retell the story of plaintiffs' works in another medium (in this case illustrated children's books). Thus, because defendants never received permission from plaintiffs to produce their Guides, the Guides are unauthorized derivatives as a matter of law.

For the aforementioned reasons, defendants' Guides are infringing; they infringe upon plaintiffs' exclusive right to reproduce their Novels, including the character of Holly Golightly (a separate count), and they infringe upon plaintiffs' exclusive right to exploit the market for derivative works based on their Novels.

Fair Use

... U.S. law no longer protects abridgements as fair use, even in cases where the shortening involves, as Justice Story put it, "real, substantial condensation of the materials, and intellectual labor and judgment bestowed thereon; and not merely the facile use of the scissors." *Folsom v. Marsh*, 9 F.Cas. 342, 344-45 (C.C.D. Mass. 1841). Instead, under the Copyright Act, abridgements are generally considered to be derivative works, and the right to prepare them is reserved exclusively to the copyright holder. See *Twin Peaks*, 996 F.2d at 1376.

With respect to modifying the Novels for a younger audience, the mere removal of adult themes does not meaningfully "recast" the work any more than an airline's editing of R-rated films so that they can be shown to children on a flight absolve the airline from paying a royalty. As Judge Leval puts it, the question is whether the work produces new insights and understandings. Here, defendants' expurgated Guides are a vehicle for conveying to children the Novels' original stories and insights. Indeed, it is quite clear that defendants' Guides seek to fairly represent the original work of authorship — defendants admit as much.

Finally, there is the question of whether defendants' Guides qualify as educational criticism or commentary. Works of criticism and commentary provide the sort of new insights and understandings that are the sine qua non of transformative use. Defendants suggest that their Guides should be considered commentary, arguing that their works serve educational purposes. As evidence, defendants point to the few pages of analysis, quiz questions, and background information at the back of each Guide.

But tacking on these few pages does not provide safe harbor for an otherwise infringing work. Here, defendants' story summaries do not recount plaintiffs' Novels in the service of literary analysis, they provide literary analysis in the service of trying to make the Guides qualify for the fair use exception. Indeed, defendants admitted this in open court, when their counsel explained that Colting and Medina "went to great lengths" to achieve fair use protection. See Transcript at 17 ("the very fact that we have these sections in the book [e.g. the "Main Characters" and "Keywords" and "Analysis" sections] these are all things that were done to make these books fair use, at least in the minds of the defendants"). Fair use, however, is not a jacket to be worn over an otherwise infringing outfit. One cannot add a bit of commentary to convert an unauthorized derivative work into a protectable publication.

[Having rejected the defendant’s arguments that their use was transformative, the court applied the statutory fair use factors and concluded that their use was not fair.]

Notes and questions

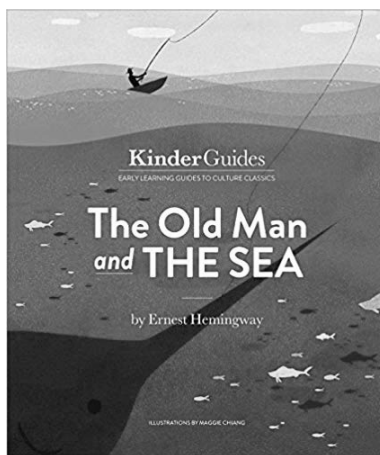
(1) Obviously the KinderGuides were quite different to the original literary works that inspired them. How significantly would the Guides have to change in order not be seen as an infringing reproduction, derivative work, or to qualify as fair use?

(2) Why were the KinderGuides in *Penguin Random House LLC v. Colting* held to be a derivative work based upon the copyrighted work while the *Harry Potter Lexicon* in *Warner Brothers Entertainment, Inc. v. RDR Books* was not?

(3) The district court in *Penguin Random House LLC v. Colting* repeated the Second Circuit’s suggestion in *Castle Rock* that fictional facts are copyrightable, i.e., because the characters and events in a novel “spring from the imagination” of authors they must be copyrightable, creative expression. As noted above, the court can’t really mean that any work that refers to the characters and events in a creative work is infringing, can it?

(4) Does the Wikipedia page describing the plot and main characters of a novel infringe on the copyright in that book? If not, how would you distinguish the Wikipedia entry for *The Old Man and the Sea*⁴⁸ from *The Old Man and the Sea, by Ernest Hemingway: A Kinderguides Illustrated Learning Guide*?

Figure 2 Kinderguides version of the Old Man and the Sea



The Scope of Copyright in Derivative Works

Section 103(a) of the Act contains a provision clarifying that compilations and derivative works are eligible copyright subject matter, meaning that a derivative work can also be a new copyrighted work, possibly with a different owner to the original and entitled to a new term of protection.

The same section also provides that copyright protection is not available any part of a compilation or derivative work that incorporates infringing material. It is worth noting that the U.S. rule deviates from the international norm in this respect.

⁴⁸ https://en.wikipedia.org/wiki/The_Old_Man_and_the_Sea

17 U.S. Code § 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.

The Act also clarifies that copyrights in compilations and derivative works extends only to the original material contributed by their authors and were independent of and had no effect on the scope, duration, ownership, or subsistence of copyright in preexisting material.

17 U.S. Code §103(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.

5. THE REPRODUCTION RIGHT

The meaning of reproduction

17 U.S. Code § 106 - Exclusive rights in copyrighted works

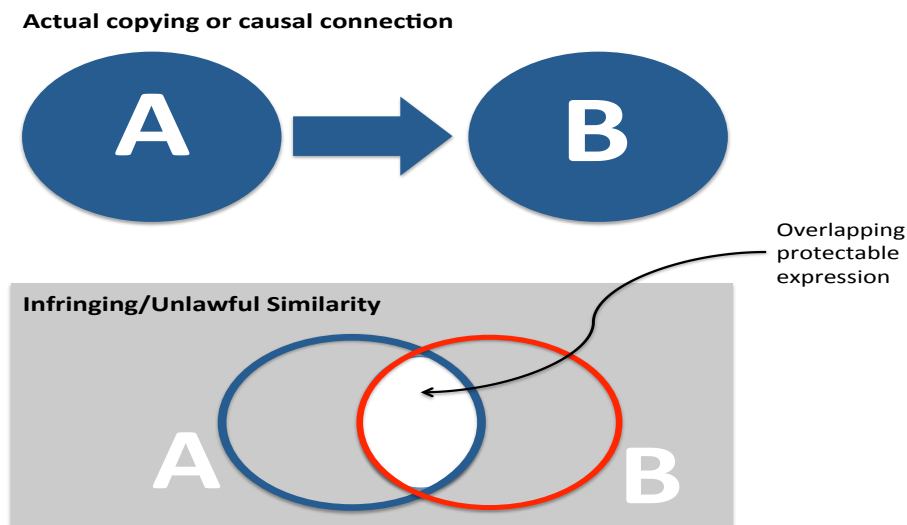
Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords; ...

Section 106(1) of the Copyright Act of 1976 gives copyright owners the exclusive right “to reproduce the copyrighted work in copies,” but nothing in the Copyright Act actually tells us what standard to apply in determining whether one work amounts to a reproduction of another.

Consider two works, A and B that have some features in common, but also some differences. What is required to conclude that B is an infringing reproduction of A? The answer consists of two parts: *copying in fact* and *wrongful copying*.

Figure 3 Copying in fact and wrongful copying



The plaintiff in an action for copyright infringement must show that B was actually copied from A in the sense that there is a causal connection running from A to B. This copying can be deliberate, unintended, or even subconscious. If two works are similar, but were in fact independently created, there is no copyright infringement. The classic statement to this effect comes from Judge Learned Hand in *Sheldon v. Metro-Goldwyn Pictures Corporation*, 81 F. 2d 49 (1936) (at 54):

... but if by some magic a man who had never known it were to compose anew Keats's Ode on a Grecian Urn, he would be an "author," and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats's.

Of course, most of us don't believe in magic and so we are usually prepared to draw an inference from very high levels of similarity that B probably was copied from A. We will

return to this topic below. For the moment, assume that the plaintiff has shown that there is a causal connection between A and B, this is not enough by itself. To establish that B is an infringing reproduction of A, the plaintiff must show that B is substantially similar A.

How similar is too similar? As already discussed in a previous chapter, the rights of the copyright owner are not limited to literal word-for-word reproductions or close facsimiles of the original work. *Nichols v. Universal Pictures* 45 F.2d 119 (2d Cir. 1930) [extracted in a previous chapter] provides a canonical explanation of why the scope of copyright goes beyond literal cut-and-paste infringement and of the problems courts will face in drawing a line between ideas and their expression in cases of non-literal infringement. Judge Hand says (at 121):

It is of course essential to any protection of literary property, whether at common-law or under the statute, that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations. That has never been the law, *but, as soon as literal appropriation ceases to be the test, the whole matter is necessarily at large*, so that, as was recently well said by a distinguished judge, the decisions cannot help much in a new case.

Assuming that the sufficient causal connection has been established, how should a court determine whether B is too similar to A? This turns out to be a vexing question.

Mark A. Lemley, *Our Bizarre System for Proving Copyright Infringement*, 57 J. Copyright Society U.S.A. 719 (2010)

At the heart of copyright infringement cases is “substantial similarity” between the plaintiff’s and the defendant’s works. But while every circuit agrees on the centrality of substantial similarity, that basic agreement conceals surprising differences in what exactly we mean by substantial similarity and how it is to be proven in court.

Pamela Samuelson, *A Fresh Look at Tests for Nonliteral Copyright Infringement*, 107 Northwestern University Law Review 1821 (2013)

One reason why conventional tests for judging nonliteral copyright infringement are problematic is that there are too many tests and not enough guidance about which one to use in what kinds of cases. Occasionally, courts have applied several different tests without being sure which test is the right one.

There are no mechanical guidelines, no hard and fast rules, and no percentages that can be applied to determine what constitutes a substantial, and thus infringing, similarity. One reason for this lack of precision is that it is impossible to decide how much taking is too much without referring to the specific works in question. In some cases, the copying of a relatively small portion of a work can be actionable if that portion is material and substantial. At a very general level, there is no controversy in the Second Circuit’s assertion in *Ringgold v. Black Entertainment Television, Inc.*, 126 F.3d 70, 75 (2d Cir. 1997) that “[t]o support a finding of infringement on the basis of substantial similarity, the copying must be quantitatively and qualitatively sufficient.” But like most uncontroversial statements, this does not tell us very much. How should a court determine what is quantitatively and qualitatively sufficient?

In formulating a test for copyright infringement, courts must be careful not to allow a finding of infringement to be based on similarities in unprotectable elements alone, and thus in most contexts they must attempt to parse out ideas from their expression, identify literary tropes, conventions, scenes a faire, and the constraints of the relevant medium, chosen materials, genre and public expectation. But courts must also be careful not disaggregate too

far: after all, even the greatest works of literature are simply new towers made by the combination of old bricks.

Courts in the United States have struggled to articulate a rational consistent analytical framework for determining whether some copying is too much. In reviewing the approach outlined in any particular case, it is worth asking some probing questions about how the court is trying to determine whether the defendant's actions infringed the plaintiff's exclusive right to reproduce the work in copies.

- (1) What process is the court using to compare the works? Is the court reviewing the works in total in a holistic side-by-side comparison; is it breaking the works down into components and identifying similarities and differences; is the court filtering out similarities at an unprotectable high level of abstraction and similarities based on facts or functionality?
- (2) When the court compares the works, whose point of view does it adopt?
- (3) What threshold of similarity is the court applying?
- (4) Do the works speak for themselves, or do they require expert analysis?
- (5) Assuming the right to trial by jury has been invoked, how does the court divide the components of its analytical framework between the judge and jury?

This last question is significant. One of the reasons that courts in the United States have struggled with articulating a framework to assess whether the threshold of reproduction has been met is that any such framework must also take account of the division of responsibility between the judge and the jury. In the United States, either the plaintiff or the defendant in a civil action such as copyright infringement has a Constitutional right to demand that a jury decides the case. In theory, the jury has the final say over questions of fact and the judge determines questions of law. This division of responsibilities is quite challenging in the copyright context because of legal and factual questions about how much copying is too much are often hopelessly intertwined.

Different tests and approaches

Reasoning from first principles it should be apparent that for a copyright owner to establish an infringement of the reproduction right, she must show two things: (1) that defendant's work was actually copied in the sense that there is a causal connection running from the work of the copyright owner to that of the defendant; (2) that the defendant's work is too similar to the plaintiff's to be permissible.

This two part copying in fact/wrongful copying structure is clearer in some United States circuits than others.

The Legacy of *Arnstein v. Porter*

Arnstein v. Porter, 154 F.2d 464 (2d Cir. 1946) is an important part of the copyright law cannon. As Shyamkrishna Balganesh summarizes in *The Questionable Origins of the Copyright Infringement Analysis*,

While a few circuits have made important modifications to its central approach, the “*Arnstein* test,” as it has come to be known, remains the dominant approach to copyright infringement analysis today.⁴⁹

Some background is useful before considering the Second Circuit’s opinion. The district court judge in *Arnstein v. Porter* was understandably skeptical when the litigious Ira Arnstein accused the famous Cole Porter of infringing copyrights in a collection of songs, some of which had never been published. That skepticism doubtlessly increased when Arnstein explained this theory that Porter had hired “stooges” to follow him and ransack his home in order to obtain his compositions. Porter prevailed on a motion for summary judgment and Arnstein appealed. The eventual success of Arnstein’s appeal owed a lot to the trial judge’s overly blunt and candid dismissal of Arnstein as, in effect, a vexatious and frivolous litigant. The judge concluded his reasons with the observations that gave the impression that the motion for summary judgment had been granted as “the easiest and quickest way to dispose of the case” and “that the judge had prioritized other cases ahead of the plaintiff’s, principally because of the plaintiff’s record of litigiousness.”⁵⁰ As Balganesch explains, this did not sit well with Judge Jerome Frank on the court of appeals. Frank was skeptical of summary judgment and he also thought that there was at least some passing similarity between the plaintiff’s and defendant’s works such that the plaintiff deserved the chance to present his case to a jury.

Arnstein v. Porter, 154 F.2d 464 (2d Cir. 1946)

Circuit Judge Frank

Plaintiff with his complaint filed a jury demand which defendant moved to strike out. Defendant urges that the relief prayed in the complaint renders a jury trial inappropriate. We do not agree. Plaintiff did not ask for an injunction but solely for damages. Such a suit is an action at “law.” That it is founded solely on a statute does not deprive either party of a right to a trial by jury; an action for treble damages under the Sherman Act is likewise purely statutory, but it is triable at “law” and by a jury as of right.

The principal question on this appeal is whether the lower court, under Rule 56, properly deprived plaintiff of a trial of his copyright infringement action. The answer depends on whether “there is the slightest doubt as to the facts.” In applying that standard here, it is important to avoid confusing two separate elements essential to a plaintiff’s case in such a suit: (a) that defendant copied from plaintiff’s copyrighted work and (b) that the copying (assuming it to be proved) went so far as to constitute improper appropriation.

As to the first — copying — the evidence may consist (a) of defendant’s admission that he copied or (b) of circumstantial evidence — usually evidence of access — from which the trier of the facts may reasonably infer copying. Of course, if there are no similarities, no amount of evidence of access will suffice to prove copying. If there is evidence of access and similarities exist, then the trier of the facts must

⁴⁹ Shyamkrishna Balganesch, *The Questionable Origins of the Copyright Infringement Analysis* 68 STAN. L. REV. 791 (2016).

⁵⁰ *Id.* at 803.

determine whether the similarities are sufficient to prove copying. On this issue, analysis (“dissection”) is relevant, and the testimony of experts may be received to aid the trier of the facts. If evidence of access is absent, the similarities must be so striking as to preclude the possibility that plaintiff and defendant independently arrived at the same result.

If copying is established, then only does there arise the second issue, that of illicit copying (unlawful appropriation.). On that issue (as noted more in detail below) the test is the response of the ordinary lay hearer; accordingly, on that issue, “dissection” and expert testimony are irrelevant.

In some cases, the similarities between the plaintiff’s and defendant’s work are so extensive and striking as, without more, both to justify an inference of copying and to prove improper appropriation. But such double-purpose evidence is not required; that is, if copying is otherwise shown, proof of improper appropriation need not consist of similarities which, standing alone, would support an inference of copying.

Each of these two issues — copying and improper appropriation — is an issue of fact. If there is a trial, the conclusions on those issues of the trier, of the facts — of the judge if he sat without a jury, or of the jury if there was a jury trial — bind this court on appeal, provided the evidence supports those findings, regardless of whether we would ourselves have reached the same conclusions. But a case could occur in which the similarities were so striking that we would reverse a finding of no access, despite weak evidence of access (or no evidence thereof other than the similarities); and similarly as to a finding of no illicit appropriation.

We turn first to the issue of copying. After listening to the compositions as played in the phonograph recordings submitted by defendant, we find similarities; but we hold that unquestionably, standing alone, they do not compel the conclusion, or permit the inference, that defendant copied. The similarities, however, are sufficient so that, if there is enough evidence of access to permit the case to go to the jury, the jury may properly infer that the similarities did not result from coincidence.

Summary judgment was, then, proper if indubitably defendant did not have access to plaintiff’s compositions. Plainly that presents an issue of fact. On that issue, the district judge, who heard no oral testimony, had before him the depositions of plaintiff and defendant. The judge characterized plaintiff’s story as “fantastic”; and, in the light of the references in his opinion to defendant’s deposition, the judge obviously accepted defendant’s denial of access and copying. Although part of plaintiff’s testimony on deposition (as to “stooges” and the like) does seem “fantastic,” yet plaintiff’s credibility, even as to those improbabilities, should be left to the jury. If evidence is “of a kind that greatly taxes the credulity of the judge, he can say so, or, if he totally disbelieves it, he may announce that fact, leaving the jury free to believe it or not.” If, said Winslow, J., “evidence is to be always disbelieved because the story told seems remarkable or impossible, then a party whose rights depend on the proof of some facts out of the usual course of events will always be denied justice simply because his story is improbable.” We should not overlook the shrewd proverbial admonition that sometimes truth is stranger than fiction.

But even if we were to disregard the improbable aspects of plaintiff’s story, there remain parts by no means “fantastic.” On the record now before us, more than a

million copies of one of his compositions were sold; copies of others were sold in smaller quantities or distributed to radio stations or band leaders or publishers, or the pieces were publicly performed. If, after hearing both parties testify, the jury disbelieves defendant's denials, it can, from such facts, reasonably infer access. It follows that, as credibility is unavoidably involved, a genuine issue of material fact presents itself. With credibility a vital factor, plaintiff is entitled to a trial where the jury can observe the witnesses while testifying. Plaintiff must not be deprived of the invaluable privilege of cross-examining the defendant — the “crucial test of credibility” — in the presence of the jury. Plaintiff, or a lawyer on his behalf, on such examination may elicit damaging admissions from defendant; more important, plaintiff may persuade the jury, observing defendant's manner when testifying, that defendant is unworthy of belief.

[W]e cannot now say — as we think we must say to sustain a summary judgment — that at the close of a trial the judge could properly direct a verdict.

We agree that there are cases in which a trial would be farcical. If, in a suit on a promissory note, the defendant, pleading payment, sets forth in an affidavit his cancelled check to the order of the plaintiff for the full amount due on the note and a written receipt in full signed by the plaintiff, while plaintiff in a reply affidavit merely states that he did not receive payment and suggests no other proof, then to require a trial would be absurd; for cross-examination of the defendant in such circumstances clearly would be futile. But where, as here, credibility, including that of the defendant, is crucial, summary judgment becomes improper and a trial indispensable. It will not do, in such a case, to say that, since the plaintiff, in the matter presented by his affidavits, has offered nothing which discredits the honesty of the defendant, the latter's deposition must be accepted as true. We think that Rule 56 was not designed thus to foreclose plaintiff's privilege of examining defendant at a trial, especially as to matters peculiarly within defendant's knowledge. Illustrative of the dangers, in this respect, of summary judgments, if not cautiously employed, is a recent case in the court below. There the judge refused to grant summary judgment for defendants, despite a mass of impressive affidavits, containing copies of corporate records, the accuracy of which plaintiffs did not deny in their affidavits, and which on their face made plaintiffs' case seem nothing but a sham; at the trial, however, cross-examination of the defendants revealed facts, theretofore unknown by plaintiffs, that so riddled the defendants' case as it had previously appeared on the summary judgment motion that the judge entered judgment against them for several million dollars, from which they did not appeal.

We do not believe that, in a case in which the decision must turn on the reliability of witnesses, the Supreme Court, by authorizing summary judgments, intended to permit a “trial by affidavits,” if either party objects. That procedure which, so the historians tell us, began to be outmoded at common law in the 16th century, would, if now revived, often favor unduly the party with the more ingenious and better paid lawyer. Grave injustice might easily result.

Assuming that adequate proof is made of copying, that is not enough; for there can be “permissible copying,” copying which is not illicit. Whether (if he copied) defendant unlawfully appropriated presents, too, an issue of fact. The proper criterion on that issue is not an analytic or other comparison of the respective

musical compositions as they appear on paper or in the judgment of trained musicians.¹⁹ The plaintiff's legally protected interest is not, as such, his reputation as a musician but his interest in the potential financial returns from his compositions which derive from the lay public's approbation of his efforts. The question, therefore, is whether defendant took from plaintiff's works so much of what is pleasing to the ears of lay listeners, who comprise the audience for whom such popular music is composed, that defendant wrongfully appropriated something which belongs to the plaintiff.

Footnote 19: Where plaintiff relies on similarities to prove copying (as distinguished from improper appropriation) paper comparisons and the opinions of experts may aid the court.

Surely, then, we have an issue of fact which a jury is peculiarly fitted to determine.²² Indeed, even if there were to be a trial before a judge, it would be desirable (although not necessary) for him to summon an advisory jury on this question.

Footnote 22: It would, accordingly, be proper to exclude tone-deaf persons from the jury, cf. *Chatterton v. Cave*, 3 A.C. 483, 499-501, 502-504.

We should not be taken as saying that a plagiarism case can never arise in which absence of similarities is so patent that a summary judgment for defendant would be correct. Thus suppose that Ravel's "Bolero" or Shostakovich's "Fifth Symphony" were alleged to infringe "When Irish Eyes Are Smiling."²³ But this is not such a case. For, after listening to the playing of the respective compositions, we are, at this time, unable to conclude that the likenesses are so trifling that, on the issue of misappropriation, a trial judge could legitimately direct a verdict for defendant.

Footnote 23: In such a case, the complete absence of similarity would negate both copying and improper appropriation.

At the trial, plaintiff may play, or cause to be played, the pieces in such manner that they may seem to a jury to be inexcusably alike, in terms of the way in which lay listeners of such music would be likely to react. The plaintiff may call witnesses whose testimony may aid the jury in reaching its conclusion as to the responses of such audiences. Expert testimony of musicians may also be received, but it will in no way be controlling on the issue of illicit copying, and should be utilized only to assist in determining the reactions of lay auditors. The impression made on the refined ears of musical experts or their views as to the musical excellence of plaintiff's or defendant's works are utterly immaterial on the issue of misappropriation;²⁴ for the views of such persons are caviar to the general — and plaintiff's and defendant's compositions are not caviar.²⁵

Footnote 24: Our comments in this paragraph would be pertinent if the trial were before a judge alone. Of course, a judge trying a case without a jury does not direct himself to enter a verdict; but the applicable standards are virtually the same, for he is then, in part, a one-man jury.

Footnote 25: Nor need plaintiff's be. See, e.g., *Baker v. Selden*, 101 U.S. 99, 102.

In copyright infringement cases cited by defendant, we have sustained judgments in favor of defendants based on findings of fact made by trial judges after trials, findings we held not to be "clearly erroneous." There we did not attempt to pass on the veracity or credibility of witnesses. To do so here would be to convert an appellate court into a trial court. The avowed purpose of those who sponsored the summary judgment practice was to eliminate needless trials where by affidavits it

could be shown beyond possible question that the facts were not actually in dispute. In the attempt to apply that reform — to avoid what is alleged to be a needless trial in a trial court — we should not conduct a trial in this court. Where the facts are thus in real dispute, it is our function, after a trial in the lower court, to review its legal conclusions and, with reference to its findings of fact, to determine not whether we would ourselves have made them, but merely whether they rest on sufficient evidence in the record. When the trial occurs before a judge without a jury, we have his findings of fact separated from his legal conclusions; when it occurs before a jury, our task is somewhat different, especially when the jury returns a general (i.e., composite) verdict.²⁸ But in reviewing a judgment after either type of trial, ours must be a limited function. This is not, and must not be, a trial court. Such a court has a duty more difficult and important than ours. We begin our task where it leaves off. Until the Supreme Court tells us that we err, we shall therefore adhere to the views stated in *Doebler Metal Furniture Co. v. United States* 149 F.2d 130 (1945), and to our belief, expressed in *Dellar v. Samuel Goldwyn, Inc.*, 2 Cir., 104 F. 2d 661, 662 (1939) and *MacDonald v. Du Maurier*, 2 Cir., 144 F.2d 696 (1944), that generally there should be trials in plagiarism suits.

Footnote 28: We must then assume any possible finding of fact which would support the verdict. *A special verdict in the case at bar might well be desirable.*

Plaintiff has not copyrighted two of his compositions, “Twilight Waltz” and “Duet” from “Song of David.” Accordingly, the judgment to that extent should be changed to one of dismissal for lack of jurisdiction. The same is true of the judgment concerning the alleged copying of the titles of plaintiff’s songs, “What Is Love” and “Night and Day.” A title cannot be copyrighted. The facts do not permit the joinder of these non-federal causes of action with the action for infringement of copyrights.

Defendant’s motion papers showed that plaintiff had assigned his copyright to his composition “A Mother’s Prayer” to another person. Plaintiff alleged that, by an oral agreement with the assignee, the copyright was to revert to plaintiff on the assignee’s death, and that the assignee was dead. Defendant contended that the parol evidence rule barred proof of such an oral agreement, and that, therefore, plaintiff, not being able to show his ownership of the copyright, could not maintain suit for its infringement. Defendant asked the judge to take judicial notice of the record of another infringement suit in the same court, *Arnstein v. American Soc. of Composers, D.C.*, 29 F.Supp. 388, involving the same issue as to the same composition, brought by plaintiff against another person, not in privity with the defendant here, in which decision on that issue had been adverse to plaintiff. On that ground, the judge held that the present action, so far as based on “A Mother’s Prayer,” must be dismissed. In so holding, the judge erred. As no one in the assignee’s chain of title is a party to this suit, the parol evidence rule does not apply. The adjudication in the previous suit is entirely irrelevant.

Defendant disregarded that sort of irrelevance in moving in the court below not only for summary judgment but also for dismissal of plaintiff’s action as “vexatious.” For in aid of that latter motion, defendant asked the judge to take judicial notice of five previous copyright infringement actions, including the one just mentioned above, brought by the plaintiff in the same court against other persons, in which plaintiff had advanced some legal arguments like those he advances here, and in which he had

been defeated. The judge in his opinion referred to but one of those suits, *Arnstein v. American Soc. of Composers*, and purported not to pass on the motion to dismiss for vexatiousness. But in his order for final judgment he specifically referred to the “records” of the court in the five cases, naming them, as constituting in part the basis of the judgment.

Defendant, in his brief in this court says, “This is perhaps the most significant” argument in “this case,” and presses us to hold that affirmance of the dismissal should be based thereon. Coupled with this request is an implied suggestion that, with respect to the summary judgment, we should not so concern ourselves with fear of creating a “bad” precedent for the future that we reach an unjust decision in this particular case. With that suggestion we are in thorough accord. We decide against summary judgment here because we consider it improper in this case. Our decision to that effect will have precedential significance only to the extent that, in any future case, summary judgment is sought when the facts are not beyond the range of actual dispute.

But, in the spirit of that suggestion, we regard it as entirely improper to give any weight to other actions lost by plaintiff. Although, as stated above, the judge in his opinion, except as to one of the previous actions, did not say that he rested his decision on those other suits, the language of his final judgment order indicates that he was probably affected by them. If so, he erred. Absent the factors which make up *res judicata* (not present here), each case must stand on its own bottom, subject, of course, to the doctrine of *stare decisis*. Succumbing to the temptation to consider other defeats suffered by a party may lead a court astray; see, e.g., *Southern Pacific Co. v. Bogert*, 250 U.S. 483, 489. When a particular suit is vexatious, sometimes at its conclusion the court can give some redress to the victorious party. Perhaps the Legislature can and should meet this problem more effectively. But we surely must not do so, as defendant here would have us do, by prejudging the merits of the case before us.

Modified in part; otherwise reversed and remanded.

Notes and questions

(1) In *Arnstein v. Porter*, 154 F.2d 464 (2d Cir. 1946), Judge Frank posited a clear distinction between two “essential” elements in establishing infringement (at 468):

... it is important to avoid confusing two separate elements essential to a plaintiff’s case in such a suit: (a) that defendant copied from plaintiff’s copyrighted work and (b) that the copying (assuming it to be proved) went so far as to constitute improper appropriation.

(2) In terms of copying in fact, Judge Frank explained (at 468) actual copying could be established by “defendant’s admission that he copied” or by circumstantial evidence, by establishing some combination of access to the work and similarity. In terms of wrongful copying (or “illicit copying” or “unlawful appropriation”), Frank said (at 468) “the test is the response of the ordinary lay hearer.”

Arnstein treats both copying in fact and wrongful copying as questions of fact and as objective and subjective, respectively. The kinds of similarity that might support a finding of

actual copying are objective and thus analytical dissection of the works aided by the testimony of experts may be appropriate. On the other hand, in the same sentence where he announced that the test of wrongful copying “is the response of the ordinary lay hearer” Judge Frank said that “accordingly, on that issue, “dissection” and expert testimony are irrelevant.” Whether this is really so is an issue taken up later in this chapter.

(3) *Arnstein* treats both copying in fact and wrongful copying as pure questions of fact that must be determined by a jury except in the most extreme circumstances. In *The Questionable Origins of the Copyright Infringement Analysis*, Shyamkrishna Balganesh argues that “[t]his jury-centric approach continues to influence modern copyright law and is responsible for the subjective and unpredictable nature of the infringement analysis.”

(4) *Arnstein v. Porter* is a copyright case, but copyright issues took a backseat to the intellectual contest between Judge Jerome Frank, an opponent of summary judgment, and Judge Charles Clark, one of its most recognizable proponents. In *The Questionable Origins of the Copyright Infringement Analysis*, Shyamkrishna Balganesh reexamines the historical record and argues persuasively that that:

Arnstein’s decision to rely on juries for the infringement analysis had very little to do with copyright law or policy. It was hardly a considered decision about the values at stake in the copyright infringement analysis, but instead almost entirely the product of the judges’ desire to enable the particular plaintiff in the case to obtain a fair hearing, for which their reliance on a jury and a heightened summary judgment standard proved to be ideal vehicles. Considerations of copyright law were for the most part entirely secondary to the court’s decision.

(5) The standard for summary judgment set out in *Arnstein* (at 468) was that the plaintiff was entitled to a trial of his copyright infringement action if there were “the slightest doubt as to the facts.” This exacting standard has long since been overruled and yet *Arnstein* continues to influence the allocation of responsibilities between judge and jury in copyright litigation.

The extrinsic/intrinsic test for infringement of the reproduction right

Williams v. Gaye, 885 F. 3d 1150 (9th Cir. 2018)

Circuit Judge M. Smith

After a seven-day trial and two days of deliberation, a jury found that Pharrell Williams, Robin Thicke, and Clifford Harris, Jr.’s song “Blurred Lines,” the world’s best-selling single in 2013, infringed Frankie Christian Gaye, Nona Marvisa Gaye, and Marvin Gaye III’s copyright in Marvin Gaye’s 1977 hit song “Got To Give It Up.”

A. “Got To Give It Up”

In 1976, Marvin Gaye recorded the song “Got To Give It Up” in his studio. “Got To Give It Up” reached number one on Billboard’s Hot 100 chart in 1977, and remains popular today.

In 1977, Jobete Music Company, Inc. registered “Got To Give It Up” with the United States Copyright Office and deposited six pages of handwritten sheet music attributing the song’s words and music to Marvin Gaye. Marvin Gaye did not write or fluently read sheet music, and did not prepare the deposit copy. Instead, an

unidentified transcriber notated the sheet music after Marvin Gaye recorded “Got To Give It Up.”

The Gayes inherited the copyrights in Marvin Gaye’s musical compositions.

B. “Blurred Lines”

In June 2012, Pharrell Williams and Robin Thicke wrote and recorded “Blurred Lines.” Clifford Harris, Jr., known popularly as T.I., separately wrote and recorded a rap verse for “Blurred Lines” that was added to the track seven months later. “Blurred Lines” was the best-selling single in the world in 2013.

Thicke, Williams, and Harris co-own the musical composition copyright in “Blurred Lines.” Star Trak and Interscope Records co-own the sound recording of “Blurred Lines.” Universal Music Distribution manufactured and distributed “Blurred Lines.”

C. The Action

The Gayes made an infringement demand on Williams and Thicke after hearing “Blurred Lines.” Negotiations failed, prompting Williams, Thicke, and Harris to file suit for a declaratory judgment of non-infringement on August 15, 2013.

The Gayes counterclaimed against the Thicke Parties, alleging that “Blurred Lines” infringed their copyright in “Got To Give It Up,” and added the Interscope Parties as third-party defendants.

D. The District Court’s Denial of Summary Judgment

The district court denied Williams and Thicke’s motion for summary judgment on October 30, 2014.

1. The District Court’s Interpretation of the Copyright Act of 1909

The district court ruled that the Gayes’ compositional copyright, which is governed by the Copyright Act of 1909, did not extend to the commercial sound recording of “Got To Give It Up,” and protected only the sheet music deposited with the Copyright Office. The district court accordingly limited its review of the evidence to the deposit copy, and concluded there were genuine issues of material fact.

2. The Evidence

The Thicke Parties relied upon the opinion of musicologist Sandy Wilbur. The Gayes relied upon the opinions of Dr. Ingrid Monson, the Quincy Jones Professor of African American Music at Harvard University, and musicologist Judith Finell. The experts disagreed sharply in their opinions, which they articulated in lengthy reports.

Finell opined that there is a “constellation” of eight similarities between “Got To Give It Up” and “Blurred Lines,” consisting of the signature phrase, hooks,² hooks with backup vocals, “Theme X,”³ backup hooks, bass melodies, keyboard parts, and unusual percussion choices.

Footnote 2: According to Finell, the term “hook” refers to the most important and memorable melodic material of a piece of popular music.

Footnote 3: Finell named a repeated four-note backup vocal in “Got To Give It Up” as “Theme X.”

Wilbur opined that there are no substantial similarities between the melodies, rhythms, harmonies, structures, and lyrics of “Blurred Lines” and “Got To Give It

Up,” and disputed each area of similarity Finell identified. The district court compared Finell’s testimony with Wilbur’s and, pursuant to the extrinsic test under copyright law, meticulously filtered out elements Wilbur opined were not in the deposit copy, such as the backup vocals, “Theme X,” descending bass line, keyboard rhythms, and percussion parts.

The district court also filtered out several unprotectable similarities Dr. Monson identified, including the use of a cowbell, hand percussion, drum set parts, background vocals, and keyboard parts. After filtering out those elements, the district court considered Dr. Monson’s analysis of harmonic and melodic similarities between the songs, and noted differences between Wilbur’s and Dr. Monson’s opinions.

After performing its analytical dissection, as part of the extrinsic test, the district court summarized the remaining areas of dispute in the case. The district court identified disputes regarding the similarity of the songs’ signature phrases, hooks, bass lines, keyboard chords, harmonic structures, and vocal melodies. Concluding that genuine issues of material fact existed, the district court denied Williams and Thicke’s motion for summary judgment.

E. Trial

The case proceeded to a seven-day trial. The district court ruled before trial that the Gayes could present sound recordings of “Got To Give It Up” edited to capture only elements reflected in the deposit copy. Consequently, the commercial sound recording of “Got To Give It Up” was not played at trial.

Williams and Thicke testified, each acknowledging inspiration from Marvin Gaye and access to “Got To Give It Up.”

Finell testified that “Blurred Lines” and “Got To Give It Up” share many similarities, including the bass lines, keyboard parts, signature phrases, hooks, “Theme X,” bass melodies, word painting, and the placement of the rap and “parlando” sections in the two songs. She opined that nearly every bar of “Blurred Lines” contains an element similar to “Got To Give It Up.” Although the district court had filtered out “Theme X,” the descending bass line, and the keyboard rhythms as unprotectable at summary judgment, Finell testified that those elements were in the deposit copy.

Dr. Monson played three audio-engineered “mash-ups” she created to show the melodic and harmonic compatibility between “Blurred Lines” and “Got To Give It Up.” She testified that the two songs shared structural similarities on a sectional and phrasing level.

Wilbur opined that the two songs are not substantially similar and disputed Finell and Dr. Monson’s opinions. Wilbur prepared and played a sound recording containing her rendition of the deposit copy of “Got To Give It Up.”

Neither the Thicke Parties nor the Gayes made a motion for judgment as a matter of law pursuant to Federal Rule of Civil Procedure 50(a) before the case was submitted to the jury.

On March 10, 2015, after two days of deliberation, the jury returned mixed general verdicts. The jury found that Williams, More Water from Nazareth Publishing, and

Thicke infringed the Gayes' copyright in "Got To Give It Up." The jury awarded the Gayes \$4 million in actual damages, \$1,610,455.31 in infringer's profits from Williams and More Water from Nazareth Publishing, and \$1,768,191.88 in infringer's profits from Thicke.

I. Governing Law

A. Elements of a Copyright Infringement Claim

To prevail on a copyright infringement claim, a plaintiff must show that (1) he or she owns the copyright in the infringed work, and (2) the defendant copied protected elements of the copyrighted work. *Swirsky v. Carey*, 376 F.3d 841, 844 (9th Cir. 2004). A copyright plaintiff may prove copying with circumstantial, rather than direct, evidence. *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 481 (9th Cir. 2000). "Absent direct evidence of copying, proof of infringement involves fact-based showings that the defendant had access to the plaintiff's work and that the two works are substantially similar." *Id.*

Access and substantial similarity are inextricably linked. We adhere to the "inverse ratio rule," which operates like a sliding scale: The greater the showing of access, the lesser the showing of substantial similarity is required.⁶

Footnote 6: To be clear, we do not "redefine the test of substantial similarity here," or negate the requirement that there be substantial similarity. *See Three Boys Music*, 212 F.3d at 486. Although the dissent criticizes the inverse ratio rule, the rule is binding precedent under our circuit law, and we are bound to apply it.

Williams and Thicke readily admitted at trial that they had a high degree of access to "Got To Give It Up." The Gayes' burden of proof of substantial similarity is lowered accordingly.

We use a two-part test for substantial similarity: an extrinsic test and an intrinsic test. For a jury to find substantial similarity, there must be evidence on both the extrinsic and intrinsic tests. A district court applies only the extrinsic test on a motion for summary judgment, as the intrinsic test is reserved exclusively for the trier of fact.

The extrinsic test is objective. It considers whether two works share a similarity of ideas and expression as measured by external, objective criteria. Application of the extrinsic test requires analytical dissection of a work and expert testimony. An analytical dissection, in turn, requires breaking the works down into their constituent elements, and comparing those elements for proof of copying as measured by "substantial similarity."

The intrinsic test, on the other hand, is subjective. It asks whether the ordinary, reasonable person would find the total concept and feel of the works to be substantially similar.

Because the requirement is one of substantial similarity to protected elements of the copyrighted work, it is essential to distinguish between the protected and unprotected material in a plaintiff's work. Still, substantial similarity can be found in a combination of elements, even if those elements are individually unprotected.

This principle finds particular relevance in application of the intrinsic test, as a trier of fact may "find that the over-all impact and effect indicate substantial

appropriation,” even if “any one similarity taken by itself seems trivial.” *Sid & Marty Krofft Television Prods., Inc. v. McDonald’s Corp.*, 562 F.2d 1157, 1169 (9th Cir. 1977).

B. The Standard of Similarity for Musical Compositions

We have distinguished between “broad” and “thin” copyright protection based on the “range of expression” involved. *Mattel, Inc. v. MGA Entertainment, Inc.*, 616 F.3d 904, 913-14 (9th Cir. 2010). “If there’s a wide range of expression, then copyright protection is ‘broad’ and a work will infringe if it’s ‘substantially similar’ to the copyrighted work.” On the other hand, “if there’s only a narrow range of expression, then copyright protection is ‘thin’ and a work must be ‘virtually identical’ to infringe.” To illustrate, there are a myriad of ways to make an “aliens-attack movie,” but “there are only so many ways to paint a red bouncy ball on blank canvas.” Whereas the former deserves broad copyright protection, the latter merits only thin copyright protection.

We reject the ‘Thicke Parties’ argument that the Gayes’ copyright enjoys only thin protection. Musical compositions are not confined to a narrow range of expression. They are unlike a page-shaped computer desktop icon, see *Apple Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1444 (9th Cir. 1994), or a “glass-in-glass jellyfish sculpture,” *Satava v. Lowry*, 323 F.3d 805, 810 (9th Cir. 2003). Rather, as we have observed previously, “[m]usic ... is not capable of ready classification into only five or six constituent elements,” but is instead “comprised of a large array of elements, some combination of which is protectable by copyright.” *Swirsky*, 376 F.3d at 849. As “[t]here is no one magical combination of ... factors that will automatically substantiate a musical infringement suit,” and as “each allegation of infringement will be unique,” the extrinsic test is met, “[s]o long as the plaintiff can demonstrate, through expert testimony ..., that the similarity was ‘substantial’ and to ‘protected elements’ of the copyrighted work.” *Id.* We have applied the substantial similarity standard to musical infringement suits before and see no reason to deviate from that standard now. Therefore, the Gayes’ copyright is not limited to only thin copyright protection, and the Gayes need not prove virtual identity to substantiate their infringement action.

C. The Copyright Act of 1909

Marvin Gaye composed “Got To Give It Up” before January 1, 1978, the effective date of the Copyright Act of 1976. Accordingly, the Copyright Act of 1909 governs the Gayes’ compositional copyright.

While the Copyright Act of 1976 protects “works of authorship” fixed in “sound recordings,” 17 U.S.C. § 102, the 1909 Act did not protect sound recordings. It is well settled that “[s]ound recordings and musical compositions are separate works with their own distinct copyrights.”⁹

Footnote 9: 17 U.S.C. § 102(a)(2) protects “musical works,” while § 102(a)(7) protects “sound recordings.” “‘Sound recordings’ are works that result from the fixation of a series of musical, spoken, or other sounds ..., regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied.” 17 U.S.C. § 101.

It remains unsettled, however, whether copyright protection for musical compositions under the 1909 Act extends only to the four corners of the sheet music deposited with the United States Copyright Office, or whether the commercial sound

recordings of the compositions are admissible to shed light on the scope of the underlying copyright. Here, the district court ruled that the 1909 Act protected only the deposit copy of “Got To Give It Up,” and excluded the sound recording from consideration.

The Gayes cross-appeal the district court’s interpretation of the 1909 Act only in the event the case is remanded for a new trial. The Gayes assert that Marvin Gaye’s studio recording may establish the scope of a compositional copyright, despite the 1909 Act’s lack of protection for sound recordings. The Thicke Parties, on the other hand, elevate the deposit copy as the quintessential measure of the scope of copyright protection.¹⁰

Footnote 10: To our knowledge, the Thicke Parties’ position had not found support in case law until the district court’s ruling. See *Three Boys Music*, 212 F.3d at 486 (observing, in the context of subject matter jurisdiction, that “[a]lthough the 1909 Copyright Act requires the owner to deposit a ‘complete copy’ of the work with the copyright office, our definition of a ‘complete copy’ is broad and deferential”); see also 17 U.S.C. § 704 (providing that the Register of Copyrights and the Librarian of Congress may destroy or otherwise dispose of original deposit copies if certain facsimile requirements are met); *Marya v. Warner/Chappell Music, Inc.*, 131 F.Supp.3d 975, 982 (C.D. Cal. 2015) (observing that “[t]he Copyright Office no longer has the deposit copy” of the work at issue, which was registered in 1935)).

Nevertheless, because we do not remand the case for a new trial, we need not, and decline to, resolve this issue in this opinion. For purposes of this appeal, we accept, without deciding, the merits of the district court’s ruling that the scope of the Gayes’ copyright in “Got To Give It Up” is limited to the deposit copy.

II. The District Court’s Order Denying Summary Judgment is Not Reviewable After a Full Trial on the Merits.

[The majority held that the district court’s order denying the Thicke parties’ motion for summary judgment was not reviewable. The Thicke parties argued that it was because the district court’s denial constituted legal error. The majority disagreed.]

The district court’s application of the extrinsic test of similarity was a factbound inquiry far afield from decisions resolving disputes about the substance and clarity of pre-existing law. The district court’s ruling bears little resemblance to legal issues we have reviewed pursuant to our exception.

III. The District Court Did Not Abuse its Discretion in Denying a New Trial.

We review the district court’s denial of a motion for a new trial for abuse of discretion. We may reverse the denial of a new trial only if the district court reaches a result that is illogical, implausible, or without support in the inferences that may be drawn from the record. The abuse of discretion standard requires us to uphold a district court’s determination that falls within a broad range of permissible conclusions, provided the district court did not apply the law erroneously.

The Thicke Parties argue that a new trial is warranted on three grounds: (1) Jury Instructions 42 and 43 were erroneous; (2) the district court abused its discretion in admitting portions of Finell and Dr. Monson’s testimony; and (3) the verdict is against the clear weight of the evidence. We disagree, and discuss each ground in turn.

A. Instructions 42 and 43 Were Not Erroneous.

1. Jury Instruction 42

The Thicke Parties argue that Instruction 42 allowed the jury to place undue weight on Williams and Thicke's statements claiming inspiration from "Got To Give It Up" and Marvin Gaye. The district court instructed the jurors:

In order to find that the Thicke Parties copied either or both of the Gaye Parties' songs, it is not necessary that you find that the Thicke Parties consciously or deliberately copied either or both of these songs. It is sufficient if you find that the Thicke Parties subconsciously copied either or both of the Gaye Parties' songs.

Because direct evidence is rare, copying is usually circumstantially proved by a combination of access and substantial similarity. As the Thicke Parties acknowledge, access may be "based on a theory of widespread dissemination and subconscious copying." *Three Boys Music*, 212 F.3d at 483. In short, there is no scienter requirement. Instruction 42 stated as much.

The Thicke Parties argue that Instruction 42 was nonetheless inappropriate, because the issue of access was not at issue. Not so. First, the fact that the Thicke Parties conceded access to "Got To Give It Up" does not diminish the importance of access to the case. To the contrary, access remains relevant. Our inverse ratio rule provides that the stronger the showing of access, the lesser the showing of substantial similarity is required.

Second, and dispositive here, the instructions as a whole make plain that a circumstantial case of copying requires not just access, but also substantial similarity. Instructions 28 and 41 provide that copying may be proven by demonstrating access plus substantial similarity.¹² Instruction 43 further underscores that the Gayes "must show that there is both substantial 'extrinsic similarity' and substantial 'intrinsic similarity' as to that pair of works." Looking to the jury instructions as a whole, it is clear that the district court properly instructed the jury to find both access and substantial similarity.

Footnote 12: Instruction 28 provides: "The Gaye Parties may show the Thicke Parties copied from the work by showing by a preponderance of the evidence that the Thicke Parties had access to the Gaye Parties' copyrighted work and that there are substantial similarities between the Thicke Parties' work and original elements of the Gaye Parties' work." That the instruction uses the permissive "may" presents no problem. It simply reflects the fact that the Gayes may, but are not required to, prove copying by way of a circumstantial theory, rather than a direct one.

Instruction 41 provides: "If you conclude that the Thicke Parties had access to either or both of the Gaye Parties' works before creating either or both of their works, you may consider that access in connection with determining whether there is substantial similarity between either or both pairs of works." Instruction 41's use of "may" is not problematic either. In line with our inverse ratio rule, the instruction permits the jury to consider access "in connection with" substantial similarity.

In light of the foregoing, we conclude that the district court did not err in giving Jury Instruction 42.

2. Jury Instruction 43

The Thicke Parties argue that Instruction 43 erroneously instructed the jury to consider unprotectable elements. Specifically, they contend that the district court instructed the jury that it "must consider" elements that they contend are not present

in the deposit copy: “Theme X,” the descending bass line, and keyboard parts. Instruction 43 states, in pertinent part:

Extrinsic similarity is shown when two works have a similarity of ideas and expression as measured by external, objective criteria. To make this determination, you must consider the elements of each of the works and decide if they are substantially similar. This is not the same as “identical.” There has been testimony and evidence presented by both sides on this issue, including by expert witnesses, as to such matters as: (a) for “Got to Give It Up” and “Blurred Lines,” the so-called “Signature Phrase,” hook, “Theme X,” bass melodies, keyboard parts, word painting, lyrics, [and] rap v. parlando.... The Gaye Parties do not have to show that each of these individual elements is substantially similar, but rather that there is enough similarity between a work of the Gaye Parties and an allegedly infringing work of the Thicke Parties to comprise a substantial amount.

First, the Thicke Parties take the word “must” out of context. Instruction 43’s use of the word “must” serves to underline the extrinsic test’s requirement that the jury compare the objective elements of the works for substantial similarity.

Second, Finell testified that “Theme X,” the descending bass line, and the keyboard parts are reflected in the deposit copy, while Wilbur testified to the contrary. The experts’ quarrel over what was in the deposit copy was a factual dispute for the jury to decide. Even if Instruction 43’s inclusion of contested elements could have led the jury to believe that the elements were in the deposit copy, and to consider them as protectable elements for purposes of the substantial similarity analysis, we cannot view Instruction 43 in isolation. In light of the jury instructions as a whole, we do not conclude that the district court’s listing of elements in Instruction 43 prevented the jury from making a factual determination of what was in the deposit copy.

The instructions on whole make clear that the jury could consider only elements in the deposit copy. Instruction 28 states that the Gayes bear “the burden of proving that the Thicke Parties copied original elements from the Gayes’ copyrighted work.” Instruction 35, in turn, defines the Gayes’ copyrighted work. Instruction 35 informed jurors that at the time the copyright in “Got To Give It Up” was registered, “only written music could be filed by a copyright owner with the Copyright Office as the deposit copy of the copyrighted work.” In contrast, “[r]ecordings of musical compositions could not be filed with the Copyright Office at that time.” The district court cautioned the jurors to distinguish between the commercial sound recording of “Got To Give It Up” and the deposit copy, noting that “although a sound recording of ‘Got to Give It Up’ was made and released commercially, the particular recording is not at issue in this case, was not produced into evidence, and was not played for you during the trial.” What was at issue was “testimony from one or more witnesses from each side about what each thinks is shown on the deposit copy for each composition,” as well as “recorded versions of each work that each side has prepared based on what each side contends is shown in the deposit copy that was filed with the Copyright Office.” In short, the district court instructed the jurors that the deposit copy, not the commercial sound recording, was the copyrighted work in the case.

Harper House, Inc. v. Thomas Nelson, Inc., 889 F.2d 197 (9th Cir. 1989), is not helpful to the Thicke Parties. In *Harper House*, we held that the district court erred in failing to

give jury instructions that “adequately distinguished between protectable and unprotectable material.” The jury never heard the commercial sound recording. Elements indisputably present only in the sound recording, such as the use of cowbell and party noises, were never played at trial. Had that been the case, the district court would have had to instruct the jury to distinguish between elements in the commercial recording and elements in the deposit copy. Instead, the jury heard sound clips edited to capture elements that the experts testified were in the deposit copy. The question of which expert to believe was properly confided to the jury.

The district court did not err in giving Instruction 43.

B. The District Court Did Not Abuse its Discretion in Admitting Portions of Finell and Dr. Monson’s Testimony.

The Thicke Parties contend that the district court abused its discretion in admitting portions of Finell and Dr. Monson’s expert testimony, arguing that they based their testimony on unprotectable elements. We disagree.

1. Finell’s Testimony

The Thicke Parties object only to three portions of Finell’s testimony: her testimony regarding “Theme X,” the descending bass line, and the keyboard parts. Finell testified that “Theme X,” the descending bass line, and the keyboard rhythms were in the deposit copy.

Finell was cross-examined for four hours. During cross-examination, Finell conceded that the notes of “Theme X” were not written on the sheet music, and she was questioned about her testimony that the notes of “Theme X” were implied in the deposit copy. She also acknowledged that the bass melody she presented at trial differed from that notated in the deposit copy. She was impeached with her deposition testimony, in which she admitted that the rhythm of the keyboard parts in the sound recording of “Got To Give It Up” is not notated in the deposit copy.

Wilbur disputed her testimony, opining that “Theme X,” the descending bass line, and the keyboard rhythms are not contained in the deposit copy. The dispute boiled down to a question of whose testimony to believe. Both experts referenced the sound recording.¹³ Both experts agreed that sheet music requires interpretation.¹⁴ The question of whose interpretation of the deposit copy to credit was a question properly left for the jury to resolve. Therefore, the district court did not abuse its discretion by permitting Finell’s testimony.

Footnote 13: Wilbur initially relied upon the commercial sound recording of “Got To Give It Up” to prepare her transcriptions. She continued to rely upon her transcriptions from the commercial sound recording, finding that they were substantially the same as the transcriptions prepared from the deposit copy.

Footnote 14: On cross-examination, Wilbur acknowledged that a lead sheet reflects a simplified version of a chord pattern in a composition, and that chord notation is merely representational. Wilbur also acknowledged that she relied on her interpretation of what was contained within the lead sheet to create her recording of “Got To Give It Up.” She admitted that she made choices to deviate from the sheet music, and that her choices were informed by her musical training and knowledge. For example, despite the sheet music’s instruction to continue playing a bass line throughout the song, she chose not to do so in certain parts of the song, knowing that playing the bass line would clash with certain chords.

2. Dr. Monson’s Testimony

The Thicke Parties argue that the district court abused its discretion in allowing Dr. Monson to play audio “mash-ups” superimposing Marvin Gaye’s vocals from “Got To Give It Up” onto the accompaniment in “Blurred Lines,” and vice versa. They argue that the “mash-ups” contained unprotectable elements, such as the keyboard parts, bass melodies, and Marvin Gaye’s vocals.

This argument faces the same hurdle as the Thicke Parties’ objection to Finell’s testimony. Dr. Monson testified that there were structural similarities between the two songs at a sectional level and at a phrasing level, and used the “mash-ups” to demonstrate the songs’ shared harmonic and melodic compatibility. We have permitted similar expert testimony in the past. Cf. *Swirsky*, 376 F.3d at 845-47 (holding that district court erred in discounting expert’s testimony regarding structural similarities between two choruses). Dr. Monson was cross-examined on her opinion, and the jury was free to weigh her testimony as it saw fit.

Our decision in *Three Boys Music* confirms that the district court acted within its discretion. *Three Boys Music* was a 1909 Act copyright infringement case in which the jury heard not only a rendition of the deposit copy, but the complete commercial sound recording of the copyrighted song. In *Three Boys Music*, the defendants argued that there were “inaccuracies in the deposit copy.” While the plaintiffs’ expert testified that “the song’s essential elements” were in the deposit copy, the defendants argued that “the majority of the musical elements that were part of the infringement claim” were not in the deposit copy. Despite the fact that the jury heard the complete sound recording, which differed from the deposit copy, we still upheld the jury’s verdict finding for the plaintiffs.¹⁶

Footnote 16: It appears that factfinders have listened to commercial sound recordings in other music copyright infringement cases governed by the 1909 Act. See, e.g., *Repp v. Webber*, 892 F.Supp. 552, 558 (S.D.N.Y. 1995) (“Having listened to the two songs at issue, however, the Court cannot say as a matter of law that they do not share any substantial similarities.”); *Bright Tunes Music Corp. v. Harrisongs Music, Ltd.*, 420 F.Supp. 177, 180 (S.D.N.Y. 1976) (noting that the similarity between the songs “is perfectly obvious to the listener”), aff’d sub nom. *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988 (2d Cir. 1983); *N. Music Corp. v. King Record Distrib. Co.*, 105 F.Supp. 393, 398 (S.D.N.Y. 1952) (“We have suffered through the playing of the commercial recordings.”).

Here, the district court excluded the commercial sound recording of “Got To Give It Up” from trial, and vigilantly policed the admission of testimony throughout trial, repeatedly instructing counsel to ensure that the experts tethered their testimony to the sheet music. The district court did not abuse its discretion in admitting portions of the Gayes’ experts’ testimony.

C. The Verdict Was Not Against the Clear Weight of the Evidence.

The Thicke Parties argue that the verdict is against the clear weight of the evidence, maintaining that there is no extrinsic or intrinsic similarity between the two songs.

We are bound by the limited nature of our appellate function’ in reviewing the district court’s denial of a motion for a new trial. So long as there was some reasonable basis for the jury’s verdict, we will not reverse the district court’s denial of a motion for a new trial. When that is the case, we reverse only when there is an absolute absence of evidence to support the jury’s verdict. It is not the courts’ place to substitute our evaluations for those of the jurors. Of note, we are reluctant to

reverse jury verdicts in music cases on appeal, given the difficulty of proving access and substantial similarity.”¹⁷ *Three Boys Music*, 212 F.3d at 481.

Footnote 17: Our conclusion in *Three Boys Music* provides an example of the deference we must apply in reviewing the jury’s verdict. Although that case presented “a weak case of access and a circumstantial case of substantial similarity,” we held that “neither issue warrants reversal of the jury’s verdict.” 212 F.3d at 486

The Thicke Parties face significant, if not unsurmountable, hurdles. First, we are generally reluctant to disturb the trier of fact’s findings, and have made clear that we will not second-guess the jury’s application of the intrinsic test. Second, our review is necessarily deferential where, as here, the district court, in denying the Rule 59 motion, concluded that the verdict was not against the clear weight of the evidence. Finell testified that nearly every bar of “Blurred Lines” contains an area of similarity to “Got To Give It Up.” Even setting aside the three elements that trouble the Thicke Parties (“Theme X,” the bass line, and the keyboard parts), Finell and Dr. Monson testified to multiple other areas of extrinsic similarity, including the songs’ signature phrases, hooks, bass melodies, word painting, the placement of the rap and “parlando” sections, and structural similarities on a sectional and phrasing level. Thus, we cannot say that there was an absolute absence of evidence supporting the jury’s verdict.

We conclude that the district court did not abuse its discretion in denying the Thicke Parties’ motion for a new trial.

CONCLUSION

We have decided this case on narrow grounds. Our conclusions turn on the procedural posture of the case, which requires us to review the relevant issues under deferential standards of review.

[The court affirmed the parts of the district court’s judgment relevant to this extract.]

Circuit Judge Nguyen, dissenting

The majority allows the Gayes to accomplish what no one has before: copyright a musical style. “Blurred Lines” and “Got to Give It Up” are not objectively similar. They differ in melody, harmony, and rhythm. Yet by refusing to compare the two works, the majority establishes a dangerous precedent that strikes a devastating blow to future musicians and composers everywhere.

While juries are entitled to rely on properly supported expert opinion in determining substantial similarity, experts must be able to articulate facts upon which their conclusions — and thus the jury’s findings — logically rely. Here, the Gayes’ expert, musicologist Judith Finell, cherry-picked brief snippets to opine that a “constellation” of individually unprotectable elements in both pieces of music made them substantially similar. That might be reasonable if the two constellations bore any resemblance. But *Big and Little Dipper* they are not. The only similarity between these “constellations” is that they’re both compositions of stars.

I.

When a court, with the assistance of expert testimony, is able to determine substantial similarity (or lack thereof) under the extrinsic test, judgment must be

given as a matter of law. See *Benay v. Warner Bros. Entm't, Inc.*, 607 F.3d 620, 624 (9th Cir. 2010). If, for example, the defendant copied verbatim most of the plaintiff's work, then the plaintiff is entitled to a finding of substantial similarity as a matter of law. See *Calboun v. Lillenas Publ'g*, 298 F.3d 1228, 1232 (11th Cir. 2002). Conversely, if the objective similarities between the two pieces are merely trivial, then a verdict for the plaintiff could not stand. See *Peters v. West*, 692 F.3d 629, 636 (7th Cir. 2012) (affirming dismissal of infringement suit where the two songs “share[d] only small cosmetic similarities”); *Newton v. Diamond* (“Newton II”), 388 F.3d 1189 (9th Cir. 2004) (affirming grant of summary judgment to defendants who appropriated a de minimis portion of the plaintiff's musical composition and used it throughout their own work).

The majority, like the district court, presents this case as a battle of the experts in which the jury simply credited one expert's factual assertions over another's. To the contrary, there were no material factual disputes at trial. Finell testified about certain similarities between the deposit copy of the “Got to Give It Up” lead sheet and “Blurred Lines.” Pharrell Williams and Robin Thicke don't contest the existence of these similarities. Rather, they argue that these similarities are insufficient to support a finding of substantial similarity as a matter of law. The majority fails to engage with this argument.

Finell identified a few superficial similarities at the “cell” level by focusing on individual musical elements, such as rhythm or pitch, entirely out of context. Most of these “short ... pattern[s]” weren't themselves protectable by copyright, and Finell ignored both the other elements with which they appeared and their overall placement in each of the songs. Her analysis is the equivalent of finding substantial similarity between two pointillist paintings because both have a few flecks of similarly colored paint. A comparison of the deposit copy of “Got to Give it Up” and “Blurred Lines” under the extrinsic test leads to only one conclusion. Williams and Thicke were entitled to judgment as a matter of law.

II.

A.

An important limitation on copyright protection is that it covers only an author's expression — as opposed to the idea underlying that expression. See 17 U.S.C. § 102(a) (“Copyright protection subsists... in original works of authorship fixed in any tangible medium of expression ... from which they can be perceived, reproduced, or otherwise communicated...”); *id.* § 102(b) (“In no case does copyright protection ... 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 [the author's original] work.”). Copyright “encourages others to build freely upon the ideas and information conveyed by a work.” *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349-50 (1991) (citing *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 556-57 (1985)).

The idea/expression dichotomy, as this principle is known, strikes a definitional balance between the First Amendment and the Copyright Act. Because some restriction on expression is the inherent and intended effect of every grant of

copyright, the idea/expression dichotomy serves as one of copyright law’s “built-in First Amendment accommodations.” *Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003).

Such accommodations are necessary because “in art, there are, and can be, few, if any, things, which in an abstract sense, are strictly new and original throughout.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575 (1994) Every work of art “borrows, and must necessarily borrow, and use much which was well known and used before.” *Id.* (quoting *Emerson*, 8 F. Cas. at 619). In the field of popular songs, many, if not most, compositions bear some similarity to prior songs.¹ But for the freedom to borrow others’ ideas and express them in new ways, artists would simply cease producing new works — to society’s great detriment.

Footnote 1: As an example, Williams and Thicke attempted to show the jury a video demonstrating how a common sequence of four chords serves as the harmonic backbone of innumerable songs. See *Axis of Awesome*, 4 Chord Song (with song titles), YouTube (Dec. 10, 2009) <https://www.youtube.com/watch?v=5pidokakU4I> (singing 38 popular songs over the same chord progression, ranging from “Let It Be” by the Beatles to “If I Were a Boy” by Beyoncé). “Blurred Lines” employs only two chords — the first two from this sequence. The district court prevented the jury from hearing this evidence. However, the court allowed the jury to hear mashups of “Blurred Lines” played together with “Got to Give It Up,” which the Gayes used to show that the two songs were harmonically similar.

B.

“Blurred Lines” clearly shares the same “groove” or musical genre as “Got to Give It Up,” which everyone agrees is an unprotectable idea. But what the majority overlooks is that two works in the same genre must share at least some protectable expression in order to run afoul of copyright law.

Not all expression is protectable. Originality, the “sine qua non of copyright,” accommodates authors’ need to build on the works of others by requiring copyrightable expression to be “independently created by the author” and have “at least some minimal degree of creativity.” *Feist*, 499 U.S. at 345, 348. If an author uses commonplace elements that are firmly rooted in the genre’s tradition, the expression is unoriginal and thus uncopyrightable. See *id.* at 363.

Even original expression can be so intimately associated with the underlying idea as to be unprotectable. Under the doctrine of *scènes à faire*, “expressions that are standard, stock, or common to a particular subject matter or medium are not protectable under copyright law.” *Satava v. Lowry*, 323 F.3d 805, 810 (9th Cir. 2003) (citing *See v. Durang*, 711 F.2d 141, 143 (9th Cir. 1983)). The doctrine of merger provides that where an idea contained in an expression cannot be communicated in a wide variety of ways, the idea and expression may merge such that even verbatim reproduction of a factual work may not constitute infringement.

The majority begins its analysis by suggesting that the Gayes enjoy broad copyright protection because, as a category, “[m]usical compositions are not confined to a narrow range of expression.” But the majority then contrasts this protected category as a whole with specific applications of other protected categories — the “page-shaped computer desktop icon” in *Apple Computer* (an audiovisual work) and the “glass-in-glass jellyfish sculpture” in *Satava* (a pictorial, graphic, and sculptural work) — that were entitled only to thin copyright protection due to the limited number of ways in which they could be expressed. That’s a false comparison. Under the majority’s reasoning, the copyrights in the desktop icon and glass jellyfish should

have been broad. Like musical compositions, both audiovisual works and pictorial, graphic, and sculptural works can be expressed in myriad ways.

More importantly, “[t]he mere fact that a work is copyrighted does not mean that every element of the work may be protected.” *Feist*, 499 U.S. at 348. Application of the extrinsic test “requires breaking the [copyrighted and allegedly infringing] works down into their constituent elements, and comparing those elements for proof of copying as measured by substantial similarity.” *Swirsky v. Carey*, 376 F.3d 841, 845 (9th Cir. 2004). “Because the requirement is one of substantial similarity to protected elements of the copyrighted work, it is essential to distinguish between the protected and unprotected material....” *Id.* We then “apply the limiting doctrines, subtracting the unoriginal elements,” to determine how “broad” or “thin” the remaining copyright is. *Ets-Hokin v. Skyy Spirits, Inc.*, 323 F.3d 763, 766 (9th Cir. 2003) (citing *Apple Computer*, 35 F.3d at 1442).

The majority doesn’t explain what elements are protectable in “Got to Give It Up,” which is surprising given that our review of this issue is *de novo*. See *Mattel, Inc. v. MGA Entm’t, Inc.*, 616 F.3d 904, 914 (9th Cir. 2010). But by affirming the jury’s verdict, the majority implicitly draws the line between protectable and unprotectable expression “so broadly that future authors, composers and artists will find a diminished store of ideas on which to build their works.” *Oravec v. Sunny Isles Luxury Ventures, L.C.*, 527 F.3d 1218, 1225 (11th Cir. 2008).

Worse still, the majority invokes the oft-criticized “inverse ratio” rule to suggest that the Gayes faced a fairly low bar in showing substantial similarity just because Williams and Thicke conceded access to “Got to Give It Up.” The issue, however, isn’t whether Williams and Thicke copied “Got to Give It Up” — there’s plenty of evidence they were attempting to evoke Marvin Gaye’s style. Rather, the issue is whether they took too much.

Copying in and of itself “is not conclusive of infringement. Some copying is permitted.” *Newton II*, 388 F.3d at 1193 (quoting *West Publ’g Co. v. Edward Thompson Co.*, 169 F. 833, 861 (E.D.N.Y. 1909) (Hand, J.)). Copying will only have legal consequences if it “has been done to an unfair extent.” *Id.* (quoting *West Publ’g*, 169 F. at 861). In determining liability for copyright infringement, the critical and ultimate inquiry is whether “the copying is substantial.” *Id.*

Requiring similarities to be substantial is of heightened importance in cases involving musical compositions. Sound recordings have “unique performance elements” that must be “filtered out from consideration.” *Newton II*, 388 F.3d at 1194. Thus, the range of musical expression is necessarily more circumscribed when music is written down than when it is performed. “Given the limited number of musical notes (as opposed to words in a language), the combination of those notes and their phrasing, it is not surprising that a simple composition of a short length might well be susceptible to original creation by more than one composer.” *Calhoun*, 298 F.3d at 1232.

III.

The Gayes don’t contend that every aspect of “Blurred Lines” infringes “Got to Give It Up.” Rather, they identify only a few features that are present in both works.

These features, however, aren't individually protectable. And when considered in the works as a whole, these similarities aren't even perceptible, let alone substantial.

Musical compositions are expressed primarily through the building blocks of melody, harmony, and rhythm.⁴ See *Newton v. Diamond* ("Newton I"), 204 F.Supp.2d 1244, 1249 (C.D. Cal. 2002); Don Michael Randel, *The New Harvard Dictionary of Music* 366 (1986), ("The whole of music is often informally divided into three domains: melody, harmony, and rhythm."); see generally Aaron Copland, *What to Listen for in Music* 33-77 (McGraw-Hill 1957). The deposit copy of "Got to Give it Up" employs these components through a melodic line, an introductory bass line, and chord indications, with the additional feature of lyrics.

Footnote 4: Of course, these aren't the only elements through which a musical idea can be expressed in tangible form. See *Swirsky*, 376 F.3d at 848-49. Other elements include tempo (the speed at which a composition is played), dynamics (the volume of sound), and instrumentation. See *id.* Many elements can be broken down into constituent elements. For example, melody is a sequence of pitches played successively; harmony is a group of pitches played simultaneously; and a chord progression is a sequence of harmonies. See Don Michael Randel, *The New Harvard Dictionary of Music* 366, 481-82 (1986). The analysis will generally focus on the most relevant subset of elements, which depends on the nature of the music at issue. See *Swirsky*, 376 F.3d at 849. Finell did not compare the songs' overall harmonies because she felt "that wasn't the most important similarity."

The melodic line and the associated lyrics are notated throughout the deposit copy. The bass line is notated for only the first eight measures,⁵ at the end of which the phrase "bass simile" indicates that the bass line should continue in a similar manner. As is typical of a lead sheet, the chords are not expressed with individual notes indicating pitch and duration. Rather, the chords are described by name (e.g., "A7" for a chord containing the pitches A, C#, E, and G) at places in the song where the harmony changes.

Footnote 5: In musical notation, the notes signifying individual pitches are grouped into "measures" divided by vertical "bar" lines. Within a measure, the note immediately after the bar line, or "downbeat," receives the greatest emphasis.

A. Alleged Melodic Similarities

1. The "Signature" Phrase

Finell dubbed a 10-note melodic sequence in the deposit copy the "Signature Phrase." She argued that it corresponded to a 12-note sequence in "Blurred Lines," notwithstanding that "no two notes have the same pitch, rhythm and placement," as the district court correctly observed.

Finell identified four similar elements, none of which is protectable: (a) each phrase begins with repeated notes; (b) the phrases have three identical pitches in a row in the first measure and two in the second measure; (c) each phrase begins with the same rhythm; and (d) each phrase ends on a melisma (one word sung over multiple pitches).

a. Repeated Notes

The Signature Phrase begins in "Got to Give It Up" with a note repeated four times. In "Blurred Lines," it begins with a note repeated twice, followed by a different note, followed by the first note.⁶ The use of repeating notes is obviously not original to "Got to Give It Up." Finell repeatedly used the song "Happy Birthday to You" and the opening to Beethoven's Fifth Symphony as musical examples. Each of these

famous melodies from the nineteenth century begins with repeated notes. Therefore, the use of repeated notes is not protectable.

Footnote 6: Finell attempted to minimize the significance of the third note in “Blurred Lines” moving to a neighboring pitch rather than repeating. However, she previously testified that the neighboring pitch — a sharp second scale degree (indicated “#2” in her exhibit) — was a “broken rule” that “stands out.” Thus, the most prominent note in the four-note sequence in “Blurred Lines” is the one that differs from the corresponding sequence in “Got to Give It Up.”

b. Pitch Similarity

Although the Signature Phrase starts on different pitches in each piece, Finell identified three consecutive ascending pitches that were the same in both pieces, and two consecutive descending pitches that were the same. She believed this similarity to be the most important.

In assessing the similarity of two pieces of music, it’s important to keep in mind “the limited number of notes and chords available to composers and the resulting fact that common themes frequently reappear in various compositions, especially in popular music.” *Gaste v. Kaiserman*, 863 F.2d 1061, 1068 (2d Cir. 1988) (citing *Arnstein v. Edward B. Marks Music Corp.*, 82 F.2d 275, 277 (2d Cir. 1936)). Substantial similarity “must extend beyond themes that could have been derived from a common source or themes that are so trite as to be likely to reappear in many compositions.” *Id.* at 1068-69 (citing *Selle v. Gibb*, 741 F.2d 896, 905 (7th Cir. 1984)).

Three consecutive pitches is just the sort of common theme that will recur in many compositions.⁷ We have not yet addressed whether three pitches are protectable as a matter of law. While “a single musical note would be too small a unit to attract copyright protection, an arrangement of a limited number of notes can garner copyright protection.” *Swirsky*, 376 F.3d at 851. Thus, we held in *Swirsky* that a melody of seven notes is not unprotectable as a matter of law. *Id.* at 852.

Footnote 7: There are only 123 or 1,728 unique combinations of three notes, and many of them are unlikely to be used in a song. See *Darrell v. Joe Morris Music Co.*, 113 F.2d 80, 80 (2d Cir. 1940) (per curiam) (“[W]hile there are an enormous number of possible permutations of the musical notes of the scale, only a few are pleasing; and much fewer still suit the infantile demands of the popular ear.”). Finell testified that it’s “unusual” to use the five notes that fall between the seven notes of the scale. Demand for unique three-note combinations would quickly exhaust their supply. In 2016 alone, the Copyright Office registered over 40,000 sound recordings. See United States Copyright Office, Fiscal 2016 Annual Report 17.

In *Newton II*, we considered a three-note musical phrase that the defendants sampled (i.e., copied exactly) from the sound recording of a copyrighted musical composition and used repeatedly throughout their work. Although we did not decide whether this six-second segment was original enough to be protected, we held that “no reasonable juror could find [it] to be a quantitatively or qualitatively significant portion of the [four-and-a-half-minute] composition as a whole.” *Newton II*, 388 F.3d at 1195. The district court reached the originality issue. In a “scholarly opinion,” it ruled that the three-note phrase — even in combination with the background musical elements — was insufficiently original to warrant copyright protection. *Id.* at 1190; see *Newton I*, 204 F.Supp.2d at 1253 (“Many courts have found that nearly identical or more substantial samples are not susceptible to copyright protection.”).

The two- and three-note melodic snippets at issue here, taken in isolation from their harmonic context, are even less original than the three-note segment at issue in

Newton. When played, each snippet lasts less than a second in a composition that lasts over four minutes. They are not individually protectable.

c. Rhythmic Similarity

The first measure of the Signature Phrase in both works begins with a rhythm of six eighth notes. A bare rhythmic pattern, particularly one so short and common, isn't protectable. See *Batiste v. Najm*, 28 F.Supp.3d 595, 616 (E.D. La. 2014) (“[C]ourts have been consistent in finding rhythm to be unprotectable.”); *N. Music Corp. v. King Record Distrib. Co.*, 105 F.Supp. 393, 400 (S.D.N.Y. 1952) (“[O]riginality of rhythm is a rarity, if not an impossibility.”); see also *Berlin*, 329 F.2d at 545 (“[W]e doubt that even so eminent a composer as plaintiff Irving Berlin should be permitted to claim a property interest in iambic pentameter.”). Here, the rhythmic pattern lasts approximately 1.5 seconds and consists of an eighth note repeated without any variation. Similar patterns are found in numerous other works. This element, devoid of its melodic and harmonic context, lacks any originality.

d. Melisma

The final syllable of the lyrics in each phrase spans multiple pitches — three in “Got to Give It Up” and two in “Blurred Lines.” Melisma, however, is “a common musical technique” and, as such, unprotectable. *McDonald v. West*, 138 F.Supp.3d 448, 458 (S.D.N.Y. 2015). Use of melisma on the final syllable of a lyrical phrase is particularly “basic and commonplace.” *Id.* (involving melisma on the final syllable of “We made it in America”). For example, any time one sings “Happy Birthday” to a person with a one-syllable name, the person’s name is sung as a two-note melisma at the end of the phrase “Happy Birthday, dear ____.”

e. The Signature Phrases as a Whole Are Not Substantially Similar

Even when each element is not individually protectable, “[t]he particular sequence in which an author strings a significant number of unprotectable elements can itself be a protectable element,” *Metcalf v. Bochco*, 294 F.3d 1069, 1074 (9th Cir. 2002). Here, as Finell concedes, the Signature Phrase has “very few notes,” lasting less than four seconds. Therefore, even assuming that the Signature Phrase as a whole is protectable, its protection is thin.

There is very little similarity between the two songs’ Signature Phrases. Both melodies rise and fall. But they begin and end on different pitches. The highest, longest, most stressed pitch in each phrase is different — in “Blurred Lines,” this pitch is consonant with the underlying harmony; in “Got to Give It Up,” it is dissonant. One phrase has 10 notes; the other, 12. The five identical pitches in each of the phrases have different rhythmic placement within the measure and therefore receive different stress. And only two of these identical pitches have similar underlying harmonies.⁸

8: In “Got to Give It Up,” the entire Signature Phrase is harmonized to an A7 chord. In “Blurred Lines,” the first measure is harmonized to an E chord while the second measure is harmonized to an A chord. Seventh chords, such as A7, have the same three pitches as their underlying triads — here, an A chord — plus an additional pitch. See *Copland*, supra, at 66-67, 105 S.Ct. 471. Finell explained that the unique pitch in a seventh chord “add[s] an extra color” to the harmony.

The harmony changes halfway through the Signature Phrase in “Blurred Lines” but remains the same in “Got to Give It Up.” The lyrics in each phrase are different.

The Signature Phrase occurs in different places within each piece. In “Got to Give It Up,” the Signature Phrase is the very first phrase sung. In “Blurred Lines,” the Signature Phrase is not sung until 28 seconds later — after several lines of verse.

The various unprotected elements identified by Finell don’t even coincide with one another in that short, four-second snippet. And her narrow focus on these elements ignored the different harmonies in each phrase. “To pull these elements out of a song individually, without also looking at them in combination, is to perform an incomplete and distorted musicological analysis.” *Swirsky*, 376 F.3d at 848.⁹

Footnote 9: The majority fundamentally misunderstands *Swirsky* on this point. *Swirsky* did not hold that two works sharing multiple unprotected elements in disparate places are extrinsically similar. Were that the case, the entire Western canon would be extrinsically similar, since all of this music contains the same twelve individually unprotected notes. The difference between *Swirsky* and this case is that in *Swirsky*, there was a coincidence of the unprotected elements (chord progressions, rhythm, and pitch sequence) within each song that occurred at the same relative place (the chorus) in both. See *Swirsky*, 376 F.3d at 848. Here, Finell examined the various elements in isolation, which is precisely what we criticized in *Swirsky*. See 376 F.3d at 848 (“[N]o approach can completely divorce pitch sequence and rhythm from harmonic chord progression, tempo, and key....”).

Given the lack of similarities between the Signature Phrases, there is no basis to conclude that they are substantially similar. “The most that can be said is that the two segments bear some relation to one another within a finite world of melodies. Given the limited musical vocabulary available to composers, this is far from enough to support an inference of [infringement].” *Johnson v. Gordon*, 409 F.3d 12, 22 (1st Cir. 2005).

2. The “Hook” Phrase

Finell describes the Hook Phrase as the four melodic pitches in “Got to Give It Up” sung to the lyrics “keep on dancin’.” She opined that “Blurred Lines” has similar Hook Phrases in two different places: one is the four pitches in the Signature Phrase sung to the lyrics “take a good girl”; the other is the five pitches sung to the lyrics “I hate these blurred lines.”

There are basic conceptual problems with Finell’s analysis. She describes the same four pitches in “Blurred Lines” as being similar to two unrelated phrases in “Got to Give It Up” — the Signature Phrase and the Hook Phrase. It is difficult to see how anything original in each of these two different phrases could be distilled into the same four-note phrase in “Blurred Lines.”

In any event, the Hook Phrase in the deposit copy lacks sufficient originality to be protected. Its sequence of four pitches, lasting 2.5 seconds, is common. For example, Beyoncé, Jennifer Hudson, and Anika Noni Rose memorably sang it to the lyrics, “We’re your dreamgirls.” See Henry Krieger & Tom Eyen, *Dreamgirls* measures 25-26 (Universal — Geffin Music 1981).

Even if the Hook Phrase pitches were protectable, there is no substantial similarity between its expression in the two songs. See *Arnstein v. Edward B. Marks Music Corp.*, 82 F.2d 275, 277 (2d Cir. 1936) (Hand, J.) (“The first phrase of the infringing chorus consists of the same four notes as the first phrase of the copyrighted song; that particular sequence can be found in several earlier musical pieces and its spontaneous reproduction should be no cause for suspicion.”).

At most, three of the four pitches are the same, and the different pitch is sung to what Finell described as the “money words” on “the strongest beat.” The phrase’s

rhythms and underlying harmonies are different. Moreover, the phrases are sung at different places in each song. In “Got to Give It Up,” the Hook Phrase is sung at the end of part 1 in a fade out. In “Blurred Lines,” it is sung as the chorus in the middle of the song.

3. Theme “X”

Theme X refers to another four-note melodic sequence. In the deposit copy, Theme X is sung to the lyrics “Fancy lady.” In “Blurred Lines,” it is first sung to the lyrics “If you can’t hear.” Like the Hook Phrase, Theme X is both unprotectable and objectively dissimilar in the two songs.

The pitches and rhythm of Theme X in the deposit copy are identical to those sung to “Happy Birthday” and numerous other songs. None of the Theme X pitches in the deposit copy are the same as in “Blurred Lines.” To see any correspondence between the two four-note sequences, one would have to shift and invert the pitches, a feat of musical gymnastics well beyond the skill of most listeners. Where short and distinct musical phrases require such contortions just to show that they are musically related, there is no basis to find them substantially similar. See *Johnson*, 409 F.3d at 22; see also *Arnstein*, 82 F.2d at 277.

The harmonies accompanying Theme X also differ between “Got to Give It Up” and “Blurred Lines.” Structurally, Theme X appears in completely different places in the two songs. In the deposit copy, it repeats several times in succession near the end of the piece. In “Blurred Lines,” it is the very first line of verse near the beginning of the song and repeats periodically throughout the song.

B. Other Alleged Similarities

1. Keyboard Parts

Finell testified that the keyboard parts in “Got to Give It Up” (meaning the chords and their rhythms played over the bass line) had “many important similarities” to those in “Blurred Lines.” However, there are no keyboard parts in the deposit copy. Finell explained that a lead sheet is essentially “musical shorthand for musicians,” who “would understand how [the keyboard parts are] to be played.” But because “[a] sound is protected by copyright law only when it is ‘fixed in a tangible medium,’” *Newton II*, 388 F.3d at 1194 (quoting 17 U.S.C. § 102(a)), the deposit copy’s unwritten keyboard parts are not protected expression.

To the extent the chord indications sufficiently express the keyboard parts, there is no substantial similarity between the two works. “Blurred Lines” contains only two chords throughout the entire piece — an A chord and an E chord — that alternate every four measures. The deposit copy contains neither of these chords. The chords it does contain — A7, D7, E7, B7, Dm7, and Am7 — change in a much more irregular pattern. For example, the first 16 measures have a sustained A7 harmony, and the next 8 measures change harmonies every measure.

2. Bass Line

Finell opined that the bass melodies in “Got to Give It Up” and “Blurred Lines” are similar. However, when comparing them, she showed the jury the version of the “Got to Give It Up” bass line that she had transcribed from the sound recording.

Because several notes were different in the deposit copy, her testimony on this issue was of questionable value. See *Newton II*, 388 F.3d at 1196. It's also doubtful that the unexpressed portions of the baseline beyond the first eight measures of the deposit copy are sufficiently fixed in a tangible medium to warrant protection.

Even assuming the implied bass line in the deposit copy is sufficiently fixed, it's the type of expression that is so standard in the genre that it merges with the idea and is therefore unprotectable in and of itself. Cf. *Shapiro, Bernstein & Co. v. Miracle Record Co.*, 91 F.Supp. 473, 474 (N.D. Ill. 1950) (concluding that bass line was not copyrightable where it was "mechanical application of a simple harmonious chord"). Any thin protection that might lie in the "Got to Give It Up" bass line would not support a finding of substantial similarity between these two bass lines given their different notes, harmonies, and rhythms.

The only similarity between the bass lines is that they repeat the note A in most of the measures. However, in "Got to Give It Up" the note is syncopated so that it sounds before the downbeat in the second, third, and fourth measures, whereas in "Blurred Lines" the note is played on the downbeat. Moreover, the note A is the root of the chord in each song (A7 in "Got to Give It Up," A in "Blurred Lines"). As the expert for Williams and Thicke testified without contradiction, it is commonplace for the root of a chord to appear in a bass line because it establishes the chord.

3. Word Painting, Parlando, and Lyrics

Word painting and parlando are common devices.¹¹ As Finell acknowledged, word painting has "been used for many centuries," and parlando has been employed for "many years before ... rap was used as an art form." The deposit copy's use of these techniques in the abstract is not protectable expression, and there is no evidence that the specific applications of these techniques in the two pieces are similar. To say these two songs are substantially similar because they employ devices common to songwriting would be like saying two songs are substantially similar because they both have guitar solos in the middle even though the solos themselves bear no resemblance. Similarly, lyrical themes about liberation and sexual activity are not protectable in the abstract.

11: Word painting is a compositional technique in which the music can be used to illustrate the words in the lyrics, such as setting the word "higher" to an ascending melody. Parlando is spoken word or rap in the middle of a song.

C. Overall Lack of Similarity

Even considering all of these individually unprotectable elements together, see *Metcalf*, 294 F.3d at 1074, there is no evidentiary basis to conclude that the two works are substantially similar. See *Guzman v. Hacienda Records & Recording Studio, Inc.*, 808 F.3d 1031, 1040 (5th Cir. 2015) (finding no similarity where "the alleged compositional similarities running between the songs in their entirety, i.e., their melodies, rhythmic patterns, lyrical themes, and instrumental accompaniment, were either common to the ... genre or common in other songs").

The two pieces have different structures. Finell acknowledged that "Got to Give It Up" lacks a chorus whereas "Blurred Lines" has a "pretty common structure for a

popular song” in that it consists of a verse, pre-chorus, and chorus. The two songs’ harmonies share no chords.

The discrete elements identified by Finell don’t occur at the same time within the musical theme or phrase in each piece. And with the exception of *parlando*, the various themes and phrases she identified don’t occur in corresponding places in each piece. Thus, whether considered micro- or macroscopically, “Got to Give It Up” and “Blurred Lines” are objectively dissimilar. Williams and Thicke are entitled to judgment as a matter of law.

IV.

The majority insists that the verdict is supported by the evidence but tellingly refuses to explain what that evidence is. Instead, it defends its decision by arguing that a contrary result is impossible due to Williams and Thicke’s purported procedural missteps [the Thicke Parties, failed to make a Rule 50(a) motion for judgment as a matter of law at trial].

I agree that we normally are not at liberty to review the district court’s denial of summary judgment after a full trial on the merits. See *Ortiz v. Jordan*, 562 U.S. 180 (2011). This rule makes eminent sense. Once a trial has concluded, any issues relating to the merits of the parties’ dispute “should be determined by the trial record, not the pleadings nor the summary judgment record.” *Id.* at 184). However, there is little difference between reviewing a summary judgment ruling and a jury verdict other than the source of the factual record, and here there are no material factual disputes. A completed trial does not prevent us from reviewing the denial of summary judgment “where the district court made an error of law that, if not made, would have required the district court to grant the motion.” *Escriba v. Foster Poultry Farms, Inc.*, 743 F.3d 1236, 1243 (9th Cir. 2014).

The majority conveniently ducks any review of the evidence by mischaracterizing the facts as “hotly disputed,” and accusing me of “act[ing] as judge, jury, and executioner,” by “weigh[ing] the experts’ credibility, resolv[ing] factual conflicts, and set[ting] forth [my] own findings on the extrinsic test”. But my “musicological exegesis,” concerns evidence of extrinsic similarity that Finell presented at trial. No one disputes that the two works share certain melodic snippets and other compositional elements that Finell identified. The only dispute regarding these similarities is their legal import — are the elements protectable, and are the similarities substantial enough to support liability for infringement? See *Mattel*, 616 F.3d at 914 (“We review *de novo* the district court’s determination as to the scope of copyright protection.” (citing *Ets-Hokin v. Skyy Spirits, Inc.*, 225 F.3d 1068, 1073 (9th Cir. 2000))); *Benay*, 607 F.3d at 624 (“Substantial similarity is a fact-specific inquiry, but it “may often be decided as a matter of law.”” (quoting *Funky Films, Inc. v. Time Warner Entm’t Co.*, 462 F.3d 1072, 1076 (9th Cir. 2006))).

By characterizing these questions as a factual dispute among experts, the majority lays bare its misconception about the purpose of expert testimony in music infringement cases. As with any expert witness, a musicologist can’t opine on legal conclusions, including the ultimate question here — substantial similarity. Her role is to identify similarities between the two works, describe their nature, and explain whether they are “quantitatively or qualitatively significant in relation to the

composition as a whole,” *Newton II*, 388 F.3d at 1196. The value of such testimony is to assist jurors who are unfamiliar with musical notation in comparing two pieces of sheet music for extrinsic similarity in the same way that they would compare two textual works.

This result would never stand in copyright cases involving works in other media. We frequently conclude as a matter of law that two works of language or visual art fail the extrinsic test for substantial similarity. [Cites cases relating to screenplays, photography, television shows, drawings, advertising (image and phrase), screenplays, films, novels, video games, and dolls].¹³ This case should be no different.

Footnote 13: In faulting my citation of unpublished cases, the majority misses the point. That we choose not to publish many of our numerous cases deciding substantial similarity as a matter of law shows only how uncontroversial these decisions are when they concern non-musical works.

V.

The Gayes, no doubt, are pleased by this outcome. They shouldn’t be. They own copyrights in many musical works, each of which (including “Got to Give It Up”) now potentially infringes the copyright of any famous song that preceded it.

That is the consequence of the majority’s uncritical deference to music experts.

Admittedly, it can be very challenging for judges untrained in music to parse two pieces of sheet music for extrinsic similarity. But however difficult this exercise, we cannot simply defer to the conclusions of experts about the ultimate finding of substantial similarity.¹⁵ While experts are invaluable in identifying and explaining elements that appear in both works, judges must still decide whether, as a matter of law, these elements collectively support a finding of substantial similarity. Here, they don’t, and the verdict should be vacated.

Footnote 15: Federal Rule of Evidence 706, which allows courts to appoint their own experts, may be useful in situations where the court has little musical expertise and the parties’ experts deliver starkly different assessments of two works’ similarity.

I respectfully dissent.

Notes and questions

(1) The trial court in *Williams v. Gaye* applied the Ninth Circuit’s extrinsic/intrinsic approach to substantial similarity to determining whether the standard for infringement had been met. The two-stage extrinsic/intrinsic test was initially developed in *Sid & Marty Krofft Television Productions, Inc. v. McDonald’s Corp.*, 562 F.2d 1157 (9th Cir. 1977). In explaining the extrinsic/intrinsic approach to substantial similarity the majority in *Williams v. Gaye* states:

The extrinsic test is objective. It considers whether two works share a similarity of ideas and expression as measured by external, objective criteria. Application of the extrinsic test requires analytical dissection of a work and expert testimony. An analytical dissection, in turn, requires breaking the works down into their constituent elements, and comparing those elements for proof of copying as measured by “substantial similarity.”

The intrinsic test, on the other hand, is subjective. It asks whether the ordinary, reasonable person would find the total concept and feel of the works to be substantially similar.

As Pamela Samuelson notes in *A Fresh Look at Nonliteral Copyright Infringement*, 107 Northwestern University Law Review 1821 (2013), the “extrinsic” and “intrinsic” terminology used by the Ninth Circuit “is inapt and confusing.” Samuelson continues (at 1821):

As an adjective, “extrinsic” means that the thing so described is inessential, not an inherent characteristic of the thing’s true nature, or has come from the outside; foreign, extraneous, and alien are its synonyms. Characteristics such as colors, shapes, and sizes, which *Kroff*’s first step considers, are, however, inherent characteristics, not outside or foreign elements. So “extrinsic” is an inapt word to use as the name of that first step. “Intrinsic” is no more helpful, although perhaps less misleading, as a descriptor of the second step. Later cases have suggested that the two steps might be “more sensibly described as objective and subjective analyses of *expression*.” Unfortunately, the Ninth Circuit has nonetheless persisted in the extrinsic/intrinsic terminology.

(2) The extrinsic/intrinsic approach breaks the substantial similarity inquiry down into an *objective* analytical assessment of the works (so-called extrinsic) and a *subjective* one that focuses on the gestalt reaction of the ordinary observer (so-called intrinsic). Even once we get past the confusing terminology of extrinsic/intrinsic, how clear is the objective/subjective distinction, really? Immediately after explaining that the intrinsic test is subjective and focuses on the reaction of the ordinary reasonable person, the majority in *Williams v. Gaye* says:

Because the requirement is one of substantial similarity to protected elements of the copyrighted work, it is essential to distinguish between the protected and unprotected material in a plaintiff’s work. Still, substantial similarity can be found in a combination of elements, even if those elements are individually unprotected.

In these two sentences, the court offers counterbalancing dissection and anti-dissection rules to guide the fact-finder’s subjective assessment. The first sentence concedes that the gestalt reaction of the ordinary observer can’t be too *gestalt*, even in the subjective intrinsic analysis, the finder of fact must “distinguish between the protected and unprotected material in a plaintiff’s work.” But the court also warns that even though the fact-finder needs to distinguish between protected and unprotected material, “substantial similarity can be found in a combination of elements, even if those elements are individually unprotected.”

(3) In *Williams v. Gaye*, 885 F. 3d 1150 (9th Cir. 2018), the majority of the Ninth Circuit upheld a jury verdict that the song “Blurred Lines” by Pharrell Williams, Robin Thicke, and Clifford Harris, Jr. infringed copyright in Marvin Gaye’s 1977 hit song “Got To Give It Up.” The majority held the district court’s order denying the Thicke parties’ motion for summary judgment was not reviewable under the circumstances; that the instructions given to the jury were not erroneous; the district court did not abuse its discretion with respect to admitting expert testimony; and the jury’s verdict was against the clear weight of the evidence. Judge Nguyen dissented on the basis that the similarities between the two works were insufficient to support a finding of substantial similarity as a matter of law. Judge Nguyen dismissed the Gaye parties’ expert evidence as “equivalent of finding substantial similarity between two pointillist paintings because both have a few flecks of similarly colored paint.” The dissent would have held that “comparison of the deposit copy of “Got to Give it Up” and “Blurred Lines” under the extrinsic test leads to only one conclusion. Williams and Thicke were entitled to judgment as a matter of law.”

Do the majority and the dissent disagree primarily about the law or about the facts?

The confusing role of similarity in copyright infringement

Probative similarity versus substantial similarity

As noted above, to establish a violation of the reproduction right the plaintiff must show both that the defendant did actually copy the work and that the defendant copied too much. The first issue is *copying in fact* (or *causal connection*) and the second is *wrongful copying* (or *improper appropriation* or some other closely related synonym). This sounds simple and logical, but courts frequently manage to blur the distinction these two issues.

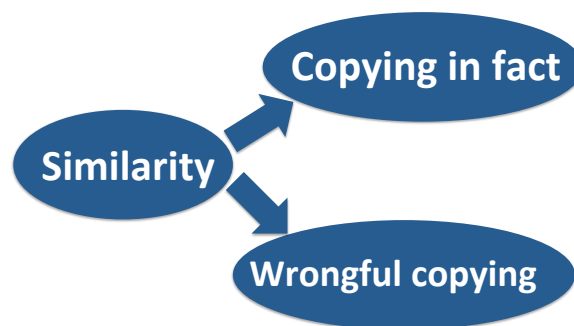
One of the many confusing things about the *Blurred Lines* decision [extracted above] and the Ninth Circuit’s extrinsic/intrinsic approach in general is that it is not even clear whether:

- the two-part extrinsic/intrinsic test is just a relabeling of the Second Circuit’s two-part copying in fact/wrongful copying analysis, or
- the extrinsic/intrinsic analysis takes place entirely within the element of wrongful copying assuming that copying in fact has already been established, or
- the extrinsic/intrinsic analysis applies to both copying in fact and wrongful copying.

One reason why courts get confused between copying in fact and wrongful copying is that a factual determination of similarity can play some role in both issues in many cases.

Similarities between *A* and *B* may be evidence that there was copying in fact because all other things being equal, the closer *A* is to *B*, the greater the chances that *A* was copied from *B*. But a certain threshold of similarity is also required to show that if there was copying, it was wrongful.

Figure 4 The dual role of similarity



Courts sometimes lose sight of the distinction between copying in fact and wrongful copying and apply a singular threshold of substantial similarity to determine both.

In fact, courts regularly lump the entire inquiry, *copying in fact* and *wrongful copying* under the single term “substantial similarity.”⁵¹ This not only makes it confusing to read the cases, but it also leads courts themselves to conflate the two distinct elements.

⁵¹ See, e.g., *Murray Hill Publ'ns v. Twentieth Century Fox Film Corp.*, 361 F.3d 312, 316-21 (6th Cir. 2004); *Williams v. Crichton*, 84 F.3d 581 (2d Cir. 1996).

Take for example the 2005 decision in *Incredible Technologies v. Virtual Technologies*, 400 F. 3d 1007 (7th Cir. 2005), where the court summarized its approach to determining copyright infringement in three sentences:

To establish copyright infringement, a plaintiff must prove (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.⁵²

Copying may be inferred where the defendant had access to the copyrighted work and the accused work is substantially similar to the copyrighted work.

The court's second sentence addresses copying in fact, noting specifically that copying in fact can be logically inferred from a combination of access and similarity. The Seventh Circuit, at least in this case, does not clearly distinguish between the similarities that support the inference of copying and those similarities that establish copying to an unlawful extent.⁵³ The danger in using the same term in relation to copying in fact and wrongful copying becomes apparent when we consider the court's final sentence.

The test for substantial similarity may itself be expressed in two parts: whether the defendant copied from the plaintiff's work and whether the copying, if proven, went so far as to constitute an improper appropriation.

Access + Substantial similarity = Copying

Substantial similarity = Copying + Improper Appropriation

This does not make much sense. If copying may be inferred from a combination of access and substantial similarity, how can copying also be constitutive of substantial similarity? By employing the term 'substantial similarity' in the context of copying in fact and wrongful copying, the court has managed to suggest that substantial similarity both proves and is proved by copying in fact. Taken at face value the court is also saying that substantial similarity that amounts to improper appropriation also proves copying in fact. This may be true as a matter of evidence, or it might not be. It depends, among other things, on whether there are other good explanations for the fact that two works share features in common.

There is no simple relationship between probative and substantial similarity

The following examples will demonstrate that there is no simple relationship between the level of similarity that supports an inference of copying in fact that which sustains a conclusion of wrongful copying. The two kinds of similarity are different and they deserve different names: the most logical nomenclature differentiates between *probative similarity* that

⁵² The first sentence here is appropriated from the Supreme Court's decision in *Feist*, a case where the fact of copying was clearly established and the only controversy was whether names and addresses and their organization within a telephone directory were protectable by copyright. The two-step, valid copyright plus copying of original elements test, made some sense in that context, but it is deficient as a general statement. The expression "copying of constituent elements of the work that are original" hints at a distinction between copying in fact and wrongful copying, but it is hardly a clear statement.

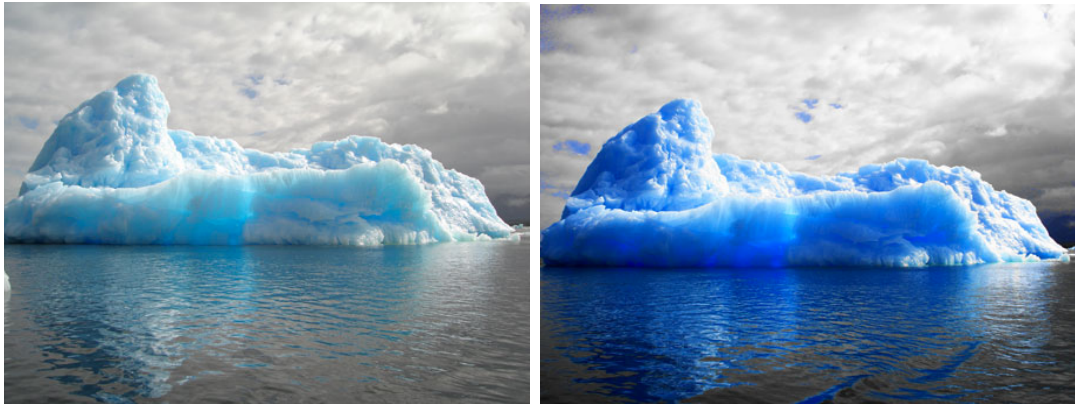
⁵³ Compare to the Second Circuit which requires proof of improper appropriation and actual copying as distinct elements. See e.g. *Jorgensen v. Epic/Sony Records*, 351 F.3d 46, 51 (2d Cir.2003); *Laureyssens*, 964 F.2d at 140.

supports an inference of copying in fact and *substantial similarity* which addresses wrongful copying.

Example 1:

Consider two photos with more than a passing similarity as depicted below.⁵⁴ Photographs *A* and *B* are similar in subject, composition, lighting, and almost any other dimension one cares to think about. The only real difference between them appears to be in the photographer's choice of color filters and the level of contrast, both of which could be changed in post-production.

Figure 5: Photographs A and B



Suppose that Photo 'A' was taken in 2006 and made available on the photographer's website. In 2009, photo 'B' is entered in a newspaper photography competition and now the author of A alleges that B infringed her copyright. There is no doubt that if B had been copied from A and simply modified in some subtle way, B would be an infringing copy of A. But as it turns out two women standing beside one another on a cruise to the San Rafael Glacier in the Northern Patagonian Ice Field took both photos independently at almost the exact same time. Here we have similarity that is enough to reach a threshold of wrongful copying, but not enough to prove copying in fact.

Given the subject matter, the possibility that both photos were taken at the same place and time seems only too apparent.⁵⁵

Example 2

But it is easy to imagine the opposite. Suppose *A* is well known and widely appreciated work of literature. Author *B*, takes the essential story of *A*, changes the setting in both time and

⁵⁴ Oliver Smith, February 2, 2015, THE TELEGRAPH, "[How an incredible coincidence sparked a Facebook plagiarism row](http://www.telegraph.co.uk/travel/travelnews/11379383/How-an-incredible-coincidence-sparked-a-Facebook-plagiarism-row.html)" <http://www.telegraph.co.uk/travel/travelnews/11379383/How-an-incredible-coincidence-sparked-a-Facebook-plagiarism-row.html>. Photo A was taken by Sarah Scurr, a British student living in Santiago, Chile. Photo B was taken by Marisol Ortiz Elfeldt, a Chilean reporter and amateur photographer.

⁵⁵ See, e.g., Ty Inc. v. GMA Accessories, Inc., 132 F.3d 1167, 1170 (7th Cir. 1997). "[T]wo works may be strikingly similar—may in fact be identical—not because one is copied from the other but because both are copies of the same thing in the public domain. In such a case—imagine two people photographing Niagara Falls from the same place at the same time of the day and year and in identical weather—there is no inference of access to anything but the public domain, and, equally, no inference of copying from a copyrighted work."

culture, adopts a different narrative style and perspective to obtain a different point of view but retains the same essential conflict. To put a little more distance between the works, *B* changes names and combines characters. *B* also extends the timeline of the original story, so that her account captures events she imagines might have taken place before and after the sequence of events in *A*. From this process of deliberate mutation, *B* may produce a work that is thoroughly original but still discernably influenced by *A*. Here we have a causal connection between the works and we have similarity that is sufficient to establish copying in fact, but this is still insufficient to establish wrongful copying.

* * *

In application, the similarities that establish wrongful copying are often the same as those that tend to prove that there was copying in the first place, but the kinds of similarity are fundamentally different. Substantial similarity and probative similarity intersect, but they are not the same, nor is one necessarily a subset of the other.

Probative similarity is any similarity at all between the works that makes it more likely that the accused work was copied from the plaintiff's original work. Similarities in subject matter, genre, perspective, general idea, and concept are unlikely to meet this test and they should also be filtered out from any assessment of substantial similarity for reasons to be explained shortly. However, probative similarity can be established by identical features that are inconsequential and unlikely to be noted by the ordinary observer but for which copying seems the more likely explanation than sheer coincidence. For example, the fact that two works contain identical deliberate mistakes is great evidence of copying in fact, but it will usually mean nothing in terms of wrongful copying. If two maps feature the same nonexistent town, it stands to reason that either one was copied from the other or both were copied from the same source. The duplication of a single errant entry would not cross the threshold of improper appropriation, but it can be strong evidence of copying in fact.

Nonetheless, there is also a significant overlap between probative similarity and substantial similarity—if two works are sufficiently similar in terms of protectable expression that the ordinary observer would regard them as the same in their aesthetic appeal, that one conclusion may establish that one was indeed copied from the other and that such copying went too far.

The Inverse Ratio Rule—“how is this still a thing?”

The “inverse ratio” rule is obviously daft. Access and probative similarity are related in the sense that if it is hard to see how the defendant could have copied the plaintiff's work, it will usually take a very high level of similarity to convince a reasonable person that it was copied. Most courts refer to this as “striking similarity”. But the reciprocal proposition that if access is well proved some diluted level of similarity can establish either copying in fact or wrongful copying does not hold true in the slightest. The “inverse ratio” rule is especially dangerous and nonsensical in an era when almost all published content is easily accessible via the Internet.

Gaye v. Williams illustrates an even graver problem with the “inverse ratio” rule. As dissenting Judge Nguyen noted:

Worse still, the majority invokes the oft-criticized “inverse ratio” rule to suggest that the Gayes faced a fairly low bar in showing substantial similarity just because Williams and Thicke conceded access to “Got to Give It Up.” The issue, however,

isn't whether Williams and Thicke copied "Got to Give It Up" — there's plenty of evidence they were attempting to evoke Marvin Gaye's style. Rather, the issue is whether they took too much.

To apply the "inverse ratio" rule to reduce the plaintiff's burden to establish substantial similarity in terms of wrongful copying is totally wrongheaded.

As the Seventh Circuit explained in *Peters v. West*, 692 F.3d 629, 635 (7th Cir. 2012):

Once a plaintiff establishes that a defendant could have copied her work, she must separately prove—regardless of how good or restricted the opportunity was—that the allegedly infringing work is indeed a copy of her original.

The ordinary observer test(s)

As noted above, probative similarity is anything at all about two works that makes it more likely that one was copied from the other. Probative similarity includes, in some circumstances, that the ordinary observer would regard the works as the same in their aesthetic appeal. However, although meeting the ordinary observer standard can be part of establishing copying in fact, it is neither necessary nor sufficient for that purpose. In contrast, some reference to the assessment of some kind of observer is indispensable in establishing substantial similarity required for wrongful copying. The default characteristic of this observer is that they are the "ordinary observer."

Courts have expressly invoked the "ordinary observer" since at least the 1930s and possibly before. In *Harold Lloyd Corp. v. Witmer*, 65 F.2d 1 (9th Cir. 1933), for example, the Ninth Circuit emphasized that the substantial similarity determination is to be made from the vantage point of an "ordinary observer" (at 19):

A copy is that which *ordinary observation* would cause to be recognized as having been taken from or the reproduction of another.

In *Peter Pan Fabrics v. Martin Weiner*, 274 F. 2d 487 (2d Cir. 1960), a case relating to the infringement of copyright in a fabric design, Judge Learned Hand famously phrased the ordinary observer test thus (at 489):

[T]he patterns in which these figures are distributed to make up the design as a whole are not identical. However, the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same. That is enough ...

In *Atari, Inc. v. North American, Etc.*, 672 F. 2d 607 (7th Cir. 1982), the Seventh Circuit put the ordinary observer test in these terms (at 614):

Specifically, the test is whether the accused work is so similar to the plaintiff's work that an ordinary reasonable person would conclude that the defendant unlawfully appropriated the plaintiff's protectible expression by taking material of substance and value.

Are these tests the same?

Problems with the ordinary observer test

(1) The ordinary observer test is applied by conducting a side-by-side comparison of the two works, but that does not always make sense. Consider a novel written in English and an

alleged copy written in French. These works don't lend themselves to side-by-side comparison and statistically, a person who is fluent in both English and French is extraordinary, not ordinary. A simple side-by-side comparison also doesn't make sense if there are important similarities that relate to unprotectable elements within the works. Thus even when courts determine substantial similarity with respect to the ordinary observer, they usually supercharge that hypothetical observer with enormous powers of discernment. Some courts do this through a process of abstraction, filtration, and comparison—the AFC approach—others do it by invoking the “more discerning ordinary observer”. These are discussed below.

(2) Combining the ordinary observer test for copyright infringement with the summary judgment standard leads to some interesting mental gymnastics. For a district court judge to grant the defendant's motion for summary judgment on the basis that there was no wrongful copying, the court must conclude that no reasonable jury would conclude that the ordinary observer would think that the works were sufficiently alike to warrant a finding of infringement. Notice that this A speculating about what B would conclude about what C would think (where A is the judge, B is the hypothetical reasonable jury and C is the hypothetical ordinary observer).

Nonetheless, summary judgment on this basis is actually quite common, and for good reason. Courts are frequently presented with copyright infringement claims that are entirely devoid of merit once superficial similarities based on non-protectable elements are set to one side.

(3) The ordinary observer standard has led to undue rigidity on the use of experts in copyright litigation. Using experts to determine what the reaction of the ordinary observer would be strikes many courts as a non sequitur. Most famously, in *Arnstein v. Porter*, 154 F. 2d 464 (1946) (at 468), the Second Circuit said that analytical dissection of the two works in issue was relevant to establish copying in fact and thus “the testimony of experts may be received to aid the trier of the facts. But, on the issue of wrongful copying—the court used the terms “illicit copying” and “unlawful appropriation”— the court said:

On that issue [wrongful copying] the test is the response of the ordinary lay hearer; accordingly, on that issue, ‘dissection’ and expert testimony are irrelevant.

This seems wrong. The simple fact is that there is nothing ordinary about the ordinary observer. The ordinary observer is not a person to be found and interviewed by the court; it is a legal construct, a lens to be applied when comparing A to B to determine substantial similarity. There are very few cases where the finder of fact would not be assisted by some expert instruction as to what to look for and what to listen for in the comparison of A to B. Moreover, in cases where the subject matter is complex, technical, or simply foreign to the average juror, expert dissection and analysis will be the only relevant criteria.

As the Northern District of Illinois explained in *Francescatti v. Germanotta*, No. 11 CV 5270, 2014 WL 2767231, at *8 (N.D. Ill. June 17, 2014):

Although dissection and expert testimony is not favored, the judicially created ordinary observer test should not deprive authors of this significant statutory grant merely because the technical requirements of a different medium dictate certain differences in expression. Without deciding the question, we note that in some cases it may be important to educate the trier of fact as to such considerations in order to preserve the author's rights under the Copyright Act.

(4) Why are courts so hostile to the use of experts in assisting with the analysis of wrongful copying? Partly this is a mistrust born of experience. On the plaintiff's side, experts will note every conceivable similarity and explain why those similarities are what is really important about the works and why the objective dissimilarities are of no consequence. The plaintiff's expert musicologists in *Williams v. Gaye*, 885 F. 3d 1150 (2018) are arguably a paradigm example of this problem. Defendant's experts will likely mirror all the same problems.

When to go beyond the ordinary observer

[Placeholder for additional discussion]

“Total Concept and Feel”

Ever since the Ninth Circuit's decision in *Roth Greeting Cards v. United Card Co.* 429 F.2d 1106, 1110 (9th Cir. 1970), courts have taken to referring to something called the “total concept and feel” test for substantial similarity. *Roth Greeting Cards* is a poorly reasoned case resulting in a dubious outcome, but the terminology of “total concept and feel” has proved surprisingly enduring.⁵⁶ No doubt, courts and fact-finders should consider the overall gestalt similarity of the copyrighted and accused works, but asking them to focus on total concept and feel necessarily steers them away from the real task at hand, identifying overlaps in protectable original expression.

Invoking the phrase “total concept and feel” doesn't just direct the reader's attention to the totality of the work, it stresses those aspects of the work that are unprotectable as a matter of black letter law. As Pamela Samuelson summarizes:

Indeed, it practically directs the trier of fact to consider conceptual similarities as a basis for infringement, even though concepts have never been protectable by U.S. copyright law. Indeed, § 102(b) of U.S. copyright law states that “[i]n no case does copyright protection . . . extend to any . . . concept.” Strangely enough, no court applying the total concept test has noticed that this formulation might run afoul of the strictures of § 102(b).⁵⁷

In *Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc.*, 338 F.3d 127 (2d Cir. 2003), the Second Circuit ventured upon an extended discussion of the use of the total concept and feel test.

⁵⁶ As Pamela Samuelson notes this is even more surprising when you consider the following.

While the *Roth* majority certainly used the total concept phrase, it did not announce this as a test that should be widely used in infringement cases. The phrase was more an off-hand comment than a well-conceived way to think about nonliteral infringement. Indeed, the test the majority purported to apply was “whether the work is recognizable by an ordinary observer as having been taken from the copyrighted source.” It is hence somewhat bizarre that the total concept test has become so widely used in copyright cases.

Pamela Samuelson, *A Fresh Look at Tests for Nonliteral Copyright Infringement*, 107 Northwestern University Law Review 1821, 1833 (2013).

⁵⁷ *Id.*

Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc., 338 F.3d 127 (2d Cir. 2003)

This case is about the design of rugs. The images below are not part of the judgment, but they are useful for understanding the case. They were supplied to Professor Robert Brauneis by Bob Clarida, the counsel for Tufenkian. Note that the blue-tape frame on the Battilossi Rug indicates the portion of the carpet that Tufenkian used as the basis for the center portion of its Floral Heriz Rug.

Figure 6 The Battilossi Rug



Figure 7 Tufenkian Floral Heriz Rug



Figure 8 The Bromley 514 Rug



Circuit Judge Calabresi

This copyright infringement case involves two textile designs, each of which combines, with modifications, the “primary border” and the “half field” of two unrelated public domain carpets, one a classical Indian Agra and the other a Persian antique. Viewed uncritically, the two designs at issue are substantially similar. For the defendant’s rug to infringe upon the plaintiff’s design, however, the defendant’s composition must be substantially similar to that which is original in the plaintiff’s expression. The district court found no infringement, concluding as a matter of law that whatever substantial similarity there may be emerges from unprotected public domain materials in the allegedly infringed design. We disagree.

BACKGROUND

In March 1995, James Tufenkian, a designer and manufacturer of Tibetan style carpets, filed a copyright registration for the “Floral Heriz” (“Heriz”) carpet design that is the subject of this lawsuit. He had composed the Heriz two years earlier by scanning into his computer two public domain images, one of the “Battilossi” carpet (a Persian antique), the other of the “Blau” carpet (an Indian Agra, designed by Dorris Blau). The field of the Battilossi rug is a dense, bilateral symmetrical design of stylized branching-vine, leaf and flower motifs. Tufenkian selected roughly the central third of the upper half of this Battilossi field. From this dense pattern, he culled out a number of motifs. He then stretched the field slightly in one direction and used the thus modified design as the entire field of the Heriz. In the process, Tufenkian created an asymmetrical pattern, for he used only an off-center portion of what had been a symmetrical design. From the Blau, he took the principal border, which, with modifications, became the major border of the Heriz. Finally, he added two minor borders of his own creation. One of these consists of stick-figure animals, the other of even simpler, castlelike figures.

Tufenkian describes his principal creative contributions as: (1) combining two unrelated rug styles; (2) designing and adding the minor borders; (3) selectively removing entire design motifs from the Battilossi so as to create a more ‘open’ aesthetic from those remaining; (4) converting the symmetrical Battilossi image into a design “with no central focus” (by copying from only half of the Battilossi field); and (5) elongating the Battilossi pattern.

Sometime in 1995, Appellee Bashian retained Appellee Nichols-Marcy, who had worked for Tufenkian, to oversee the designing of the “Bromley 514” (“Bromley”). Nichols-Marcy and his Nepalese contractors began work on the Bromley in early 1996, two years after the Heriz was first marketed. These designers were familiar with the Heriz, and the appellees do not challenge the district court’s determination that some copying of the Heriz actually occurred.

Nonetheless, the appellees contend that the Heriz’s extensive use of designs taken from the public domain combined with the Bromley’s distinctiveness precludes a finding of infringement. In the latter regard, they point to the following as instances of their own creative work that distinguishes the Bromley from the Heriz: (1) addition of a second “beetle” (or “flower”) element to the field, placed in a roughly symmetrical position to an existing “beetle” shape so as to give the Bromley a more balanced feel than the Heriz; (2) retention of a “leaf shape” from the Battilossi that

Tufenkian did not include in the Heriz; (3) removal of a vine-like line segment from the Battilossi that Tufenkian had retained; and (4) greater modification of the Blau border design, with “different shapes at different angles.”

In November 1999, Tufenkian initiated this lawsuit, claiming copyright infringement and seeking various injunctive and monetary remedies. Both parties moved for summary judgment on the issue of copyright infringement. The district court concluded that “Tufenkian infused [the Heriz] with sufficient originality to support copyright protection,”; that Bashian actually copied the Heriz; but that the Bromley 514 was not substantially similar to protected expression in the Heriz. The court therefore awarded summary judgment to Bashian.

The district court evaluated infringement by comparing the two designs’ “total concept and feel” (or “overall aesthetic”). In so doing the court applied what we have called the “more discerning observer” test, *Boisson v. Banian, Ltd.*, 273 F.3d 262, 271 (2d Cir.2001), a test intended to emphasize that substantial similarity must exist between the defendant’s allegedly infringing design and the protectible elements in the plaintiff’s design. Noting that “the prominent public domain elements incorporated into Floral Heriz ... play a significant role in the overall appearance of plaintiff’s work,” the district court “factor[ed] out” those elements from the substantial similarity comparison, explaining that to do otherwise “would grant plaintiff protection to public domain elements that the public has a right to copy.” Nonetheless, the court specified that the Heriz contained various ‘protectible elements’ including: “[the] removal of certain elements to create open space, the asymmetrical pattern, the elongation of the design adapted from the body of the Battilossi rug, the creation of the castle and stick figure animal borders, and the ordering and placement of all of these elements into a harmonious whole...” *Id.* The district court further stated that it would also factor out “those elements which are original to defendants,” among these the fact that “defendants incorporated flower elements in the center field not found in plaintiff’s design.”

Having identified the plaintiff’s and the defendants’ original contributions, the district court concluded that a finding of lack of infringement was “ineluctable”: “the Bromley 514’s overall aesthetic is due to the public domain sources and to defendants’ own efforts,” rather than to any copying of protectible aspects of the Heriz. To illustrate the lack of substantial similarity, the district court recited a number of differences between the rugs, including the fact that “defendants’ design is symmetrical, while plaintiff’s is asymmetrical, a difference which creates substantial changes in the total concept and feel of the two works, given that both are substantial copies of the public domain Battilossi.” While the district court “appreciate[d] that defendants did copy, in modified form, a few elements original to plaintiff,” the court concluded that “those elements (especially in their modified form) do not change the different total concept and feel of the two works.”

DISCUSSION

I.

A. Standard of Review

We review a summary judgment of non-infringement de novo. Our familiar task is to determine whether a genuine issue as to any material fact exists and whether the moving party was properly entitled to judgment as a matter of law. In making this determination, we view all inferences in the light most favorable to the non-moving party.

B. The Test for Copyright Infringement

“Copyright infringement is established when the owner of a valid copyright demonstrates unauthorized copying.” *Castle Rock Entm’t, Inc. v. Carol Publ’g Group, Inc.*, 150 F.3d 132, 137-38 (2d Cir. 1998) (internal quotation marks omitted). To demonstrate unauthorized copying, the plaintiff must first “show that his work was actually copied”; second, he must establish “substantial similarity” or that “the copying amounts to an improper or unlawful appropriation,” i.e., (i) that it was protected expression in the earlier work that was copied and (ii) that the amount that was copied is “more than de minimis.” *Id.* at 137-38. The defendant can defeat a prima facie showing of infringement by proving that the doctrine of “fair use” permits her employment of the plaintiff’s design. *Id.* at 141-46. In the appeal before us, however, the defendants do not mount a fair use defense, nor do they contest the district court’s findings of ownership and actual copying. Substantial similarity is therefore the only issue we face. But substantial similarity, we emphasize again, must be to that which is protected in the plaintiff’s work.

C. The Scope of Copyright Protection: Original Expression

“Originality is ‘the sine qua non of copyright,’” *Boisson*, 273 F.3d at 268 (quoting *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991)). It is universally true, however, that even works which express enough originality to be protected also contain material that is not original, and hence that may be freely used by other designers. This is not simply an artifact of some rather lenient caselaw on the originality requirement. The principle is more fundamental: all creative works draw on the common wellspring that is the public domain.

In this pool are not only elemental “raw materials,” like colors, letters, descriptive facts, and the catalogue of standard geometric forms, but also earlier works of art that, due to the passage of time or for other reasons, are no longer copyright protected. Thus the public domain includes, for example, both the generic shape of the letter “L” and all of the elaborately more specific “L’s” from the hundreds of years of font designs that have fallen into the public domain. See *Boisson*, 273 F.3d at 269-71 (considering copyright infringement in “alphabet quilts,” and treating the letters of the alphabet and the spectrum of colors as belonging to the public domain); cf. *Streetwise Maps, Inc. v. Vandam, Inc.*, 159 F.3d 739, 747 (2d Cir.1998) (refusing to grant copyright protection to “street locations, landmass, bodies of water and landmarks depicted in a map”); *Folio Impressions, Inc. v. Byer Cal.*, 937 F.2d 759, 763-64 (2d Cir.1991) (holding that the plaintiff’s fabric-design copyright did not encompass a background pattern copied without modification from a public domain textile); *Williams*, 84 F.3d at 587 (examining substantial similarity between literary works and excluding “scenes a faire,” i.e., “sequences of events that ‘necessarily result from the choice of a setting or situation,’” from the scope of the plaintiff’s protectible expression).

D. Conundrums of Infringement by Inexact Copies

It has long been settled that “no plagiarist can excuse the wrong by showing how much of his work he did not pirate,” *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2d Cir.1936) (Hand, J.), and this aphorism applies equally to exact reproduction of visual works. As a result, a would-be appropriator who wishes to test the limits of copyright law gains nothing from “adding on” to what she has precisely reproduced. But she might prevail insofar as her work transforms the copied expression into a design that in some respects resembles the original, yet does not actually excerpt (“cut and paste”) a more-than-de-minimis protected portion of the original. Such designs may be termed “inexact copies,” in recognition of the fact that they alter the prior image yet mimic its structure in some fashion.⁵ Jurists have long been vexed by the task of precisely identifying that which separates inexact copies that infringe from those that do not.⁶

Footnote 5: Our intention in using the term “inexact copies” is to describe a manner of visual copying analogous to the textual copying that is described in *Nimmer [on Copyright]* as “non-literal.” We recognize, of course, that these designs may feature much that is new, in addition to whatever may be said to be original in the “inexact copy.” Terming such a design an “inexact copy” is simply a means of drawing attention to the portion of the design that is relevant to a charge of infringement.

Footnote 6: Cf. *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir.1930) (Hand, J.) (“Upon any work ... a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the [work] is about ... but there is a point in the series of abstractions where they are no longer protected....”).

In recent years we have often found it productive to assess claims of inexact-copy infringement by comparing the contested design’s “total concept and overall feel” with that of the allegedly infringed work. Because this was the method used by the district court, and because the appellant sharply disputes the district court’s “total concept and feel” analysis, a few remarks on the history and application of this test are in order.

Our circuit first employed the “total feel” nomenclature in a case involving children’s books. See *Reyher v. Children’s Television Workshop*, 533 F.2d 87, 91-92 (2d Cir.1976). Reyher characterized this Court’s previous treatment of inexact copying of books, movies, and plays as concerned with the “the ‘pattern’ of the work, i.e., the sequence of events and the development of the interplay of characters.” *Id.* at 91. But the children’s books at issue in *Reyher* were “necessarily less complex” than the works we had previously submitted to “pattern” analysis, and, moreover, the sequence of events in the plaintiff’s book consisted of little more than “scenes a faire” attendant to an underlying idea that was shared with the defendant’s work. *Id.* at 91-92. In all respects other than the sequence of events, the works were very different:

Reyher’s book presents a picture of family life in the Russian Ukraine and develops the characters of the little girl and her mother. The [defendant’s] story is barren of meaningful setting or character development in its attempt to present its theme. The two stories are not similar in mood, details or characterization.

Id. at 92. Summarizing, we said the works differed in their “total feel.” *Id.*

In *Reyher*, “total feel” functioned as a shorthand way of explaining that — while a children’s story whose sequence of events is not protected might nonetheless be infringed by other forms of inexact copying — no such copying was present in the allegedly infringing work. See also *Eden Toys, Inc. v. Marshall Field & Co.*, 675 F.2d 498,

500-01 (2d Cir.1982) (explaining the divergent “total concept and feel” of two toy snowmen with reference to a host of specific differences in the designs).

Some commentators have worried that the “total concept and feel” standard may “invite an abdication of analysis,” because “feel” can seem a “wholly amorphous referent.” Likewise, one may wonder whether a copyright doctrine whose aspiration is to protect a work’s “concept” could end up erroneously protecting “ideas.” But our caselaw is not so incautious. Where we have described possible infringement in terms of whether two designs have or do not have a substantially similar “total concept and feel,” we generally have taken care to identify precisely the particular aesthetic decisions — original to the plaintiff and copied by the defendant — that might be thought to make the designs similar in the aggregate. This is evident from *Reyher* and *Eden Toys*, *supra*, and also from our more recent textile-infringement decisions. Thus in *Knitwaves v. Lollytogs Ltd.*, we explained:

Lollytogs has chosen to feature the same two fall symbols that Knitwaves used, leaves and squirrels. Not only do Lollytogs’ renderings of these symbols substantially resemble Knitwaves’ renderings, but Lollytogs has employed them in virtually the same manner as Knitwaves has (as felt appliques stitched to the sweaters’ surface); on strikingly similar backgrounds (“shadow-striped” for the Leaf Sweater, and four-paneled for the Squirrel Cardigan); and in virtually the same color scheme.

71 F.3d 996, 1004 (2d Cir.1995). Cf. *Boisson*, 273 F.3d at 273-74 (finding infringement on the basis of protectible and similar combinations of letters, colors and patterns in two alphabet rugs — in sum, on the basis of the “enormous amount of sameness” between the two designs).⁷

Footnote 7: *Knitwaves* and other recent cases portray this Circuit’s protection of a complex work’s “total concept and feel” as a necessary result of the Supreme Court’s statement in *Feist*, 499 U.S. at 350, 361-64, that compilations of unprotectible elements merit copyright protection insofar as they contain an original and non-mechanical selection, coordination or arrangement of those elements. See *Boisson*, 273 F.3d at 272-73; *Streetwise Maps*, 159 F.3d at 748; *Knitwaves*, 71 F.3d at 1003-04.

Essentially, the total-concept-and-feel locution functions as a reminder that, while the infringement analysis must begin by dissecting the copyrighted work into its component parts in order to clarify precisely what is not original, infringement analysis is not simply a matter of ascertaining similarity between components viewed in isolation.⁸

Footnote 8: Ascertaining the “component parts” of the work is, of course, a case-specific inquiry that begins by considering what is distinctive about a given design. The process is well illustrated in *Boisson*, 273 F.3d at 272-75.

For the defendant may infringe on the plaintiff’s work not only through literal copying of a portion of it, but also by parroting properties that are apparent only when numerous aesthetic decisions embodied in the plaintiff’s work of art — the excerpting, modifying, and arranging of public domain compositions, if any, together with the development and representation of wholly new motifs and the use of texture and color, etc. — are considered in relation to one another. The court, confronted with an allegedly infringing work, must analyze the two works closely to figure out in what respects, if any, they are similar, and then determine whether these similarities are due to protected aesthetic expressions original to the allegedly infringed work, or whether the similarity is to something in original that is free for the taking.

II.

The appellant charges that, in comparing the two designs' total concept and feel, the district court improperly factored out public domain elements from the Heriz and the Bromley. As the above discussion of doctrine indicates, however, the court was surely correct to factor such elements out. For copying is not unlawful if what was copied from the allegedly infringed work was not protected, for example, if the copied material had itself been taken from the public domain. This principle applies, moreover, whether the copied, unprotected expression at issue is a selection, coordination, or arrangement of elements, or whether it is the exact design itself.

But in its comparison of the two rugs, the district court failed to consider — apart from total concept and feel — whether material portions of the Bromley infringed on corresponding parts of the Heriz. Here the court erred. See generally 3 Nimmer on Copyright § 13.03[A][1][c] (“‘Total concept and feel’ should not be viewed as a *sine qua non* for infringement — similarity that is otherwise actionable cannot be rendered defensible simply because of a different ‘concept and feel.’”)

What makes this case perplexing is that, to the judicial observer who has a passing familiarity with carpet design, many of the plaintiff's expressive choices may seem to be rather mechanical or conventional acts, which might be deemed to be either non-original or else so weakly original that their copying would appropriate no more than a *de minimis* amount of protected expression.¹⁰ Consider, for example, the cropping and elongating of the Battilossi half-field so as to create a typical “longer than wide” field for the Heriz; the use of one primary and two minor borders; the proportions between borders and field; and the design of the outer minor border. On the other hand, the record contains little evidence of what is conventional (and hence, by analogy to “scenes a faire,” unprotected) in these respects.

Footnote 10: Furthermore, one apparently original element in the plaintiff's design — the inner minor border — is not closely reproduced in the Bromley. True, like the Heriz, the Bromley uses a stick-figure motif in its inner border, but the Bromley stick figures are not particularly similar to their counterparts in the Heriz.

Even the Heriz's pairing of the Battilossi half-field with the Blau-derived border was, arguably, a fairly simple exercise. One might contend that the pairing is too minor to surmount even the low threshold for copyright protection, or else conclude that it is protected only against very close copies.¹¹ The question of infringement thus might be thought to turn on subtle differences in the Heriz and Bromley adaptations of the Blau border.

Footnote 11: In suggesting these possibilities, we note only that they are arguable, and we express no opinion as to whether the arguments, if made, would prove correct. We do believe, however, that the district court probably erred in categorically dismissing as an unprotected “idea” the plaintiff's combination of the Battilossi half-field and Blau-ish border. The plaintiff's particular combination of these two rugs is an expression, albeit one protected by a thin copyright. Cf. *Beaudin v. Ben & Jerry's Homemade, Inc.*, 95 F.3d 1, 2 (2d Cir. 1996) (“Where the quantum of originality is slight and the resulting copyright is ‘thin,’ infringement will be established only by very close copying....”).

Whether the Bromley infringes on the Heriz, however, need not depend on variation between the primary borders, or on a determination of the extent to which various features of the Heriz design are conventions. There is one substantial respect in which the creator of the Heriz made distinctly idiosyncratic and particular design decisions — decisions whose effect permeates the entire field of the Heriz — and in this respect the Bromley is a virtually exact copy of the Heriz. The plaintiff not only

cropped and elongated the Battilossi half-field, he also selectively eliminated numerous design motifs, creating a more open, less busy aesthetic.

Of course, mere simplification of an ornate public domain carpet into a mass market knock-off may not be protectible.¹² But the plaintiff's half-field modification was not a uniform or homogeneous simplification akin to removing all serifs from a font, blurring the petals on all flowers, or eliminating every third leaf on a stem. Rather, the plaintiff seems to have engaged in a selective and particularized culling of a leaf here, a complex of leaves and flowers there, and so forth. And close visual inspection of the two rugs confirms that the Bromley precisely mimics the Heriz in nearly all of these choices.

Footnote 12: Compare in this regard the use of the “merger” doctrine in *Computer Assocs. Int'l*, 982 F.2d at 707-10 (applying “merger” doctrine to computer code features dictated by efficiency and external functional constraints).

This non-mechanical adaptation of individually unprotectible elements from the public domain is precisely the type of “original selection” that the Supreme Court indicated was protectible expression in *Feist*. There, the Court clarified that a telephone directory contained protectible expression insofar as the compiler had “selected, coordinated, or arranged [its] uncopyrightable facts in an original way.” 499 U.S. at 362. The Court cautioned, however, that the protection given is “thin,” *id.* at 349, because the scope of the copyright “is limited to the particular selection or arrangement,” and a “subsequent [author] remains free to use [the public domain elements] to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement,” *id.* at 349-51.¹³

Footnote 13: There may arise visual-arts cases in which the “selection, coordination, and arrangement” of public domain elements is so aesthetically complex and sophisticated that the copyright is more than “thin.” As mediums of expression, mosaic and montage can support artistry of high order. But in the case before us the selective deletion of elements from the Battilossi, while idiosyncratic, was relatively simple and supports only a thin copyright. Cf. *Beandin*, 95 F.3d at 2.

We conclude that this is one of those relatively unusual cases in which the infringing work has copied the original and “particular” or “same” selections embodied in the allegedly infringed upon work. The number of motifs present (or absent) in the Bromley field which mirror those the Heriz selected (or deleted) in an original way from the Battilossi is overwhelming. And the structural layout of these elements is essentially the same in both designs.

It should be noted that while the Bromley field is based on a near-exact copy of the Heriz's original selections from the Battilossi, the Bromley does depart from the Heriz in one salient respect. Specifically, the Bromley field has a second, anchoring “beetle” or “flower” element, which conveys a sense of balance that is absent in the Heriz. This addition, and the resulting faux symmetry, was important to the district court's determination that the “total concept and feel” of the Bromley was not substantially similar to that of the Heriz. Whatever the possible relevance of the Bromley's second beetle element to a comparison of the two rugs' “overall feel” — an issue we need not decide today — this addition does not alter the fact that the rest of the Bromley field is a near-exact copy of the Heriz field, and therefore infringing. To hold otherwise would be rather like holding that one who closely copies a long poem can do so without prima facie infringement if she replaces one (admittedly significant) stanza with verse of her own invention and thereby alters the

poem’s “feel.” Cf. *Sheldon*, 81 F.2d at 56 (“[N]o plagiarist can excuse the wrong by showing how much of his work he did not pirate.”)

III.

For the forgoing reasons, we hold that the Bromley is substantially similar to the Heriz. We therefore VACATE the judgment of the district court and REMAND for further proceedings.

Notes and questions

(1) In *Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc.*, 338 F.3d 127 (2d Cir. 2003), the Second Circuit reversed the district court’s finding that one rug did not infringe upon another similar rug.

(2) , Notice that the Second Circuit in *Tufenkian* does not treat “total concept and feel” as a test for infringement, but merely as part of the infringement analysis; in this view, “total concept and feel” functions as a reminder that courts should not take dissection too far. At 134 the court said:

Essentially, the total-concept-and-feel locution functions as a reminder that, while the infringement analysis must *begin* by dissecting the copyrighted work into its component parts in order to clarify precisely what is not original, infringement analysis is not *simply* a matter of ascertaining similarity between components viewed in isolation.

The Second Circuit is not concerned that “total concept and feel” is an invitation to the “abdication of analysis” as some have suggested, because its consideration of total concept and feel is balanced with and preceded by analytical dissection. At 134, the court responds to its critics:

But our caselaw is not so incautious. Where we have described possible infringement in terms of whether two designs have or do not have a substantially similar “total concept and feel,” we generally have taken care to identify precisely the particular aesthetic decisions — original to the plaintiff and copied by the defendant — that might be thought to make the designs similar in the aggregate.

Is that enough?

The abstraction, filtration, and comparison test

In *Computer Associates Intern., Inc. v. Altai, Inc.*, 982 F. 2d 693 (2d Cir. 1992), the Second Circuit recognized that the ordinary observer test generally applied to determine that substantial similarity was unlikely to be of much use in the context of computer software. At 713, the court said:

... in deciding the limits to which expert opinion may be employed in ascertaining the substantial similarity of computer programs, we cannot disregard the highly complicated and technical subject matter at the heart of these claims. Rather, we recognize the reality that computer programs are likely to be somewhat impenetrable by lay observers — whether they be judges or juries — and, thus, seem to fall outside the category of works contemplated by those who engineered the *Arnstein* test.

In place of an ordinary observer test, the court announced an approach that has become known as the “*abstraction, filtration, and comparison*” test. The AFC test is widely used in computer software cases and occasionally in other contexts.

As its name suggests, the AFC test has three steps. As the court explained in *Computer Associates* (at 706),

... we think that district courts would be well-advised to undertake a three-step procedure, based on the abstractions test utilized by the district court, in order to determine whether the non-literal elements of two or more computer programs are substantially similar. This approach breaks no new ground; rather, it draws on such familiar copyright doctrines as merger, *scenes a faire*, and public domain. ...

In ascertaining substantial similarity under this approach, a court would first break down the allegedly infringed program into its constituent structural parts. Then, by examining each of these parts for such things as incorporated ideas, expression that is necessarily incidental to those ideas, and elements that are taken from the public domain, a court would then be able to sift out all non-protectable material. Left with a kernel, or possible kernels, of creative expression after following this process of elimination, the court’s last step would be to compare this material with the structure of an allegedly infringing program. The result of this comparison will determine whether the protectable elements of the programs at issue are substantially similar so as to warrant a finding of infringement.

Using this AFC approach, the court was able to set aside similarities based on high-level abstractions, standard programming techniques, and any aspects of the software that would have been dictated by external factors. Without this kind of systematic dissection, courts would be far too quick to conclude that two programs performing the same function in the same environment were substantially similar.

Additional illustrative cases

[This is a placeholder for brief discussions of additional illustrative cases such as *Rentmeester v. Nike, Inc.*, 883 F.3d 1111 (9th Cir. 2018)]

6. AN OVERVIEW OF COPYRIGHT LIMITATIONS AND EXCEPTIONS

How to think about copyright limitations and exceptions

“True limitations and exceptions” versus “inherent limitations”

Every copyright system creates space for certain limitations and exceptions. The field, scope, nature, and design of these exceptions vary widely. The processes by which limitations and exceptions are created are almost equally as varied.

In the United States, there are many specific limitations and exceptions directed at particular acts, particular actors, and particular circumstances; but there are also significant common law limitations and exceptions such as the fair use doctrine.

Copyright limitations and exceptions may be legislative in nature, the result of executive action, the outcome of delegated rule-making authority, or simply a matter of judicial determination. As the scope and duration of copyright has expanded over the years, the importance of limitations and exceptions has increased.

Copyright law contains a number of policy levers that determine the scope of the rights of copyright owners. These include:

- the threshold of substantial similarity,
- the definition of performance,
- the definition of public,
- the merger doctrine,
- the idea expression distinction, scenes a faire, the non-copyrightability of systems, processes and methods of operation;
- the volitional act requirement,
- the first sale doctrine (and copyright exhaustion more broadly).
- the scope of secondary liability,
- the scope and qualifications for notice and take-down safeharbor, and
- the doctrine of copyright misuse.

If you take the Blackstonian view of property (“sole and despotic dominion”) and apply it to copyright, copyright is a right to the absolute control over every use of every word of a copyrighted book and every pixel of a copyrighted picture. Obviously, no sane person thinks about copyright this way. Copyright consists of a broad set of rights given the authors for a particular purpose – the fact that singing in the shower does not amount to copyright infringement is not loophole or an exemption, it simply reflects the fundamentally limited nature of the performance right. As an exercise in taxonomy, it makes sense to think of some features of copyright law as inherent in the definition of the rights themselves and others as true limitations and exceptions. Such ‘inherent limitations’ would certainly include the idea-expression distinction, but also arguably extend to longstanding applications of the fair use doctrine.

Rules v. Standards

[Placeholder for a brief explanation of the ways in which copyright scholars misunderstand and abuse the literature on rules versus standards.]

Copyright limitations and exceptions required by international agreements

[Placeholder for discussion of Berne and TRIPs requirements]

Significant limitations and exceptions to copyright in the United States

Statutory licenses

The Copyright Act of 1976 contains statutory licensing provisions relating to cable and satellite retransmission of broadcast television, the public performance of sound recordings over the Internet or via other forms of digital transmission, coin-operated jukeboxes, and the use of certain works by public broadcasters. Each of these provisions is the result of a complicated legislative process, and the resulting text often dense and impenetrable.

- §111. Limitations on exclusive rights: Secondary transmissions of broadcast programming by cable
- §112. Limitations on exclusive rights: Ephemeral recordings
- §114. Scope of exclusive rights in sound recordings
- §115. Scope of exclusive rights in nondramatic musical works: Compulsory license for making and distributing phonorecords
- §116. Negotiated licenses for public performances by means of coin-operated phonorecord players
- §118. Scope of exclusive rights: Use of certain works in connection with noncommercial broadcasting
- §119. Limitations on exclusive rights: Secondary transmissions of distant television programming by satellite
- §122. Limitations on exclusive rights: Secondary transmissions of local television programming by satellite

Codifying inherent limitations

The Copyright Act of 1976 also codifies at least two significant “inherent limitations” on copyright. As noted above, these are provisions that codify limits in copyright that are in some sense inherent to the definition of the rights themselves. For example, Section 105 excludes United States Government works from copyright subject matter and Section 109 codifies the common law first sale doctrine (a topic discussed in more detail in another chapter). Both of these provisions could be regarded as codifying inherent limitations in the scope of copyright rather than as true limitations and exceptions. The same could be said of Section 113 and Section 120, which address limits on copyright with respect to pictorial, graphic, and sculptural works and architectural works respectively.

True limitations and exceptions

Four sections of the Act stand out as “true exceptions and limitations” in the terms set out above. These provisions overlap with the more general application of the fair use doctrine, but it is important to note such codified fair uses are not subject to the fair use balancing test (discussed below) and are permissible regardless of the harm to the rights owner.

Section 110 of the Copyright Act contains a number of other exceptions to the performance and display rights. These exceptions relate to church services, veterans halls, non-profit

public performances, incidental performances of broadcast radio in small shops and restaurants, the performance of sound recordings in record stores, performance in the course of a transmission for the visually disabled, and more. The bulk of the Section 110 limitations are true limitations and exceptions, although the provision (sometimes referred to as the boom-box exception) could easily be seen as part of the definition of what truly constitutes a public performance.

Section 108 contains a specific set of exemptions for library photocopying. [Placeholder for more detailed summary]

Section 117 authorizes the owner of computer software to make a copy or an adaptation of that software as an essential step in the utilization of the computer program or for maintenance or repair. [Placeholder for more detailed summary]

Section 121 allows ‘authorized entities’ to reproduce and/or distribute certain works in specialized formats exclusively for use by blind or other persons with disabilities.

Section 1008 of provides that “no action may be brought under this title alleging infringement of copyright based on the manufacture, importation, or distribution of a digital audio recording device, a digital audio recording medium, an analog recording device, or an analog recording medium, or based on the noncommercial use by a consumer of such a device or medium for making digital musical recordings or analog musical recordings.” This section was added to the Act in 1992 by the Audio Home Recording Act (“AHRA”). The AHRA was a legislative response to the new technology of digital audio tape.

Where does fair use fit in?

In its modern context, fair use is a flexible standard that limits the scope of copyright protection and renders certain actions relating to copyrighted works noninfringing. Activities that courts have regarded as fair use that may have otherwise been infringing include: quoting a significant portion of a work for the purpose of criticism, illustration, comment, or clarification; parodying a work; and copying part of a work in the course of classroom activities.⁵⁸

Fair use is necessary, in part, because licensing and other private ordering mechanisms do not provide a solution for cases involving high transaction costs, strategic holdouts, and inadvertent copying. The fair use doctrine is particularly important in situations where the costs of obtaining permission outweigh the benefits of the use. The doctrine also plays a mediating role in situations where the copyright owner withholds permission for reasons that society finds unacceptable. For example, as illustrated by *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), a copyright owner usually cannot deny permission to copy in order to stifle parody, criticism, or social debate.

The fair use doctrine does a lot of work in the modern American copyright system. In many ways fair use functions as an inherent limitation on copyright, similar to the idea-expression dichotomy or the requirement of substantial similarity. However, in other respects the fair use doctrine produces a set of rules through case law that look more like true limitations and exceptions. There is much more that could be said about this topic, but we will forego an extended theoretical discussion and move directly into the relevant fair use case law.

⁵⁸ See U.S. COPYRIGHT OFFICE, REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (1961).

International constraints on copyright limitations and exceptions

[The current section is a placeholder for a more in-depth discussion to be developed at a later date.]

The Three Step Test

The Berne Convention, the TRIPs Agreement, and a number of other multilateral and bilateral agreements contain some version of the “three-step” test for evaluating copyright limitations and exceptions.

Berne Convention (Paris Text 1971) Article 9

(1) Authors of literary and artistic works protected by this Convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form.

(2) It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.

TRIPs Agreement. Article 13. Limitations and Exceptions

Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.

It is worth noting that the Berne convention itself contains a number of significant limitations and exceptions such as those relating to the reporting and broadcasting of public speeches. The Berne Convention also contains special provisions relating to developing countries in the Appendix to the Convention. These provisions are incorporated into the TRIPs Agreement as well.

World Trade Organization Panel Decision re: US – SECTION 110(5) COPYRIGHT ACT (DS160)

No doubt, some individual limitations and exceptions on copyright may fall foul of the three step test. The European Union successfully objected to section 110(5) of the Copyright Act on this basis in a dispute resolution proceeding before the WTO in 2000. Section 110 of the United States Copyright Act provides for limitations on exclusive rights granted to copyright holders for their copyrighted work, in the form of exemptions for broadcast by non-right holders of certain performances and displays, namely, “homestyle exemption” (for “dramatic” musical works) and “business exemption” (works other than “dramatic” musical works).

The Panel concluded that the “homestyle exemption” was an acceptable copyright exception under the requirements of Art. 13 because it was confined to “certain special cases”, did not conflict with a normal exploitation of the work, and did not cause unreasonable prejudice to the legitimate interests of the right holders.

However, the Panel found that the “business exemption” did not meet these requirements because its scope was too broad – the provisions could apply to 70 percent of eating and drinking establishments and 45 percent of retail establishments in the United States – and

because the exemption deprived the owners of musical works the chance to earn royalties from broadcasts of their works on radio and television.

How Restrictive is the Three-Step Test?

This is a particularly salient question for countries considering adopting any kind of open-ended standard equivalent to the American fair use doctrine or the English, Australian, and Canadian provisions on fair dealing.

Although it is occasionally raised for rhetorical flair, the compatibility of fair use with various international agreements should not be a matter of serious concern for three reasons:

1. Drafting history of Berne Article 9(2)
2. Subsequent international agreements and state practice
3. The United States position on the compatibility of fair use with Berne Article 9(2)

The drafting history of Berne Article 9(2) reveals that it was not intended as a rigid prohibition on limitations and exceptions to copyright, but rather as an abstract open formula capable of encompassing a wide range of exceptions.

Martin Senftleben has made a detailed study of the history of the three step test, beginning with its adoption in 1967.⁵⁹ Senftleben's research shows that an early draft of 9(2) used the language "in certain particular cases where the reproduction is not contrary to the legitimate interests of the author." This text was modified at the suggestion of the United Kingdom delegation to the now familiar language — "in certain special cases where the reproduction does not unreasonably prejudice the legitimate interests of the authors."

Although fair dealing in the U.K. by the late 1960's was arguably narrower than fair use in the U.S., it was nonetheless an abstract standard (applied to particular circumstances) requiring judicial application and development. It is inconceivable that the U.K. intended to abandon fair dealing when it suggested that limitations and exceptions be limited to "certain special cases".

Read as a single sentence, Article 9(2) is a general statement that does as much to enable limitations and exceptions as it does to confine them. As is so often the case in international agreements, this generality was necessary in order to reconcile the many different types of exceptions various nations had already adopted.⁶⁰

Second, subsequent international agreements and state practice confirm this understanding. Versions of the three step test have been incorporated into international agreements such as TRIPs, the WIPO Copyright treaty, NAFTA, and United States Free Trade Agreements with Australia, Bahrain, Chile, Jordan, Morocco, Singapore, and South Korea. In 1996, the

⁵⁹ See generally, Martin Senftleben, *Copyright, Limitations, and the Three-Step Test: Analysis of the Three-Step Test in International and EC Copyright Law*, Kluwer Law International, 2004.

⁶⁰ The literature on this topic is extensive. For the leading account, see, Martin Senftleben, *COPYRIGHT, LIMITATIONS, AND THE THREE-STEP TEST: ANALYSIS OF THE THREE-STEP TEST IN INTERNATIONAL AND EC COPYRIGHT LAW*, KLUWER LAW INTERNATIONAL, 2004; see also *Declaration on a Balanced Interpretation of the "Three Step Test" in Copyright Law* released by leading legal scholars from the Max Planck Institute and other leading institutions, July 2008, at: http://www.ip.mpg.de/files/pdf2/declaration_three_step_test_final_english1.pdf

signatories to the WIPO Copyright Treaty released the following ‘Agreed Statement Concerning Article 10 WIPO Copyright Treaty’:

It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention.

Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are appropriate in the digital network environment.⁶¹

Third, the United States takes the position that nothing in existing United States copyright law, as interpreted by the federal courts of appeals, would be inconsistent with the three-step test.⁶² The United States made a number of changes to its law when it joined the Berne Convention in 1989. However, the fair use doctrine does not appear to have been considered as an obstacle to Berne compliance at that time. It is hard to imagine that the United States would have agreed to accede to the Berne Convention if it believed that such a central aspect of its copyright law was not Berne compatible. It is inconceivable that the United States would actively promote the incorporation of a three step test into TRIPs in 1994, the WCT in 1996, and FTAs with Australia, Bahrain, Chile, Jordan, Morocco, Singapore, and South Korea (among others) if the fair use doctrine presented a fundamental conflict with that test.

⁶¹ Agreed Statements Concerning the WIPO Copyright Treaty, Statement Concerning Article 10, WIPO Diplomatic Conference, WIPO Doc. No. CRNR/DC/96 (1996).

⁶² See, Letter of Peter Jaszi, Michael Carroll and Sean Flynn to United States Trade Representative, Ambassador Ronald Kirk, September 8, 2012. Available at <http://infojustice.org/wp-content/uploads/2012/09/PIJIP-letter-to-Kirk-September-8-2012.pdf>.

7. EXPRESSIVE FAIR USE

The modern era of fair use in the United States

The state of fair use prior to Campbell v. Acuff-Rose Music

Campbell v. Acuff-Rose Music, Inc., 510 US 569 (1994) was a major turning point in the modern doctrine of fair use. So much so that cases decided prior to *Campbell* must be read with caution. To understand the confused state of fair use jurisprudence prior to the Supreme Court's 1994 intervention in *Campbell v. Acuff-Rose* requires a digression into the facts and reasoning of two other fair use cases decided by the Supreme Court.

Sony Corp. of America v. Universal City Studios, Inc., 464 US 417 (1984)

The Sony Betamax machine was the first mass-market video cassette recorder. The Betamax went on sale in the United States in 1975; a year later two film studios, Universal City Studios and Walt Disney Productions, filed a law suit alleging that consumers were using the Betamax to infringe their copyrights and that Sony Corporation, the manufacturer of the device, was responsible for any copyright infringement made possible by the new machine. Before the Supreme Court could determine the manufacturer's liability, it first had to determine whether the consumers who used the Betamax machines in their own homes were infringing copyright in the first place. The *Sony v. Universal City Studios* was initially argued before the Court in January of 1983, but the issues proved to be so fraught that the Justices held the case over for a term and scheduled it for re-argument in October 1983. In December the following year the Supreme Court finally issued its ruling.

In the *Sony Betamax* case, the Supreme Court held by a five to four majority that non-commercial consumer time-shifting of free-to-air broadcast television was fair use. In other words, although consumers had no right to use the VCR to permanent copies of broadcasts, they did have the right to make temporary copies so that they could watch programs at a more convenient time. The majority opinion, authored by Justice Stevens, found time-shifting in these circumstances was fair use for two principle reasons. First, because time-shifting merely enabled viewers to see works which they had been invited to watch in their entirety free of charge, the fact that the entire work was reproduced, did not have its ordinary effect of militating against a finding of fair use. Second, because the plaintiffs had offered no convincing evidence of market harm, the non-commercial use of the VCR by consumers should be considered fair use. The merits and significance of this decision as it relates to the VCR will be addressed later on in this book.

Harper & Row v. Nation Enterprises, 471 U.S. 539 (1985)

Harper & Row v. The Nation took place in the aftermath of the Watergate Crisis and the ensuing resignation of President Richard M. Nixon. Nixon's suspected involvement with the cover-up of the politically motivated burglary of the Democratic National Headquarters at the Watergate hotel complex led to dramatic confrontations between the President and the other branches of government. With impeachment by the House of Representatives and conviction by the Senate appearing all but certain, Nixon resigned as President on August 9, 1974. On September 8, 1974, his successor, President Gerald Ford, pardoned him of any and all crimes relating to Watergate even though he not yet been indicted.

A Time to Heal, President Ford's memoir of his personal and political life was due to be published in mid-1979. Ford's publisher had given Time Magazine exclusive advanced access to the book for a fee of \$25,000 (about \$90,000 in 2018 dollars) and Time was licensed to publish excerpts in its mid-April issue, a week before the memoir was to be released publicly. However, Time's story was scooped by another magazine, The Nation, which published an article entitled, *The Ford Memoirs, Behind the Pardon* on April 3, 1979. Victor Navasky, The Nation's editor, had been given temporary access to a draft of Ford's memoir from an undisclosed source. Navasky worked quickly to produce a 2250 word article quoting and paraphrasing from a number of sections of the memoirs, focusing on the most newsworthy aspect of the book, Ford's account of the Nixon pardon which he considered to be "a real hot news story." Having been preempted by The Nation, Time abandoned its story and withheld the second half of its payment under the contract with Ford's publisher, Harper & Row. Harper & Row, in turn, sued the Nation for copyright infringement.

In *Harper & Row v. Nation Enterprises*, the majority of the Supreme Court held that various quotes and paraphrases taken from *A Time to Heal* by the defendants were substantial enough to infringe copyright and were not protected by the fair use doctrine. The Supreme Court majority saw The Nation as a bad actor in possession of a "purloined manuscript." Writing for the majority, Justice O'Connor gave no credence to The Nation's assertion of a news reporting privilege. Instead, she emphasized how the magazine had gone beyond merely reporting the facts and usurped the most valuable portions of Ford's original expression prior to publication. For the majority, Time's cancellation of its own article and refusal to pay the second installment under the contract were a direct consequence of being scooped by the defendant. These facts proved beyond any doubt that the defendant's conduct had an adverse market effect. This market effect was, according to the majority, undoubtedly the single most important element of fair use.

Campbell v. Acuff-Rose and its legacy

Campbell v. Acuff-Rose Music, Inc., 510 US 569 (1994)

Justice Souter delivered the opinion of the Court.

We are called upon to decide whether 2 Live Crew's commercial parody of Roy Orbison's song, "Oh, Pretty Woman," may be a fair use within the meaning of the Copyright Act of 1976, 17 U. S. C. § 107. Although the District Court granted summary judgment for 2 Live Crew, the Court of Appeals reversed, holding the defense of fair use barred by the song's commercial character and excessive borrowing. Because we hold that a parody's commercial character is only one element to be weighed in a fair use enquiry, and that insufficient consideration was given to the nature of parody in weighing the degree of copying, we reverse and remand.

I

In 1964, Roy Orbison and William Dees wrote a rock ballad called "Oh, Pretty Woman" and assigned their rights in it to respondent Acuff-Rose Music, Inc. See Appendix A, *infra*. Acuff-Rose registered the song for copyright protection.

Petitioners Luther R. Campbell, Christopher Wongwon, Mark Ross, and David Hobbs are collectively known as 2 Live Crew, a popular rap music group. In 1989,

Campbell wrote a song entitled “Pretty Woman,” which he later described in an affidavit as intended, “through comical lyrics, to satirize the original work. . . .” On July 5, 1989, 2 Live Crew’s manager informed Acuff-Rose that 2 Live Crew had written a parody of “Oh, Pretty Woman,” that they would afford all credit for ownership and authorship of the original song to Acuff-Rose, Dees, and Orbison, and that they were willing to pay a fee for the use they wished to make of it. Enclosed with the letter were a copy of the lyrics and a recording of 2 Live Crew’s song. Acuff-Rose’s agent refused permission, stating that “I am aware of the success enjoyed by ‘The 2 Live Crews’, but I must inform you that we cannot permit the use of a parody of ‘Oh, Pretty Woman.’” Nonetheless, in June or July 1989, 2 Live Crew released records, cassette tapes, and compact discs of “Pretty Woman” in a collection of songs entitled “As Clean As They Wanna Be.” The albums and compact discs identify the authors of “Pretty Woman” as Orbison and Dees and its publisher as Acuff-Rose.

Almost a year later, after nearly a quarter of a million copies of the recording had been sold, Acuff-Rose sued 2 Live Crew and its record company, Luke Skywalker Records, for copyright infringement. The District Court granted summary judgment for 2 Live Crew, reasoning that the commercial purpose of 2 Live Crew’s song was no bar to fair use; that 2 Live Crew’s version was a parody, which “quickly degenerates into a play on words, substituting predictable lyrics with shocking ones” to show “how bland and banal the Orbison song” is; that 2 Live Crew had taken no more than was necessary to “conjure up” the original in order to parody it; and that it was “extremely unlikely that 2 Live Crew’s song could adversely affect the market for the original.” The District Court weighed these factors and held that 2 Live Crew’s song made fair use of Orbison’s original.

The Court of Appeals for the Sixth Circuit reversed and remanded. 972 F. 2d 1429, 1439 (1992). Although it assumed for the purpose of its opinion that 2 Live Crew’s song was a parody of the Orbison original, the Court of Appeals thought the District Court had put too little emphasis on the fact that “every commercial use . . . is presumptively . . . unfair,” *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U. S. 417, 451 (1984), and it held that “the admittedly commercial nature” of the parody “requires the conclusion” that the first of four factors relevant under the statute weighs against a finding of fair use. Next, the Court of Appeals determined that, by “taking the heart of the original and making it the heart of a new work,” 2 Live Crew had, qualitatively, taken too much. Finally, after noting that the effect on the potential market for the original (and the market for derivative works) is “undoubtedly the single most important element of fair use,” *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U. S. 539, 566 (1985), the Court of Appeals faulted the District Court for “refusing to indulge the presumption” that “harm for purposes of the fair use analysis has been established by the presumption attaching to commercial uses.” In sum, the court concluded that its “blatantly commercial purpose . . . prevents this parody from being a fair use.”

We granted certiorari to determine whether 2 Live Crew’s commercial parody could be a fair use.

II

It is uncontested here that 2 Live Crew’s song would be an infringement of Acuff-Rose’s rights in “Oh, Pretty Woman,” under the Copyright Act of 1976, 17 U. S. C. § 106, but for a finding of fair use through parody. From the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright’s very purpose, “[t]o promote the Progress of Science and useful Arts. . . .” U. S. Const., Art. I, § 8, cl. 8.⁵

Footnote 5: The exclusion of facts and ideas from copyright protection serves that goal as well. See § 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...”); *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U. S. 340, 359 (1991) (“[F]acts contained in existing works may be freely copied”); *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U. S. 539, 547 (1985) (copyright owner’s rights exclude facts and ideas, and fair use).

For as Justice Story explained, “[i]n truth, in literature, in science and in art, there are, and can be, few, if any, things, which in an abstract sense, are strictly new and original throughout. Every book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before.” *Emerson v. Davies*, 8 F. Cas. 615, 619 (No. 4,436) (CCD Mass. 1845). Similarly, Lord Ellenborough expressed the inherent tension in the need simultaneously to protect copyrighted material and to allow others to build upon it when he wrote, “while I shall think myself bound to secure every man in the enjoyment of his copy-right, one must not put manacles upon science.” *Carey v. Kearsley* 170 Eng. Rep. 679, 681 (K. B. 1803). In copyright cases brought under the Statute of Anne of 1710, English courts held that in some instances “fair abridgements” would not infringe an author’s rights, and although the First Congress enacted our initial copyright statute, Act of May 31, 1790, 1 Stat. 124, without any explicit reference to “fair use,” as it later came to be known, the doctrine was recognized by the American courts nonetheless.

In *Folsom v. Marsh*, 9 F. Cas. 342 (No. 4,901) (CCD Mass. 1841), Justice Story distilled the essence of law and methodology from the earlier cases: “look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.” *Id.*, at 348. Thus expressed, fair use remained exclusively judge-made doctrine until the passage of the 1976 Copyright Act, in which Justice Story’s summary is discernible:

§ 107. Limitations on exclusive rights: Fair use

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

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit 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 finding is made upon consideration of all the above factors.

Congress meant § 107 “to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way” and intended that courts continue the common-law tradition of fair use adjudication. H. R. Rep. No. 94-1476, p. 66 (1976) (hereinafter House Report); S. Rep. No. 94-473, p. 62 (1975) (hereinafter Senate Report). The fair use doctrine thus “permits [and requires] courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.” *Stewart v. Abend*, 495 U. S. 207, 236 (1990) (internal quotation marks and citation omitted).

The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis. *Harper & Row*, 471 U. S., at 560; *Sony*, 464 U.S., at 448, and n. 31; *House Report*, pp. 65-66; *Senate Report*, p. 62. The text employs the terms “including” and “such as” in the preamble paragraph to indicate the “illustrative and not limitative” function of the examples given, § 101; see *Harper & Row*, *supra*, at 561, which thus provide only general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses. Nor may the four statutory factors be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright.¹⁰

Footnote 10: Because the fair use enquiry often requires close questions of judgment as to the extent of permissible borrowing in cases involving parodies (or other critical works), courts may also wish to bear in mind that the goals of the copyright law, “to stimulate the creation and publication of edifying matter,” Leval, *Toward a Fair Use Standard*, 103 HARVARD LAW REVIEW 1105, 1134 (1990) (hereinafter Leval), are not always best served by automatically granting injunctive relief when parodists are found to have gone beyond the bounds of fair use. See 17 U. S. C. § 502(a) (court “may . . . grant . . . injunctions on such terms as it may deem reasonable to prevent or restrain infringement”) (emphasis added); Leval 1132 (while in the “vast majority of cases, [an injunctive] remedy is justified because most infringements are simple piracy,” such cases are “worlds apart from many of those raising reasonable contentions of fair use” where “there may be a strong public interest in the publication of the secondary work [and] the copyright owner’s interest may be adequately protected by an award of damages for whatever infringement is found”); *Abend v. MCA, Inc.*, 863 F. 2d 1465, 1479 (CA9 1988) (finding “special circumstances” that would cause “great injustice” to defendants and “public injury” were injunction to issue), *aff’d sub nom. Stewart v. Abend*, 495 U. S. 207 (1990).

A

The first factor in a fair use enquiry is “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” § 107(1). This factor draws on Justice Story’s formulation, “the nature and objects of the selections made.” *Folsom v. Marsh*, *supra*, at 348. The enquiry here may be guided by the examples given in the preamble to § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like, see § 107. The central purpose of this investigation is to see, in Justice Story’s words, whether the new work merely “supersede[s] the objects” of the original creation, *Folsom v. Marsh*, *supra*, at 348; accord, *Harper & Row*, *supra*, at 562 (“supplanting” the original), or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is “transformative.” Leval 1111. Although such transformative use is not absolutely necessary for a finding of fair use, *Sony*, *supra*, at

455, n. 40,¹¹ 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, see, e.g., *Sony*, supra, at 478-480 (Blackmun, J., dissenting), 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.

Footnote 11: The obvious statutory exception to this focus on transformative uses is the straight reproduction of multiple copies for classroom distribution.

This Court has only once before even considered whether parody may be fair use, and that time issued no opinion because of the Court's equal division. *Benny v. Loew's Inc.*, 239 F. 2d 532 (CA9 1956), aff'd sub nom. *Columbia Broadcasting System, Inc. v. Loew's Inc.*, 356 U. S. 43 (1958). Suffice it to say now that parody has an obvious claim to transformative value, as Acuff-Rose itself does not deny. Like less ostensibly humorous forms of criticism, it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one. We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use under § 107. See, e.g., *Fisher v. Dees*, 794 F. 2d 432 (CA9 1986) ("When Sonny Sniffs Glue," a parody of "When Sunny Gets Blue," is fair use); *Elsmere Music, Inc. v. National Broadcasting Co.*, 482 F. Supp. 741 (SDNY), aff'd, 623 F. 2d 252 (CA2 1980) ("I Love Sodom," a "Saturday Night Live" television parody of "I Love New York," is fair use); see also *House Report*, p. 65; *Senate Report*, p. 61 ("[U]se in a parody of some of the content of the work parodied" may be fair use).

The germ of parody lies in the definition of the Greek *parodeia*, quoted in Judge Nelson's Court of Appeals dissent, as "a song sung alongside another." 972 F. 2d, at 1440, quoting 7 *Encyclopedia Britannica* 768 (15th ed. 1975). Modern dictionaries accordingly describe a parody as a "literary or artistic work that imitates the characteristic style of an author or a work for comic effect or ridicule," or as a "composition in prose or verse in which the characteristic turns of thought and phrase in an author or class of authors are imitated in such a way as to make them appear ridiculous." For the purposes of copyright law, the nub of the definitions, and the heart of any parodist's claim to quote from existing material, is the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works. See, e.g., *Fisher v. Dees*, supra, at 437; *MCA, Inc. v. Wilson*, 677 F. 2d 180, 185 (CA2 1981). If, on the contrary, the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger.¹⁴

Footnote 14: A parody that more loosely targets an original than the parody presented here may still be sufficiently aimed at an original work to come within our analysis of parody. If a parody whose wide dissemination in the market runs the risk of serving as a substitute for the original or licensed derivatives (see *infra*, at 590-594, discussing factor four), it is more incumbent on one claiming fair use to establish the extent of transformation and the parody's critical relationship to the original. By contrast, when there is little or no risk of market substitution, whether because of the large extent of transformation of the earlier work, the new work's minimal distribution in the market, the small extent to which it borrows from an original, or other factors, taking parodic aim at an original is a less critical factor in the analysis, and looser forms of parody may be found to be fair use, as may satire with lesser justification for the borrowing than would otherwise be required.

Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.¹⁵

Footnote 15: Satire has been defined as a work "in which prevalent follies or vices are assailed with ridicule," 14 Oxford English Dictionary at 500, or are "attacked through irony, derision, or wit," American Heritage Dictionary at 1604.

The fact that parody can claim legitimacy for some appropriation does not, of course, tell either parodist or judge much about where to draw the line. Like a book review quoting the copyrighted material criticized, parody may or may not be fair use, and petitioners' suggestion that any parodic use is presumptively fair has no more justification in law or fact than the equally hopeful claim that any use for news reporting should be presumed fair, see *Harper & Row*, 471 U.S., at 561. The Act has no hint of an evidentiary preference for parodists over their victims, and no workable presumption for parody could take account of the fact that parody often shades into satire when society is lampooned through its creative artifacts, or that a work may contain both parodic and nonparodic elements. Accordingly, parody, like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law.

Here, the District Court held, and the Court of Appeals assumed, that 2 Live Crew's "Pretty Woman" contains parody, commenting on and criticizing the original work, whatever it may have to say about society at large. As the District Court remarked, the words of 2 Live Crew's song copy the original's first line, but then "quickly degenerate into a play on words, substituting predictable lyrics with shocking ones that derisively demonstrate how bland and banal the Orbison song seems to them." Judge Nelson, dissenting below, came to the same conclusion, that the 2 Live Crew song "was clearly intended to ridicule the white-bread original" and "reminds us that sexual congress with nameless streetwalkers is not necessarily the stuff of romance and is not necessarily without its consequences. The singers (there are several) have the same thing on their minds as did the lonely man with the nasal voice, but here there is no hint of wine and roses." Although the majority below had difficulty discerning any criticism of the original in 2 Live Crew's song, it assumed for purposes of its opinion that there was some.

We have less difficulty in finding that critical element in 2 Live Crew's song than the Court of Appeals did, although having found it we will not take the further step of evaluating its quality. The threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived.¹⁶

Footnote 16: The only further judgment, indeed, that a court may pass on a work goes to an assessment of whether the parodic element is slight or great, and the copying small or extensive in relation to the parodic element, for a work with slight parodic element and extensive copying will be more likely to merely "supersede the objects" of the original. See *infra*, at 586-594, discussing factors three and four.

Whether, going beyond that, parody is in good taste or bad does not and should not matter to fair use. As Justice Holmes explained, "it would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke." *Bleistein v. Donaldson Lithographing Co.*, 188 U. S. 239, 251

(1903) (circus posters have copyright protection); cf. *Yankee Publishing Inc. v. News America Publishing, Inc.*, 809 F. Supp. 267, 280 (SDNY 1992) (Leval, J.) (“First Amendment protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed”) (trademark case).

While we might not assign a high rank to the parodic element here, we think it fair to say that 2 Live Crew’s song reasonably could be perceived as commenting on the original or criticizing it, to some degree. 2 Live Crew juxtaposes the romantic musings of a man whose fantasy comes true, with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility. The later words can be taken as a comment on the naivete of the original of an earlier day, as a rejection of its sentiment that ignores the ugliness of street life and the debasement that it signifies. It is this joinder of reference and ridicule that marks off the author’s choice of parody from the other types of comment and criticism that traditionally have had a claim to fair use protection as transformative works.¹⁷

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

The Court of Appeals, however, immediately cut short the enquiry into 2 Live Crew’s fair use claim by confining its treatment of the first factor essentially to one relevant fact, the commercial nature of the use. The court then inflated the significance of this fact by applying a presumption ostensibly culled from *Sony*, that “every commercial use of copy-righted material is presumptively unfair. . . .” *Sony*, 464 U.S., at 451. In giving virtually dispositive weight to the commercial nature of the parody, the Court of Appeals erred.

The language of the statute makes clear that the commercial or nonprofit educational purpose of a work is only one element of the first factor enquiry into its purpose and character. Section 107(1) uses the term “including” to begin the dependent clause referring to commercial use, and the main clause speaks of a broader investigation into “purpose and character.” As we explained in *Harper & Row*, Congress resisted attempts to narrow the ambit of this traditional enquiry by adopting categories of presumptively fair use, and it urged courts to preserve the breadth of their traditionally ample view of the universe of relevant evidence. 471 U. S., at 561; *House Report*, p. 66. Accordingly, the mere fact that a use is educational and not for profit does not insulate it from a finding of infringement, any more than the commercial character of a use bars a finding of fairness. If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities “are generally conducted for profit in this country.” *Harper & Row*, supra, at 592 (Brennan, J., dissenting). Congress could not have intended such a rule, which certainly is not inferable from the common-law cases, arising as they did from the world of letters in which Samuel Johnson could pronounce that “[n]o man but a blockhead ever wrote, except for money.” 3 *Boswell’s Life of Johnson* 19 (G. Hill ed. 1934).

Sony itself called for no hard evidentiary presumption. There, we emphasized the need for a “sensitive balancing of interests,” 464 U.S., at 455, n. 40, noted that Congress had “eschewed a rigid, bright-line approach to fair use,” *id.*, at 449, n. 31, and stated that the commercial or nonprofit educational character of a work is “not conclusive,” *id.*, at 448-449, but rather a fact to be “weighed along with other[s] in fair use decisions,” *id.*, at 449, n. 32 (quoting *House Report*, p. 66). The Court of Appeals’ elevation of one sentence from Sony to a *per se* rule thus runs as much counter to Sony itself as to the long common-law tradition of fair use adjudication. Rather, as we explained in *Harper & Row*, Sony stands for the proposition that the “fact that a publication was commercial as opposed to nonprofit is a separate factor that tends to weigh against a finding of fair use.” 471 U.S., at 562. But that is all, and the fact that even the force of that tendency will vary with the context is a further reason against elevating commerciality to hard presumptive significance. The use, for example, of a copyrighted work to advertise a product, even in a parody, will be entitled to less indulgence under the first factor of the fair use enquiry than the sale of a parody for its own sake, let alone one performed a single time by students in school. See generally *Fisher v. Dees*, 794 F. 2d, at 437; *Maxtone-Graham v. Burtchae*, 803 F. 2d 1253, 1262 (CA2 1986); *Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F. 2d 1510, 1522 (CA9 1992).¹⁸

Footnote 18: Finally, regardless of the weight one might place on the alleged infringer’s state of mind, compare *Harper & Row*, 471 U. S., at 562 (fair use presupposes good faith and fair dealing) (quotation marks omitted), with *Folsom v. Marsh*, 9 F. Cas. 342, 349 (No. 4,901) (CCD Mass. 1841) (good faith does not bar a finding of infringement); *Leval* 1126-1127 (good faith irrelevant to fair use analysis), we reject Acuff-Rose’s argument that 2 Live Crew’s request for permission to use the original should be weighed against a finding of fair use. Even if good faith were central to fair use, 2 Live Crew’s actions do not necessarily suggest that they believed their version was not fair use; the offer may simply have been made in a good-faith effort to avoid this litigation. If the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use. See *Fisher v. Dees*, 794 F. 2d 432, 437 (CA9 1986).

B

The second statutory factor, “the nature of the copy-righted work,” § 107(2), draws on Justice Story’s expression, the “value of the materials used.” *Folsom v. Marsh*, 9 F. Cas., at 348. This factor calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that fair use is more difficult to establish when the former works are copied. We agree with both the District Court and the Court of Appeals that the Orbison original’s creative expression for public dissemination falls within the core of the copyright’s protective purposes. This fact, however, is not much help in this case, or ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works.

C

The third factor asks whether “the amount and substantiality of the portion used in relation to the copyrighted work as a whole,” § 107(3) (or, in Justice Story’s words, “the quantity and value of the materials used,” *Folsom v. Marsh*, *supra*, at 348) are reasonable in relation to the purpose of the copying. Here, attention turns to the persuasiveness of a parodist’s justification for the particular copying done, and the enquiry will harken back to the first of the statutory factors, for, as in prior cases, we recognize that the extent of permissible copying varies with the purpose and character of the use. See *Sony*, *supra*, at 449-450 (reproduction of entire work “does

not have its ordinary effect of militating against a finding of fair use” as to home videotaping of television programs); *Harper & Row*, supra, at 564 (“[E]ven substantial quotations might qualify as fair use in a review of a published work or a news account of a speech” but not in a scoop of a soon-to-be-published memoir). The facts bearing on this factor will also tend to address the fourth, by revealing the degree to which the parody may serve as a market substitute for the original or potentially licensed derivatives. See Leval 1123.

The District Court considered the song’s parodic purpose in finding that 2 Live Crew had not helped themselves overmuch. The Court of Appeals disagreed, stating that “[w]hile it may not be inappropriate to find that no more was taken than necessary, the copying was qualitatively substantial. . . . We conclude that taking the heart of the original and making it the heart of a new work was to purloin a substantial portion of the essence of the original.”

The Court of Appeals is of course correct that this factor calls for thought not only about the quantity of the materials used, but about their quality and importance, too. In *Harper & Row*, for example, the Nation had taken only some 300 words out of President Ford’s memoirs, but we signaled the significance of the quotations in finding them to amount to “the heart of the book,” the part most likely to be newsworthy and important in licensing serialization. 471 U.S., at 564-566, 568 (internal quotation marks omitted). We also agree with the Court of Appeals that whether “a substantial portion of the infringing work was copied verbatim” from the copyrighted work is a relevant question, for it may reveal a dearth of transformative character or purpose under the first factor, or a greater likelihood of market harm under the fourth; a work composed primarily of an original, particularly its heart, with little added or changed, is more likely to be a merely superseding use, fulfilling demand for the original.

Where we part company with the court below is in applying these guides to parody, and in particular to parody in the song before us. Parody presents a difficult case. Parody’s humor, or in any event its comment, necessarily springs from recognizable allusion to its object through distorted imitation. Its art lies in the tension between a known original and its parodic twin. When parody takes aim at a particular original work, the parody must be able to “conjure up” at least enough of that original to make the object of its critical wit recognizable. See, e.g., *Elsmere Music*, 623 F. 2d, at 253, n. 1; *Fisher v. Dees*, 794 F. 2d, at 438-439. What makes for this recognition is quotation of the original’s most distinctive or memorable features, which the parodist can be sure the audience will know. Once enough has been taken to assure identification, how much more is reasonable will depend, say, on the extent to which the song’s overriding purpose and character is to parody the original or, in contrast, the likelihood that the parody may serve as a market substitute for the original. But using some characteristic features cannot be avoided.

We think the Court of Appeals was insufficiently appreciative of parody’s need for the recognizable sight or sound when it ruled 2 Live Crew’s use unreasonable as a matter of law. It is true, of course, that 2 Live Crew copied the characteristic opening bass riff (or musical phrase) of the original, and true that the words of the first line copy the Orbison lyrics. But if quotation of the opening riff and the first line may be said to go to the “heart” of the original, the heart is also what most readily conjures

up the song for parody, and it is the heart at which parody takes aim. Copying does not become excessive in relation to parodic purpose merely because the portion taken was the original's heart. If 2 Live Crew had copied a significantly less memorable part of the original, it is difficult to see how its parodic character would have come through. See *Fisher v. Dees*, supra, at 439.

This is not, of course, to say that anyone who calls himself a parodist can skim the cream and get away scot free. In parody, as in news reporting, see *Harper & Row*, supra, context is everything, and the question of fairness asks what else the parodist did besides go to the heart of the original. It is significant that 2 Live Crew not only copied the first line of the original, but thereafter departed markedly from the Orbison lyrics for its own ends. 2 Live Crew not only copied the bass riff and repeated it, but also produced otherwise distinctive sounds, interposing "scraper" noise, over-laying the music with solos in different keys, and altering the drum beat. This is not a case, then, where "a substantial portion" of the parody itself is composed of a "verbatim" copying of the original. It is not, that is, a case where the parody is so insubstantial, as compared to the copying, that the third factor must be resolved as a matter of law against the parodists.

Suffice it to say here that, as to the lyrics, we think the Court of Appeals correctly suggested that "no more was taken than necessary," but just for that reason, we fail to see how the copying can be excessive in relation to its parodic purpose, even if the portion taken is the original's "heart." As to the music, we express no opinion whether repetition of the bass riff is excessive copying, and we remand to permit evaluation of the amount taken, in light of the song's parodic purpose and character, its transformative elements, and considerations of the potential for market substitution sketched more fully below.

D

The fourth fair use factor is "the effect of the use upon the potential market for or value of the copyrighted work." § 107(4). It requires courts to consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also "whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market" for the original. *Harper & Row*, 471 U. S., at 569; *Senate Report*, p. 65; *Folsom v. Marsh*, 9 F. Cas., at 349. The enquiry "must take account not only of harm to the original but also of harm to the market for derivative works." *Harper & Row*, supra, at 568.

Since fair use is an affirmative defense,²⁰ its proponent would have difficulty carrying the burden of demonstrating fair use without favorable evidence about relevant markets.²¹

Footnote 20: *Harper & Row*, 471 U. S., at 561; H. R. Rep. No. 102-836, p. 3, n. 3 (1992).

Footnote 21: Even favorable evidence, without more, is no guarantee of fairness. Judge Leval gives the example of the film producer's appropriation of a composer's previously unknown song that turns the song into a commercial success; the boon to the song does not make the film's simple copying fair. Leval 1124, n. 84. This factor, no less than the other three, may be addressed only through a "sensitive balancing of interests." *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U. S. 417, 455, n. 40 (1984). Market harm is a matter of degree, and the importance of this factor will vary, not only with the amount of harm, but also with the relative strength of the showing on the other factors.

In moving for summary judgment, 2 Live Crew left themselves at just such a disadvantage when they failed to address the effect on the market for rap derivatives, and confined themselves to uncontroverted submissions that there was no likely effect on the market for the original. They did not, however, thereby subject themselves to the evidentiary presumption applied by the Court of Appeals. In assessing the likelihood of significant market harm, the Court of Appeals quoted from language in *Sony* that “[i]f the intended use is for commercial gain, that likelihood may be presumed. But if it is for a noncommercial purpose, the likelihood must be demonstrated.” The court reasoned that because “the use of the copyrighted work is wholly commercial, . . . we presume that a likelihood of future harm to Acuff-Rose exists.” In so doing, the court resolved the fourth factor against 2 Live Crew, just as it had the first, by applying a presumption about the effect of commercial use, a presumption which as applied here we hold to be error.

No “presumption” or inference of market harm that might find support in *Sony* is applicable to a case involving something beyond mere duplication for commercial purposes. *Sony*’s discussion of a presumption contrasts a context of verbatim copying of the original in its entirety for commercial purposes, with the noncommercial context of *Sony* itself (home copying of television programming). In the former circumstances, what *Sony* said simply makes common sense: when a commercial use amounts to mere duplication of the entirety of an original, it clearly “supersede[s] the objects,” *Folsom v. Marsh*, *supra*, at 348, of the original and serves as a market replacement for it, making it likely that cognizable market harm to the original will occur. *Sony*, *supra*, at 451. But when, on the contrary, the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred. Indeed, as to parody pure and simple, it is more likely that the new work will not affect the market for the original in a way cognizable under this factor, that is, by acting as a substitute for it (“superseding its objects”). This is so because the parody and the original usually serve different market functions.

We do not, of course, suggest that a parody may not harm the market at all, but when a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act. Because “parody may quite legitimately aim at garroting the original, destroying it commercially as well as artistically,” B. Kaplan, *An Unburied View of Copyright* 69 (1967), the role of the courts is to distinguish between “biting criticism that merely suppresses demand and copyright infringement, which usurps it.” *Fisher v. Dees*, 794 F. 2d, at 438.

This distinction between potentially remediable displacement and unremediable disparagement is reflected in the rule that there is no protectible derivative market for criticism. The market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop. Yet the unlikelihood that creators of imaginative works will license critical reviews or lampoons of their own productions removes such uses from the very notion of a potential licensing market. “People ask . . . for criticism, but they only want praise.” S. Maugham, *Of Human Bondage* 241 (Penguin ed. 1992). Thus, to the extent that the opinion below may be read to have considered harm to the market for parodies of “Oh, Pretty Woman,” the court erred.²²

Footnote 22: We express no opinion as to the derivative markets for works using elements of an original as vehicles for satire or amusement, making no comment on the original or criticism of it.

In explaining why the law recognizes no derivative market for critical works, including parody, we have, of course, been speaking of the later work as if it had nothing but a critical aspect (i. e., “parody pure and simple”). But the later work may have a more complex character, with effects not only in the arena of criticism but also in protectible markets for derivative works, too. In that sort of case, the law looks beyond the criticism to the other elements of the work, as it does here. 2 Live Crew’s song comprises not only parody but also rap music, and the derivative market for rap music is a proper focus of enquiry, see *Harper & Row*, supra, at 568. Evidence of substantial harm to it would weigh against a finding of fair use, because the licensing of derivatives is an important economic incentive to the creation of originals. Of course, the only harm to derivatives that need concern us, as discussed above, is the harm of market substitution. The fact that a parody may impair the market for derivative uses by the very effectiveness of its critical commentary is no more relevant under copyright than the like threat to the original market.²⁴

Footnote 24: In some cases it may be difficult to determine whence the harm flows. In such cases, the other fair use factors may provide some indicia of the likely source of the harm. A work whose overriding purpose and character is parodic and whose borrowing is slight in relation to its parody will be far less likely to cause cognizable harm than a work with little parodic content and much copying.

Although 2 Live Crew submitted uncontroverted affidavits on the question of market harm to the original, neither they, nor Acuff-Rose, introduced evidence or affidavits addressing the likely effect of 2 Live Crew’s parodic rap song on the market for a nonparody, rap version of “Oh, Pretty Woman.” And while Acuff-Rose would have us find evidence of a rap market in the very facts that 2 Live Crew recorded a rap parody of “Oh, Pretty Woman” and another rap group sought a license to record a rap derivative, there was no evidence that a potential rap market was harmed in any way by 2 Live Crew’s parody, rap version. The fact that 2 Live Crew’s parody sold as part of a collection of rap songs says very little about the parody’s effect on a market for a rap version of the original, either of the music alone or of the music with its lyrics. The District Court essentially passed on this issue, observing that Acuff-Rose is free to record “whatever version of the original it desires,” the Court of Appeals went the other way by erroneous presumption. Contrary to each treatment, it is impossible to deal with the fourth factor except by recognizing that a silent record on an important factor bearing on fair use disentitled the proponent of the defense, 2 Live Crew, to summary judgment. The evidentiary hole will doubtless be plugged on remand.

III

It was error for the Court of Appeals to conclude that the commercial nature of 2 Live Crew’s parody of “Oh, Pretty Woman” rendered it presumptively unfair. No such evidentiary presumption is available to address either the first factor, the character and purpose of the use, or the fourth, market harm, in determining whether a transformative use, such as parody, is a fair one. The court also erred in holding that 2 Live Crew had necessarily copied excessively from the Orbison original, considering the parodic purpose of the use. We therefore reverse the judgment of the Court of Appeals and remand the case for further proceedings consistent with this opinion.

It is so ordered.

APPENDIX A TO OPINION OF THE COURT

“Oh, Pretty Woman” by Roy Orbison and William Dees
Pretty Woman, walking down the street,
Pretty Woman, the kind I like to meet,
Pretty Woman, I don’t believe you, you’re not the truth,
No one could look as good as you Mercy
Pretty Woman, won’t you pardon me,
Pretty Woman, I couldn’t help but see,
Pretty Woman, that you look lovely as can be Are you lonely just like me?
Pretty Woman, stop a while,
Pretty Woman, talk a while,
Pretty Woman give your smile to me
Pretty Woman, yeah, yeah, yeah
Pretty Woman, look my way,
Pretty Woman, say you’ll stay with me
‘Cause I need you, I’ll treat you right
Come to me baby, Be mine tonight
Pretty Woman, don’t walk on by,
Pretty Woman, don’t make me cry,
Pretty Woman, don’t walk away,
Hey, O. K.
If that’s the way it must be, O. K.
I guess I’ll go on home, it’s late
There’ll be tomorrow night, but wait!
What do I see
Is she walking back to me?
Yeah, she’s walking back to me!
Oh, Pretty Woman.

APPENDIX B TO OPINION OF THE COURT

“Pretty Woman” as Recorded by 2 Live Crew
Pretty woman walkin’ down the street
Pretty woman girl you look so sweet
Pretty woman you bring me down to that knee

Pretty woman you make me wanna beg please
Oh, pretty woman
Big hairy woman you need to shave that stuff
Big hairy woman you know I bet it's tough
Big hairy woman all that hair it ain't legit
'Cause you look like 'Cousin It'
Big hairy woman
Bald headed woman girl your hair won't grow
Bald headed woman you got a teeny weeny afro
Bald headed woman you know your hair could look nice
Bald headed woman first you got to roll it with rice
Bald headed woman here, let me get this hunk of biz for ya
Ya know what I'm saying you look better than rice a roni
Oh bald headed woman
Big hairy woman come on in
And don't forget your bald headed friend
Hey pretty woman let the boys Jump in
Two timin' woman girl you know you ain't right
Two timin' woman you's out with my boy last night
Two timin' woman that takes a load off my mind
Two timin' woman now I know the baby ain't mine
Oh, two timin' woman
Oh pretty woman

Notes and questions

(1) The transformative use revolution/restoration:

In *Campbell v. Acuff-Rose*, the Supreme Court granted certiorari to review the Sixth Circuit's rather extreme conclusion that fair use afforded virtually no protection for commercial parody. The Court could have ruled narrowly by simply walking back some of its ill-considered comments in *Sony* and *Harper & Row* and explaining how and why the Sixth Circuit had gone too far. Instead, the Court seized the opportunity to set a major course correction in the doctrine of fair use that came just in time for copyright to meet some of the challenges of the Internet age. In *Campbell v. Acuff-Rose*, a unanimous Supreme Court abandoned much of the language in *Sony* and *Harper & Row* and adopted a new vocabulary centered on the concept of *transformative use*. This new language of transformative use crystallized a positive theory of fair use that the Court derived from the purpose of copyright law and the structure of the modern copyright act.

As Judge Pierre Leval explained in a review essay on the legacy of *Campbell v. Acuff-Rose*,

Campbell's touchstone is copyright's touchstone. The objectives of fair use are the objectives of copyright. A copyright law that did not allow for fair use, as fair use is conceived in *Campbell*, would fail to satisfy copyright's objectives. Coming just before the dawn of the Internet, *Campbell* was either prescient, or at least lucky, in formulating a mode of analysis that would serve to produce sound answers to questions that have arisen in droves in our digital age.⁶³

(2) Judge Pierre Leval offers a concise summary of some of the most important implications of *Campbell v. Acuff-Rose*:

Campbell [] taught us not to search for answers in the words of the statute, as Congress made clear in its report that it was not undertaking to tell us what fair use is. *Campbell* re-emphasized Story's focus on whether the secondary work diminishes the profits and "supersede[s] the objects' of the original." It rejected the utility of bright-line rules--especially the misconceived bias against commercial uses. It cast doubt on the continuing validity of *Harper & Row's* assertion of a good faith requirement.⁶⁴

How far does the concept of transformative use extend?

Using the copyright owner's expression to say something about that expression is necessarily a use for a different purpose, thus it is inevitably transformative in purpose. But a transformative purpose by itself is no guarantee of fair use. As the *Campbell* decision notes: finding that a work was intended as a parody, for example, is just the beginning of the required analysis, and the use must still "work its way through the relevant factors, and be judged case by case, in light of the ends of copyright law."

In addition to considering the defendant's transformative purpose, a court must consider whether the defendant's use was reasonable in light of that purpose and whether such uses are likely to have an adverse effect on the cognizable market interests of the copyright owner. In other words, a court must consider *purpose, congruity* with that purpose, and *effect*.

However, if a court finds that a defendant's purpose is transformative and the amount used is reasonable in light of that purpose, a finding of fair use is all but assured. Market effect remains an important consideration, but it is also usually a foregone conclusion in these circumstances. It is very unlikely that a reasonable use for a transformative purpose would have an adverse effect on the value of the copyright owners work in any cognizable market. As the Supreme Court noted in *Campbell* (at 593 n. 24):

A work whose overriding purpose and character is parodic and whose borrowing is slight in relation to its parody will be far less likely to cause cognizable harm than a work with little parodic content and much copying.

Likewise the second fair use factor is not disregarded in the analysis above, it is simply subsumed. The nature of the work is a vital input to any consideration of the reasonableness of the amount used in light of the defendant's transformative purpose.

But what is reasonable?

⁶³ Pierre N. Leval, *Campbell As Fair Use Blueprint?*, 90 WASH. L. REV. 597, 602 (2015).

⁶⁴ *Id.* at 601.

Mattel Inc. v. Walking Mountain Products, 353 F.3d 792 (9th Cir. 2003)

In 1997, an artist named Thomas Forsythe developed a series of photographs entitled *Food Chain Barbie*, depicting Mattel's famous *Barbie* doll in various absurd and often sexualized positions. As the *Malted Barbie* and *Oyster Dive* photos reproduced below illustrate, Forsythe's works typically involved naked *Barbie* dolls imperiled by vintage household appliances.

Thomas Forsyth's Malted Barbie & Oyster Dive



For decades Mattel has promoted *Barbie* as an icon of beauty, wealth, and glamour and the ideal American woman. Others see *Barbie* as the quintessential representative of a consumer culture obsessed by idealized and unobtainable notions of beauty and perfection. According to the Copyright Act, however, the *Barbie* doll is a sculptural work entitled to copyright protection. Mattel zealously promotes its concept of *Barbie* and is quick to use copyright and trademark law to try to suppress alternative less charitable views.

In *Mattel Inc. v. Walking Mountain Products*, Mattel argued that Forsythe's *Food Chain Barbie* series violated its copyright in the *Barbie* sculptures. The Ninth Circuit court of appeals disagreed. Although each of the photos in the *Food Chain Barbie* series arguably reproduced three-dimensional *Barbie*, albeit in two-dimensional form, the reproduction was not infringement, but fair use.

The court held that the defendant's use of iconic *Barbie* image was transformative in the sense that it added "something new, with a further purpose or different character, altering the first with new expression, meaning, or message." The various *Food Chain Barbie* images conveyed the image of *Barbie*, but they also changed the meaning of that image by exposing *Barbie* to absurd and dangerous domestic situations. As the court summarized (at 802):

Forsythe turns this image on its head, so to speak, ... His lighting, background, props, and camera angles all serve to create a context for Mattel's copyrighted work that transform *Barbie*'s meaning. Forsythe presents the viewer with a different set of associations and a different context for this plastic figure. In some of Forsythe's photos, *Barbie* is about to be destroyed or harmed by domestic life in the form of kitchen appliances, yet continues displaying her well known smile, disturbingly oblivious to her predicament. As portrayed in some of Forsythe's photographs, the appliances are substantial and overwhelming, while *Barbie* looks defenseless. In other photographs, Forsythe conveys a sexualized perspective of *Barbie* by showing the nude doll in sexually suggestive contexts. It is not difficult to see the commentary that Forsythe intended or the harm that he perceived in *Barbie*'s influence on gender roles and the position of women in society.

In other words, Forsythe did more than simply drop *Barbie* in a blender; his choice of setting, lighting, and camera angle in each photo created a new work that quite clearly comments on the objectification of women and the conventional beauty myth associated with *Barbie*.

Mattel argued that Forsythe should not be entitled to fair use because he had copied the entirety of the *Barbie* figure in some photos. The toy company suggested that whatever critical purpose Forsythe intended could have been realized by limiting his photos less than a complete image of *Barbie*—severed heads, for example? But as the court explained, visual works are often less amenable to segmentation than textual works. Forsythe’s use of the whole doll was entirely reasonable in the circumstances because, rather than dismembering the doll, Forsythe added to it “by creating a context around it and capturing that context in a photograph.” The court also noted that the two-dimensional photo of a three dimensional object scarcely constitutes a verbatim copy in any event. However, there is no indication that the court would have decided the case any differently had the artist’s medium of choice been sculpture rather than photography.

The *Food Chain Barbie* case demonstrates that the reasonableness of the amount of the copyright owner’s original expression used by the defendant in a new work will be assessed in light of the defendant’s transformative purpose, the nature of the work itself, and also with a view to how the defendant has changed the work. Courts should not make arbitrary distinctions based on whether those changes are in the form of subtraction or addition. The case also shows how certain works require greater appropriations to convey their essence. Moreover, certain genres of criticism justifiably require more extensive takings than others. If the defendant’s purpose is transformative in the sense of commenting upon or criticizing the original, there is no requirement that she pursue that goal in a given genre or that she take the absolute minimum amount of the copyrighted work possible within any given genre. As the Ninth Circuit explained (at 802),

Undoubtedly, one could make similar statements through other means about society, gender roles, sexuality, and perhaps even social class. But *Barbie*, and all the associations she has acquired through Mattel’s impressive marketing success, conveys these messages in a particular way that is ripe for social comment.

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

Margaret Mitchell’s 1936 novel, *Gone With the Wind*, is a cultural icon with an enduring hold on our collective imagination of the American South during the Civil War and Reconstruction. Its lasting appeal notwithstanding, *Gone With the Wind* is a controversial book, in part because Mitchell’s white characters are unapologetically racist and her non-white characters are one-dimensional reflections of that racism. In Mitchell’s novel, the antebellum South is idealized and the end of slavery is lamented. As Scarlett O’Hara, the book’s focal character, says: “The more I see of emancipation the more criminal I think it is. It’s just ruined the darkies.”

Alice Randall’s 2001 novel, *The Wind Done Gone*, retells this classic story from the perspective of Scarlet’s African-American half-sister, Cynara, and in doing so attempts to rebut the perspective, judgments, and mythology of the original work. In the course of this retelling, *The Wind Done Gone* takes the characters, plot, and major scenes from the original and recasts them. Although the narrative style and language of Randall’s book is quite different to the original, at a more abstract level of character, plot, and location, it borrows heavily from *Gone With the Wind*, especially in the latter book’s first half.

Mitchell’s literary estate viewed *The Wind Done Gone* as an act of piracy and sought to prevent its publication. On appeal from a lower court injunction, the court of appeals for the Eleventh Circuit agreed that Randall had borrowed liberally from *Gone With the Wind*, but in

the court's assessment, as a specific criticism of and rejoinder to the original, *The Wind Done Gone* was a transformative parody. The court had no trouble in seeing the dividing line between a legitimate parody and an infringing derivative work. Randall had not simply used *Gone With the Wind* to extend the story for its own sake, or as a platform for a general commentary on the Civil-War-era American South. Rather, like other effective parodies, she had conscripted the elements of the original to make war against itself. As the court summarized (at 1270):

... Randall's work flips *Gone With the Wind's* traditional race roles, portrays powerful whites as stupid or feckless, and generally sets out to demystify *Gone With the Wind* and strip the romanticism from Mitchell's specific account of this period of our history.

The Wind Done Gone had taken quite liberally from *Gone With the Wind*, but it had done so in a thoroughly transformative manner “shedding light on an earlier work, and, in the process, creating a new one.”

Not unlike Mattel in the *Food Chain Barbie* case, the plaintiffs in *Suntrust*, argued that Randall had taken too much of the original work because she could have made the same critical points in a way that required much less borrowing from the original. The plaintiffs argument was rooted in the misconception that fair use operates as a grudging exception to copyright. On the contrary, repurposing an author's original expression to create a new work with a new meaning or message does as much to fulfill the purpose of copyright law as did the creation of the original work. Randall chose to convey her criticisms of *Gone With The Wind* by creating a mirror world in which “every black character is given some redeeming quality — whether depth, wit, cunning, beauty, strength, or courage — that their *Gone With the Wind* analogues lacked.” The fact that there were more parsimonious choices available was irrelevant to the fair use analysis. What mattered was that where Mitchell's original expression was appropriated, it was invested with a new meaning or message.

A parody must be consistently transformative, but there is no requirement that parodists take the bare minimum amount of copyright material necessary to achieve their ends. Nor is there any requirement that the original work should be the sole subject of the parody. In *Campbell*, the Court said that all that was required was that the defendant's work “loosely target an original” as long as the parody “reasonably could be perceived as commenting on the original or criticizing it, to some degree.”

In different contexts, excessive borrowing by a would-be parody might call into question whether the overriding purpose and character of the use was genuinely transformative. One could not simply stamp the word parody on a bestselling novel and reprint it with impunity. Likewise, excessive borrowing in a well intended, but poorly executed parody might serve as a market substitute for the original and thus fall outside the protection of fair use. Although Randall had taken quite substantially from the original, in the eyes of the court, there was nothing extraneous to her parodic purpose. As Judge Marcus summarized in his concurrence (at 1280):

Even a cursory comparison of the two texts reveals that *The Wind Done Gone* profoundly alters what it borrows—indeed, at times beyond recognition. To catch some of Randall's allusions, even a reader familiar with Mitchell's work may need to refer to the original text. To create a successful parody, an author must keep certain elements constant while inverting or exaggerating other variables; generally there is

an incongruity between the borrowed and the new elements. In Randall's book, the ratio of the former to the latter is very low, and the incongruity between them wide.

* * *

As both the *Wind Done Gone* and *Food Chain Barbie* illustrate, there are no exact quantitative thresholds to determine if how much borrowing is reasonable in light of the defendant's purpose. However, what is clear is that a defendant's claimed fair use does not depend on her having adopted a particular style or genre of criticism or having reproduced the bare minimum of the author's original expression to convey that criticism. Even extensive borrowings can be justified if they are predominantly transformative. Although some earlier cases, such as *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, state that "the parodist is permitted a fair use of a copyrighted work if it takes no more than is necessary to 'recall' or 'conjure up' the object of his parody." It would be more accurate to hold, as the court did in *Suntrust*, that once enough has been taken to 'conjure up' the original in the minds of the readership, any further taking must be consistent with the new work's transformative aims.

Transformative use and appropriation art

[Placeholder for a general introduction]

Cariou v. Prince, 714 F. 3d 694 (2d Cir. 2013)

Circuit Judge Barrington D. Parker

In 2000, Patrick Cariou published *Yes Rasta*, a book of classical portraits and landscape photographs that he took over the course of six years spent living among Rastafarians in Jamaica. Richard Prince altered and incorporated several of Cariou's Yes Rasta photographs into a series of paintings and collages, called Canal Zone, that he exhibited in 2007 and 2008, first at the Eden Rock hotel in Saint Barthélemy ("St. Barth's") and later at New York's Gagosian Gallery. In addition, Gagosian published and sold an exhibition catalog that contained reproductions of Prince's paintings and images from Prince's workshop.

Cariou sued Prince and Gagosian, alleging that Prince's Canal Zone works and exhibition catalog infringed on Cariou's copyrights in the incorporated Yes Rasta photographs. The defendants raised a fair use defense. After the parties cross-moved for summary judgment, the United States District Court for the Southern District of New York (Batts, J.) granted Cariou's motion, denied the defendants', and entered a permanent injunction. It compelled the defendants to deliver to Cariou all infringing works that had not yet been sold, for him to destroy, sell, or otherwise dispose of.

Prince and Gagosian principally contend on appeal that Prince's work is transformative and constitutes fair use of Cariou's copyrighted photographs, and that the district court imposed an incorrect legal standard when it concluded that, in order to qualify for a fair use defense, Prince's work must "comment on Cariou, on Cariou's Photos, or on aspects of popular culture closely associated with Cariou or the Photos." *Cariou v. Prince*, 784 F.Supp.2d 337, 349 (S.D.N.Y.2011). We agree with Appellants that the law does not require that a secondary use comment on the

original artist or work, or popular culture, and we conclude that twenty-five of Prince's artworks do make fair use Cariou's copyrighted photographs. With regard to the remaining five artworks, we remand to the district court, applying the proper standard, to consider in the first instance whether Prince is entitled to a fair use defense.

BACKGROUND

The relevant facts, drawn primarily from the parties' submissions in connection with their cross-motions for summary judgment, are undisputed. Cariou is a professional photographer who, over the course of six years in the mid-1990s, lived and worked among Rastafarians in Jamaica. The relationships that Cariou developed with them allowed him to take a series of portraits and landscape photographs that Cariou published in 2000 in a book titled *Yes Rasta*. As Cariou testified, *Yes Rasta* is "extreme classical photography [and] portraiture," and he did not "want that book to look pop culture at all."

Cariou's publisher, PowerHouse Books, Inc., printed 7,000 copies of *Yes Rasta*, in a single printing. Like many, if not most, such works, the book enjoyed limited commercial success. The book is currently out of print. As of January 2010, PowerHouse had sold 5,791 copies, over sixty percent of which sold below the suggested retail price of sixty dollars. PowerHouse has paid Cariou, who holds the copyrights to the *Yes Rasta* photographs, just over \$8,000 from sales of the book. Except for a handful of private sales to personal acquaintances, he has never sold or licensed the individual photographs.

Prince is a well-known appropriation artist. The Tate Gallery has defined appropriation art as "the more or less direct taking over into a work of art a real object or even an existing work of art." Prince's work, going back to the mid-1970s, has involved taking photographs and other images that others have produced and incorporating them into paintings and collages that he then presents, in a different context, as his own. He is a leading exponent of this genre and his work has been displayed in museums around the world, including New York's Solomon R. Guggenheim Museum and Whitney Museum, San Francisco's Museum of Modern Art, Rotterdam's Museum Boijmans van Beuningen, and Basel's Museum fur Gegenwartskunst. As Prince has described his work, he "completely tr[ies] to change [another artist's work] into something that's completely different."

Prince first came across a copy of *Yes Rasta* in a bookstore in St. Barth's in 2005. Between December 2007 and February 2008, Prince had a show at the Eden Rock hotel in St. Barth's that included a collage, titled *Canal Zone* (2007), comprising 35 photographs torn out of *Yes Rasta* and pinned to a piece of plywood. Prince altered those photographs significantly, by among other things painting "lozenges" over their subjects' facial features and using only portions of some of the images. In June 2008, Prince purchased three additional copies of *Yes Rasta*. He went on to create thirty additional artworks in the *Canal Zone* series, twenty-nine of which incorporated partial or whole images from *Yes Rasta*.³

Footnote 3: Images of the Prince artworks, along with the *Yes Rasta* photographs incorporated therein, appear in the Appendix to this opinion. The Appendix is available at <http://www.ca2.uscourts.gov/11-1197apx.htm>.

The portions of Yes Rasta photographs used, and the amount of each artwork that they constitute, vary significantly from piece to piece. In certain works, such as James Brown Disco Ball, Prince affixed headshots from Yes Rasta onto other appropriated images, all of which Prince placed on a canvas that he had painted. In these, Cariou's work is almost entirely obscured. The Prince artworks also incorporate photographs that have been enlarged or tinted, and incorporate photographs appropriated from artists other than Cariou as well. Yes Rasta is a book of photographs measuring approximately 9.5" × 12". Prince's artworks, in contrast, comprise inkjet printing and acrylic paint, as well as pasted-on elements, and are several times that size. For instance, Graduation measures 72 3/4" × 52 1/2" and James Brown Disco Ball 100 1/2" × 104 1/2". The smallest of the Prince artworks measures 40" × 30", or approximately ten times as large as each page of Yes Rasta.

Richard Prince, James Brown Disco Ball

In other works, such as Graduation, Cariou's original work is readily apparent: Prince did little more than paint blue lozenges over the subject's eyes and mouth, and paste a picture of a guitar over the subject's body.

Patrick Cariou, Photograph from Yes Rasta, p. 118

Richard Prince, Graduation

Between November 8 and December 20, 2008, the Gallery put on a show featuring twenty-two of Prince's Canal Zone artworks, and also published and sold an exhibition catalog from the show. The catalog included all of the Canal Zone artworks (including those not in the Gagosian show) except for one, as well as, among other things, photographs showing Yes Rasta photographs in Prince's studio. Prince never sought or received permission from Cariou to use his photographs.

Prior to the Gagosian show, in late August, 2008, a gallery owner named Cristiane Celle contacted Cariou and asked if he would be interested in discussing the possibility of an exhibit in New York City. Celle did not mention Yes Rasta, but did express interest in photographs Cariou took of surfers, which he published in 1998 in the aptly titled *Surfers*. Cariou responded that *Surfers* would be republished in 2008, and inquired whether Celle might also be interested in a book Cariou had recently completed on gypsies. The two subsequently met and discussed Cariou's exhibiting work in Celle's gallery, including prints from Yes Rasta. They did not select a date or photographs to exhibit, nor did they finalize any other details about the possible future show.

At some point during the Canal Zone show at Gagosian, Celle learned that Cariou's photographs were "in the show with Richard Prince." Celle then phoned Cariou and, when he did not respond, Celle mistakenly concluded that he was "doing something with Richard Prince.... [Maybe] he's not pursuing me because he's doing something better, bigger with this person.... [H]e didn't want to tell the French girl I'm not doing it with you, you know, because we had started a relation and that would have been bad." At that point, Celle decided that she would not put on a "Rasta show" because it had been "done already," and that any future Cariou exhibition she put on would be of photographs from *Surfers*. Celle remained interested in exhibiting prints from *Surfers*, but Cariou never followed through.

According to Cariou, he learned about the Gagosian Canal Zone show from Celle in December 2008. On December 30, 2008, he sued Prince, the Gagosian Gallery, and Lawrence Gagosian, raising claims of copyright infringement. The defendants asserted a fair use defense, arguing that Prince’s artworks are transformative of Cariou’s photographs and, accordingly, do not violate Cariou’s copyrights. See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578-79 (1994). Ruling on the parties’ subsequently-filed cross-motions for summary judgment, the district court (Batts, J.) “imposed a requirement that the new work in some way comment on, relate to the historical context of, or critically refer back to the original works” in order to be qualify as fair use, and stated that “Prince’s Paintings are transformative only to the extent that they comment on the Photos.” *Cariou v. Prince*, 784 F.Supp.2d 337, 348-49 (S.D.N.Y.2011). The court concluded that “Prince did not intend to comment on Cariou, on Cariou’s Photos, or on aspects of popular culture closely associated with Cariou or the Photos when he appropriated the Photos,” and for that reason rejected the defendants’ fair use defense and granted summary judgment to Cariou. The district court also granted sweeping injunctive relief, ordering the defendants to “deliver up for impounding, destruction, or other disposition, as Cariou determines, all infringing copies of the Photographs, including the Paintings and unsold copies of the Canal Zone exhibition book, in their possession.”⁴

Footnote 4: At oral argument, counsel for Cariou indicated that he opposes the destruction of any of the works of art that are the subject of this litigation.

This appeal followed.

DISCUSSION

I.

We review a grant of summary judgment de novo. The well known standards for summary judgment set forth in Rule 56(c) apply. See Fed.R.Civ.P. 56. Although fair use is a mixed question of law and fact, this court has on numerous occasions resolved fair use determinations at the summary judgment stage where ... there are no genuine issues of material fact. This case lends itself to that approach.

II.

The purpose of the copyright law is “to promote the Progress of Science and useful Arts...” U.S. Const., Art. I, § 8, cl. 8. As Judge Pierre Leval of this court has explained, “the copyright is not an inevitable, divine, or natural right that confers on authors the absolute ownership of their creations. It is designed rather to stimulate activity and progress in the arts for the intellectual enrichment of the public.” Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L.REV. 1105, 1107 (1990) (hereinafter “Leval”). Fair use is “necessary to fulfill [that] very purpose.” *Campbell*, 510 U.S. at 575. Because “excessively broad protection would stifle, rather than advance, the law’s objective,” fair use doctrine “mediates between” “the property rights [copyright law] establishes in creative works, which must be protected up to a point, and the ability of authors, artists, and the rest of us to express them — or ourselves by reference to the works of others, which must be protected up to a point.” *Blanch*, 467 F.3d at 250 (brackets omitted) (quoting Leval at 1109).

The doctrine was codified in the Copyright Act of 1976, which lists four non-exclusive factors that must be considered in determining fair use. Under the statute,

[T]he fair use of a copyrighted work ... for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. 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.

17 U.S.C. § 107. As the statute indicates, and as the Supreme Court and our court have recognized, the fair use determination is an open-ended and context-sensitive inquiry. *Campbell*, 510 U.S. at 577-78; *Blanch*, 467 F.3d at 251. The statute “employs the terms ‘including’ and ‘such as’ in the preamble paragraph to indicate the illustrative and not limitative function of the examples given, which thus provide only general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses.” *Campbell*, 510 U.S. at 577-78. The “ultimate test of fair use ... is whether the copyright law’s goal of ‘promoting the Progress of Science and useful Arts’ would be better served by allowing the use than by preventing it.” *Castle Rock*, 150 F.3d at 141.

The first statutory factor to consider, which addresses the manner in which the copied work is used, is “the heart of the fair use inquiry.” *Blanch*, 467 F.3d at 251. We ask

whether the new work merely ‘supersedes the objects’ of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message, ... in other words, whether and to what extent the new work is transformative.... Transformative works ... lie at the heart of the fair use doctrine’s guarantee of breathing space....

Campbell, 510 U.S. at 579. “If ‘the secondary use adds value to the original — if [the original work] is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings — this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society.’” *Castle Rock*, 150 F.3d at 142 (quoting *Leval* 1111). For a use to be fair, it “must be productive and must employ the quoted matter in a different manner or for a different purpose from the original.” *Leval* at 1111.

The district court imposed a requirement that, to qualify for a fair use defense, a secondary use must “comment on, relate to the historical context of, or critically refer back to the original works.” *Carion*, 784 F.Supp.2d at 348. Certainly, many types of fair use, such as satire and parody, invariably comment on an original work and/or on popular culture. For example, the rap group 2 Live Crew’s parody of Roy

Orbison's "Oh, Pretty Woman" "was clearly intended to ridicule the white-bread original." *Campbell*, 510 U.S. at 582. Much of Andy Warhol's work, including work incorporating appropriated images of Campbell's soup cans or of Marilyn Monroe, comments on consumer culture and explores the relationship between celebrity culture and advertising. As even Cariou concedes, however, the district court's legal premise was not correct. The law imposes no requirement that a work comment on the original or its author in order to be considered transformative, and a secondary work may constitute a fair use even if it serves some purpose other than those (criticism, comment, news reporting, teaching, scholarship, and research) identified in the preamble to the statute. Instead, as the Supreme Court as well as decisions from our court have emphasized, to qualify as a fair use, a new work generally must alter the original with "new expression, meaning, or message." *Campbell*, 510 U.S. at 579; see also *Blanch*, 467 F.3d at 253 (original must be employed "in the creation of new information, new aesthetics, new insights and understandings" (quotation marks omitted)); *Castle Rock*, 150 F.3d at 142.

Here, our observation of Prince's artworks themselves convinces us of the transformative nature of all but five, which we discuss separately below. These twenty-five of Prince's artworks manifest an entirely different aesthetic from Cariou's photographs. Where Cariou's serene and deliberately composed portraits and landscape photographs depict the natural beauty of Rastafarians and their surrounding environs, Prince's crude and jarring works, on the other hand, are hectic and provocative. Cariou's black-and-white photographs were printed in a 9 1/2" × 12" book. Prince has created collages on canvas that incorporate color, feature distorted human and other forms and settings, and measure between ten and nearly a hundred times the size of the photographs. Prince's composition, presentation, scale, color palette, and media are fundamentally different and new compared to the photographs, as is the expressive nature of Prince's work. See *Campbell*, 510 U.S. at 579.

Prince's deposition testimony further demonstrates his drastically different approach and aesthetic from Cariou's. Prince testified that he "[doesn't] have any really interest in what [another artist's] original intent is because ... what I do is I completely try to change it into something that's completely different.... I'm trying to make a kind of fantastic, absolutely hip, up to date, contemporary take on the music scene." As the district court determined, Prince's Canal Zone artworks relate to a "post-apocalyptic screenplay" Prince had planned, and "emphasize themes of Prince's planned screenplay of equality of the sexes; highlight 'the three relationships in the world, which are men and women, men and men, and women and women'; and portray a contemporary take on the music scene."

The district court based its conclusion that Prince's work is not transformative in large part on Prince's deposition testimony that he "do[es]n't really have a message," that he was not "trying to create anything with a new meaning or a new message," and that he "do[es]n't have any ... interest in [Cariou's] original intent." *Cariou*, 784 F.Supp.2d at 349. On appeal, Cariou argues that we must hold Prince to his testimony and that we are not to consider how Prince's works may reasonably be perceived unless Prince claims that they were satire or parody. No such rule exists, and we do not analyze satire or parody differently from any other transformative use.

It is not surprising that, when transformative use is at issue, the alleged infringer would go to great lengths to explain and defend his use as transformative. Prince did not do so here. However, the fact that Prince did not provide those sorts of explanations in his deposition — which might have lent strong support to his defense — is not dispositive. What is critical is how the work in question appears to the reasonable observer, not simply what an artist might say about a particular piece or body of work. Prince’s work could be transformative even without commenting on Cariou’s work or on culture, and even without Prince’s stated intention to do so. Rather than confining our inquiry to Prince’s explanations of his artworks, we instead examine how the artworks may “reasonably be perceived” in order to assess their transformative nature. *Campbell*, 510 U.S. at 582; *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109, 113-14 (2d Cir.1998) (evaluating parodic nature of advertisement in light of how it “may reasonably be perceived”). The focus of our infringement analysis is primarily on the Prince artworks themselves, and we see twenty-five of them as transformative as a matter of law.

In this respect, the Seventh Circuit’s recent decision in *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687 (7th Cir.2012), is instructive. There, the court rejected the appellant’s argument that copyright infringement claims cannot be disposed of at the motion-to-dismiss stage, and affirmed the district court’s dismissal of such a claim under Fed.R.Civ.P. 12(b)(6). Considering whether an episode of the animated television show *South Park* presented a parody (and therefore a protected fair use) of a viral internet video titled “What What (In The Butt),” the court concluded that “[w]hen the two works ... are viewed side-by-side, the *South Park* episode is clearly a parody of the original ... video.” *Id.* at 692. For that reason, “the only two pieces of evidence needed to decide the question of fair use in [*Brownmark* were] the original version of [the video] and the episode at issue.” *Id.* at 690.

Here, looking at the artworks and the photographs side-by-side, we conclude that Prince’s images, except for those we discuss separately below, have a different character, give Cariou’s photographs a new expression, and employ new aesthetics with creative and communicative results distinct from Cariou’s. Our conclusion should not be taken to suggest, however, that any cosmetic changes to the photographs would necessarily constitute fair use. A secondary work may modify the original without being transformative. For instance, a derivative work that merely presents the same material but in a new form, such as a book of synopses of television shows, is not transformative. See *Castle Rock*, 150 F.3d at 143; *Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1378 (2d Cir.1993). In twenty-five of his artworks, Prince has not presented the same material as Cariou in a different manner, but instead has “add[ed] something new” and presented images with a fundamentally different aesthetic. *Leibovitz*, 137 F.3d at 114.

The first fair use factor — the purpose and character of the use — also requires that we consider whether the allegedly infringing work has a commercial or nonprofit educational purpose. See, e.g., *Blanch*, 467 F.3d at 253. That being said, “nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research... are generally conducted for profit.” *Campbell*, 510 U.S. at 584. “The commercial/nonprofit dichotomy concerns the unfairness that arises when a secondary user makes

unauthorized use of copyrighted material to capture significant revenues as a direct consequence of copying the original work.” *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 922 (2d Cir.1994). This factor must be applied with caution because, as the Supreme Court has recognized, Congress “could not have intended” a rule that commercial uses are presumptively unfair. *Campbell*, 510 U.S. at 584. Instead, “[t]he 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.” *Id.* at 579. Although there is no question that Prince’s artworks are commercial, we do not place much significance on that fact due to the transformative nature of the work.

We turn next to the fourth statutory factor, the effect of the secondary use upon the potential market for the value of the copyrighted work, because such discussion further demonstrates the significant differences between Prince’s work, generally, and Cariou’s. Much of the district court’s conclusion that Prince and Gagosian infringed on Cariou’s copyrights was apparently driven by the fact that Celle decided not to host a Yes Rasta show at her gallery once she learned of the Gagosian Canal Zone show. The district court determined that this factor weighs against Prince because he “has unfairly damaged both the actual and potential markets for Cariou’s original work and the potential market for derivative use licenses for Cariou’s original work.” *Cariou*, 784 F.Supp.2d at 353.

Contrary to the district court’s conclusion, the application of this factor does not focus principally on the question of damage to Cariou’s derivative market. We have made clear that “our concern is not whether the secondary use suppresses or even destroys the market for the original work or its potential derivatives, but whether the secondary use usurps the market of the original work.” *Blanch*, 467 F.3d at 258 (quotation marks omitted) (emphasis added); *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 481-82 (2d Cir.2004). “The market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop.” *Campbell*, 510 U.S. at 592. Our court has concluded that an accused infringer has usurped the market for copyrighted works, including the derivative market, where the infringer’s target audience and the nature of the infringing content is the same as the original. For instance, a book of trivia about the television show *Seinfeld* usurped the show’s market because the trivia book “substitute[d] for a derivative market that a television program copyright owner ... would in general develop or license others to develop.” *Castle Rock*, 150 F.3d at 145 (quotation marks omitted). Conducting this analysis, we are mindful that “[t]he more transformative the secondary use, the less likelihood that the secondary use substitutes for the original,” even though “the fair use, being transformative, might well harm, or even destroy, the market for the original.” *Id.*

As discussed above, Celle did not decide against putting on a *Yes Rasta* show because it had already been done at Gagosian, but rather because she mistakenly believed that Cariou had collaborated with Prince on the Gagosian show. Although certain of Prince’s artworks contain significant portions of certain of Cariou’s photographs, neither Prince nor the Canal Zone show usurped the market for those photographs. Prince’s audience is very different from Cariou’s, and there is no evidence that Prince’s work ever touched — much less usurped — either the primary or derivative market for Cariou’s work. There is nothing in the record to suggest that Cariou

would ever develop or license secondary uses of his work in the vein of Prince's artworks. Nor does anything in the record suggest that Prince's artworks had any impact on the marketing of the photographs. Indeed, Cariou has not aggressively marketed his work, and has earned just over \$8,000 in royalties from Yes Rasta since its publication. He has sold four prints from the book, and only to personal acquaintances.

Prince's work appeals to an entirely different sort of collector than Cariou's. Certain of the Canal Zone artworks have sold for two million or more dollars. The invitation list for a dinner that Gagosian hosted in conjunction with the opening of the Canal Zone show included a number of the wealthy and famous such as the musicians Jay-Z and Beyonce Knowles, artists Damien Hirst and Jeff Koons, professional football player Tom Brady, model Gisele Bundchen, Vanity Fair editor Graydon Carter, Vogue editor Anna Wintour, authors Jonathan Franzen and Candace Bushnell, and actors Robert DeNiro, Angelina Jolie, and Brad Pitt. Prince sold eight artworks for a total of \$10,480,000, and exchanged seven others for works by painter Larry Rivers and by sculptor Richard Serra. Cariou on the other hand has not actively marketed his work or sold work for significant sums, and nothing in the record suggests that anyone will not now purchase Cariou's work, or derivative non-transformative works (whether Cariou's own or licensed by him) as a result of the market space that Prince's work has taken up. This fair use factor therefore weighs in Prince's favor.

The next statutory factor that we consider, the nature of the copyrighted work, "calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that fair use is more difficult to establish when the former works are copied." *Campbell*, 510 U.S. at 586. We consider "(1) whether the work is expressive or creative, ... with a greater leeway being allowed to a claim of fair use where the work is factual or informational, and (2) whether the work is published or unpublished, with the scope for fair use involving unpublished works being considerably narrower." *Blanch*, 467 F.3d at 256.

Here, there is no dispute that Cariou's work is creative and published. Accordingly, this factor weighs against a fair use determination. However, just as with the commercial character of Prince's work, this factor "may be of limited usefulness where," as here, "the creative work of art is being used for a transformative purpose." *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 612 (2d Cir.2006).

The final factor that we consider in our fair use inquiry is "the amount and substantiality of the portion used in relation to the copyrighted work as a whole." 17 U.S.C. § 107(3). We ask "whether the quantity and value of the materials used[] are reasonable in relation to the purpose of the copying." *Blanch*, 467 F.3d at 257 (quotation marks omitted). In other words, we consider the proportion of the original work used, and not how much of the secondary work comprises the original.

Many of Prince's works use Cariou's photographs, in particular the portrait of the dreadlocked Rastafarian at page 118 of Yes Rasta, the Rastafarian on a burro at pages 83 to 84, and the dreadlocked and bearded Rastafarian at page 108, in whole or substantial part. In some works, such as Charlie Company, Prince did not alter the source photograph very much at all. In others, such as Djuana Barnes, Natalie Barney, Renee Vivien and Romaine Brooks take over the Guanahani, the entire

source photograph is used but is also heavily obscured and altered to the point that Cariou's original is barely recognizable. Although "[n]either our court nor any of our sister circuits has ever ruled that the copying of an entire work favors fair use[,]... courts have concluded that such copying does not necessarily weigh against fair use because copying the entirety of a work is sometimes necessary to make a fair use of the image." *Bill Graham*, 448 F.3d at 613. "The third-factor inquiry must take into account that the extent of permissible copying varies with the purpose and character of the use." *Id.*

The district court determined that Prince's "taking was substantially greater than necessary." *Cariou*, 784 F.Supp.2d at 352. We are not clear as to how the district court could arrive at such a conclusion. In any event, the law does not require that the secondary artist may take no more than is necessary. See *Campbell*, 510 U.S. at 588; *Leibovitz*, 137 F.3d at 114. We consider not only the quantity of the materials taken but also "their quality and importance" to the original work. *Campbell*, 510 U.S. at 587. The secondary use "must be [permitted] to 'conjure up' at least enough of the original" to fulfill its transformative purpose. *Id.* at 588 (emphasis added); *Leibovitz*, 137 F.3d at 114. Prince used key portions of certain of Cariou's photographs. In doing that, however, we determine that in twenty-five of his artworks, Prince transformed those photographs into something new and different and, as a result, this factor weighs heavily in Prince's favor.

As indicated above, there are five artworks that, upon our review, present closer questions. Specifically, *Graduation*, *Meditation*, *Canal Zone (2008)*, *Canal Zone (2007)*, and *Charlie Company* do not sufficiently differ from the photographs of Cariou's that they incorporate for us confidently to make a determination about their transformative nature as a matter of law. Although the minimal alterations that Prince made in those instances moved the work in a different direction from Cariou's classical portraiture and landscape photos, we can not say with certainty at this point whether those artworks present a "new expression, meaning, or message." *Campbell*, 510 U.S. at 579.

Certainly, there are key differences in those artworks compared to the photographs they incorporate. *Graduation*, for instance, is tinted blue, and the jungle background is in softer focus than in Cariou's original. Lozenges painted over the subject's eyes and mouth — an alteration that appears frequently throughout the *Canal Zone* artworks — make the subject appear anonymous, rather than as the strong individual who appears in the original. Along with the enlarged hands and electric guitar that Prince pasted onto his canvas, those alterations create the impression that the subject is not quite human. Cariou's photograph, on the other hand, presents a human being in his natural habitat, looking intently ahead. Where the photograph presents someone comfortably at home in nature, *Graduation* combines divergent elements to create a sense of discomfort. However, we cannot say for sure whether *Graduation* constitutes fair use or whether Prince has transformed Cariou's work enough to render it transformative.

We have the same concerns with *Meditation*, *Canal Zone (2007)*, *Canal Zone (2008)*, and *Charlie Company*. Each of those artworks differs from, but is still similar in key aesthetic ways, to Cariou's photographs. In *Meditation*, Prince again added lozenges and a guitar to the same photograph that he incorporated into *Graduation*, this time

cutting the subject out of his background, switching the direction he is facing, and taping that image onto a blank canvas. In *Canal Zone* (2007), Prince created a gridded collage using 31 different photographs of Cariou's, many of them in whole or significant part, with alterations of some of those photographs limited to lozenges or cartoonish appendages painted or drawn on. *Canal Zone* (2008) incorporates six photographs of Cariou's in whole or in part, including the same subject as *Meditation and Graduation*. Prince placed the subject, with lozenges and guitar, on a background comprising components of various landscape photographs, taped together. The cumulative effect is of the subject in a habitat replete with lush greenery, not dissimilar from many of Cariou's *Yes Rasta* photographs. And *Charlie Company* prominently displays four copies of Cariou's photograph of a Rastafarian riding a donkey, substantially unaltered, as well as two copies of a seated nude woman with lozenges covering all six faces. Like the other works just discussed, *Charlie Company* is aesthetically similar to Cariou's original work because it maintains the pastoral background and individual focal point of the original photograph — in this case, the man on the burro. While the lozenges, repetition of the images, and addition of the nude female unarguably change the tenor of the piece, it is unclear whether these alterations amount to a sufficient transformation of the original work of art such that the new work is transformative.

We believe the district court is best situated to determine, in the first instance, whether such relatively minimal alterations render *Graduation*, *Meditation*, *Canal Zone* (2007), *Canal Zone* (2008), and *Charlie Company* fair uses (including whether the artworks are transformative) or whether any impermissibly infringes on Cariou's copyrights in his original photographs. We remand for that determination.

CONCLUSION

For the reasons discussed, we hold that all except five (*Graduation*, *Meditation*, *Canal Zone* (2007), *Canal Zone* (2008), and *Charlie Company*) of Prince's artworks make fair use of Cariou's photographs. We express no view as to whether the five are also entitled to a fair use defense. We REMAND with respect to those five so that the district court, applying the proper standard, can determine in the first instance whether any of them infringes on Cariou's copyrights or whether Prince is entitled to a fair use defense with regard to those artworks as well. The judgment of the district court is REVERSED in part and VACATED in part.⁵

Footnote 5: Because we reverse the district court with regard to the twenty-five of the artworks, and leave open the question of fair use with regard to the remaining five, we vacate the district court's injunction. In the event that Prince and Gagosian are ultimately held liable for copyright infringement, and in light of all parties' agreement at oral argument that the destruction of Prince's artwork would be improper and against the public interest, a position with which we agree, the district court should revisit what injunctive relief, if any, is appropriate. See *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391, 126 S.Ct. 1837, 164 L.Ed.2d 641 (2006); *Salinger v. Colting*, 607 F.3d 68, 77 (2d Cir.2010).

The case is REMANDED for further proceedings consistent with this opinion.

Senior Circuit Judge Wallace, concurring in part and dissenting in part:

I agree with the bulk of the majority decision as to the law, including the majority's determination that the district court incorrectly imposed a requirement that the

allegedly infringing works comment on the original works to be entitled to a fair use defense. I nevertheless part company with the majority.

While we may, as an appellate court, determine that secondary works are fair use in certain instances, in the usual case, after correcting an erroneous legal standard employed by the district court, we would remand for reconsideration. This standard, I suggest, should apply here where factual determinations must be reevaluated — and perhaps new evidence or expert opinions will be deemed necessary by the fact finder — after which a new decision can be made under the corrected legal analysis. But the majority short-circuits this time-tested search for a just result under the law. I would not apply the shortcut but would set aside the summary judgment, remand the entire case to the district court, and allow the district court to analyze material evidence under the proper standard.

Unlike the majority, I would allow the district court to consider Prince's statements in reviewing fair use. While not the sine qua non of fair use, see *Blanch v. Koons*, 467 F.3d 244, 255 n. 5 (2d Cir. 2006), I see no reason to discount Prince's statements as the majority does. While it may seem intuitive to assume that a defendant claiming fair use would typically give self-serving ex post facto testimony to support a defense, this Court has nevertheless relied on such statements when making this inquiry — even if just to confirm its own analysis. See *id.* at 252-53, 255; see also *Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.*, 150 F.3d 132, 142 (2d Cir.1998) (looking to statements of the allegedly infringing work's creators when analyzing the purpose and character of the secondary work). Thus, I view Prince's statements — which, as Prince acknowledges, consist of “his view of the purpose and effect of each of the individual paintings” — as relevant to the transformativeness analysis.

The majority relies on the Seventh Circuit's decision in *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687 (7th Cir.2012), for the proposition that all the Court needs to do here to determine transformativeness is view the original work and the secondary work and, apparently, employ its own artistic judgment. In my view, *Brownmark* cannot be extended so far. ... *Brownmark* apparently arose in the context of a clear case of parody — so obvious that the appeals court affirmed the district court's conclusion that fair use was evident from even a “fleeting glance” at the original and secondary works. *Id.* at 689-90. I do not believe that the transformativeness of Prince's works — which have not been presented as parody or satire — can be so readily determined. Because this case arises after extensive discovery and argument by the parties, I disagree that we must limit our inquiry to our own artistic perceptions of the original and secondary works.

Indeed, while I admit freely that I am not an art critic or expert, I fail to see how the majority in its appellate role can “confidently” draw a distinction between the twenty-five works that it has identified as constituting fair use and the five works that do not readily lend themselves to a fair use determination. This, mind you, is done on a summary judgment review with no understanding of what additional evidence may be presented on remand. I also fail to see a principled reason for remanding to the district court only the five works the majority identifies as close calls, although I agree that they must be sent back to the trial court. If the district court is in the best position to determine fair use as to some paintings, why is the same not true as to all paintings? Certainly we are not merely to use our personal art views to make the new

legal application to the facts of this case. Cf. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 582, (1994) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of a work, outside of the narrowest and most obvious limits”), quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903). It would be extremely uncomfortable for me to do so in my appellate capacity, let alone my limited art experience.

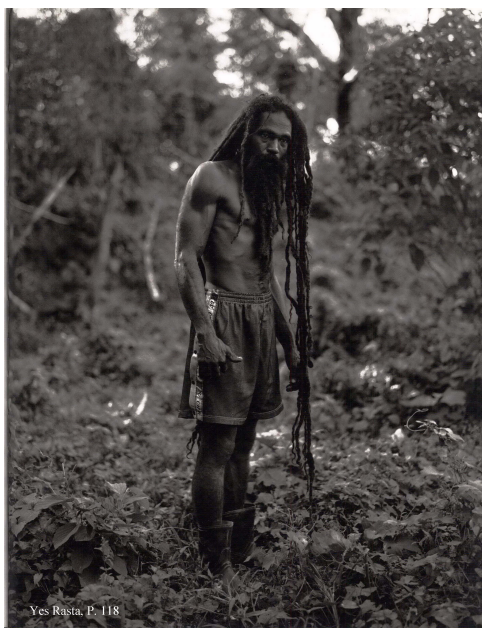
In my view, because the district court takes the primary role in determining the facts and applying the law to the facts in fair use cases, after which we exercise our appellate review if called upon to do so, I conclude that as to each painting, “the district court is best situated to determine, in the first instance,” whether Prince is entitled to a fair use defense in light of the correct legal standard. I mean no disrespect to the majority, but I, for one, do not believe that I am in a position to make these fact- and opinion-intensive decisions on the twenty-five works that passed the majority’s judicial observation. I do not know what additional facts will become relevant under the corrected rule of law, nor am I trained to make art opinions *ab initio*.

I would thus remand the entire case — all thirty of Prince’s paintings — for further proceedings in the district court on an open record to take such additional testimony as needed and apply the correct legal standard. On this basis, therefore, I respectfully dissent.

Notes and questions

(1) The Second Circuit’s ruling in *Cariou v. Prince*, 714 F. 3d 694 (2d Cir. 2013) was based on a side-by-side comparison of the works at issue, some of which had been barely altered and others of which were altered almost beyond recognition. In addition to alterations of substance, the source material was sometimes tinted and always radically enlarged.

Compare *Graduation* to the Cariou’s original photo:



Compare *Color Me Mine* to the Cariou's original photo:



(2) In *Cariou v. Prince*, 714 F. 3d 694 (2d Cir. 2013), the Second Circuit held that “the law imposes no requirement that a work comment on the original or its author in order to be considered transformative” and furthermore that an artist’s inability or unwillingness to advocate a narrative of transformative use is not determinative. The majority explained (at 707):

It is not surprising that, when transformative use is at issue, the alleged infringer would go to great lengths to explain and defend his use as transformative. Prince did not do so here. However, the fact that Prince did not provide those sorts of explanations in his deposition — which might have lent strong support to his defense — is not dispositive. What is critical is how the work in question appears to the reasonable observer, not simply what an artist might say about a particular piece or body of work. Prince’s work could be transformative even without commenting on Cariou’s work or on culture, and even without Prince’s stated intention to do so. Rather than confining our inquiry to Prince’s explanations of his artworks, we instead examine how the artworks may “reasonably be perceived” in order to assess their transformative nature.

(3) The majority found that twenty-five of Prince’s artworks were “transformative as a matter of law” but remanded on a remaining five. Judge Wallace, in contrast, would have remanded “the entire case to the district court, and allow the district court to analyze material evidence under the proper standard.” Which opinion is more persuasive?

Untransformative Copying and New Markets

The Sony Betamax was the first mass-market Video Cassette Recorder or VCR. The Betamax went on sale in 1975 and a year later Universal City Studios, Inc., and Walt Disney Productions, filed a law suit alleging that consumers used the device to infringe their copyrights; they also alleged that Sony Corporation, the manufacturer of the device, was responsible for any copyright infringement made possible by the new machine. The Supreme Court’s decision in *Sony* has two distinct components: the first examined whether consumer

time-shifting of broadcast television for later viewing was fair use or copyright infringement; the second concerned the manufacturer's liability for a technology which had both infringing and non-infringing uses. This following extract focuses on the fair use status of unauthorized time-shifting.

Sony Corp. of America v. Universal City Studios, Inc., 464 US 417 (1984)

Justice Stevens delivered the opinion of the Court

The question is thus whether the Betamax is capable of commercially significant noninfringing uses. In order to resolve that question, we need not explore all the different potential uses of the machine and determine whether or not they would constitute infringement. Rather, we need only consider whether on the basis of the facts as found by the District Court a significant number of them would be noninfringing. Moreover, in order to resolve this case we need not give precise content to the question of how much use is commercially significant. For one potential use of the Betamax plainly satisfies this standard, however it is understood: private, noncommercial time-shifting in the home. It does so both (A) because respondents have no right to prevent other copyright holders from authorizing it for their programs, and (B) because the District Court's factual findings reveal that even the unauthorized home time-shifting of respondents' programs is legitimate fair use.

[Justice Steven's discussion of authorized use is omitted.]

Unauthorized Time-Shifting

Even unauthorized uses of a copyrighted work are not necessarily infringing. An unlicensed use of the copyright is not an infringement unless it conflicts with one of the specific exclusive rights conferred by the copyright statute. *Twentieth Century Music Corp. v. Aiken*, 422 U.S., at 154-155. Moreover, the definition of exclusive rights in § 106 of the present Act is prefaced by the words "subject to sections 107 through 118." Those sections describe a variety of uses of copyrighted material that "are not infringements of copyright" "notwithstanding the provisions of section 106." The most pertinent in this case is § 107, the legislative endorsement of the doctrine of "fair use."²⁹

Footnote 29: The Copyright Act of 1909, 35 Stat. 1075, did not have a "fair use" provision. Although that Act's compendium of exclusive rights "to print, reprint, publish, copy, and vend the copyrighted work" was broad enough to encompass virtually all potential interactions with a copyrighted work, the statute was never so construed. The courts simply refused to read the statute literally in every situation. When Congress amended the statute in 1976, it indicated that it "intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way." House Report p. 66 (1976).

That section identifies various factors that enable a court to apply an "equitable rule of reason" analysis to particular claims of infringement. Although not conclusive, the first factor requires that "the commercial or nonprofit character of an activity" be weighed in any fair use decision. If the Betamax were used to make copies for a commercial or profitmaking purpose, such use would presumptively be unfair. The contrary presumption is appropriate here, however, because the District Court's findings plainly establish that time-shifting for private home use must be characterized as a noncommercial, nonprofit activity. Moreover, when one considers the nature of a televised copyrighted audiovisual work, § 107(2), and that time-shifting merely enables a viewer to see such a work which he had been invited to

witness in its entirety free of charge, the fact that the entire work is reproduced, see § 107(3), does not have its ordinary effect of militating against a finding of fair use.

This is not, however, the end of the inquiry because Congress has also directed us to consider “the effect of the use upon the potential market for or value of the copyrighted work.” § 107(4). The purpose of copyright is to create incentives for creative effort. Even copying for noncommercial purposes may impair the copyright holder’s ability to obtain the rewards that Congress intended him to have. But a use that has no demonstrable effect upon the potential market for, or the value of, the copyrighted work need not be prohibited in order to protect the author’s incentive to create. The prohibition of such noncommercial uses would merely inhibit access to ideas without any countervailing benefit.

Thus, although every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright, noncommercial uses are a different matter. A challenge to a noncommercial use of a copyrighted work requires proof either that the particular use is harmful, or that if it should become widespread, it would adversely affect the potential market for the copyrighted work. Actual present harm need not be shown; such a requirement would leave the copyright holder with no defense against predictable damage. Nor is it necessary to show with certainty that future harm will result. What is necessary is a showing by a preponderance of the evidence that some meaningful likelihood of future harm exists. If the intended use is for commercial gain, that likelihood may be presumed. But if it is for a noncommercial purpose, the likelihood must be demonstrated.

In this case, respondents failed to carry their burden with regard to home time-shifting. The District Court described respondents’ evidence as follows:

“Plaintiffs’ experts admitted at several points in the trial that the time-shifting without librarying would result in ‘not a great deal of harm.’ Plaintiffs’ greatest concern about time-shifting is with ‘a point of important philosophy that transcends even commercial judgment.’ They fear that with any Betamax usage, ‘invisible boundaries’ are passed: ‘the copyright owner has lost control over his program.’ “ 480 F. Supp., at 467.

Later in its opinion, the District Court observed:

“Most of plaintiffs’ predictions of harm hinge on speculation about audience viewing patterns and ratings, a measurement system which Sidney Sheinberg, MCA’s president, calls a ‘black art’ because of the significant level of imprecision involved in the calculations.” Id., at 469.

There was no need for the District Court to say much about past harm. “Plaintiffs have admitted that no actual harm to their copyrights has occurred to date.”

On the question of potential future harm from time-shifting, the District Court offered a more detailed analysis of the evidence. It rejected respondents’ “fear that persons ‘watching’ the original telecast of a program will not be measured in the live audience and the ratings and revenues will decrease,” by observing that current measurement technology allows the Betamax audience to be reflected. Id., at 466. It rejected respondents’ prediction “that live television or movie audiences will decrease as more people watch Betamax tapes as an alternative,” with the observation that

“[t]here is no factual basis for [the underlying] assumption.” It rejected respondents’ “fear that time-shifting will reduce audiences for telecast reruns,” and concluded instead that “given current market practices, this should aid plaintiffs rather than harm them.” *Ibid.* And it declared that respondents’ suggestion that “theater or film rental exhibition of a program will suffer because of time-shift recording of that program” “lacks merit.”

After completing that review, the District Court restated its overall conclusion several times, in several different ways. “Harm from time-shifting is speculative and, at best, minimal.” “The audience benefits from the time-shifting capability have already been discussed. It is not implausible that benefits could also accrue to plaintiffs, broadcasters, and advertisers, as the Betamax makes it possible for more persons to view their broadcasts.” “No likelihood of harm was shown at trial, and plaintiffs admitted that there had been no actual harm to date.” “Testimony at trial suggested that Betamax may require adjustments in marketing strategy, but it did not establish even a likelihood of harm.” “Television production by plaintiffs today is more profitable than it has ever been, and, in five weeks of trial, there was no concrete evidence to suggest that the Betamax will change the studios’ financial picture.”

The District Court’s conclusions are buttressed by the fact that to the extent time-shifting expands public access to freely broadcast television programs, it yields societal benefits. In *Community Television of Southern California v. Gottfried*, 459 U.S. 498 (1983), we acknowledged the public interest in making television broadcasting more available. Concededly, that interest is not unlimited. But it supports an interpretation of the concept of “fair use” that requires the copyright holder to demonstrate some likelihood of harm before he may condemn a private act of time-shifting as a violation of federal law.

When these factors are all weighed in the “equitable rule of reason” balance, we must conclude that this record amply supports the District Court’s conclusion that home time-shifting is fair use. In light of the findings of the District Court regarding the state of the empirical data, it is clear that the Court of Appeals erred in holding that the statute as presently written bars such conduct.

In summary, the record and findings of the District Court lead us to two conclusions. First, Sony demonstrated a significant likelihood that substantial numbers of copyright holders who license their works for broadcast on free television would not object to having their broadcasts time-shifted by private viewers. And second, respondents failed to demonstrate that time-shifting would cause any likelihood of nonminimal harm to the potential market for, or the value of, their copyrighted works. The Betamax is, therefore, capable of substantial noninfringing uses. Sony’s sale of such equipment to the general public does not constitute contributory infringement of respondents’ copyrights.

* * *

“The direction of Art. I is that Congress shall have the power to promote the progress of science and the useful arts. When, as here, the Constitution is permissive, the sign of how far Congress has chosen to go can come only from Congress.” *DeepSouth Packing Co. v. Laitram Corp.*, 406 U. S. 518, 530 (1972).

One may search the Copyright Act in vain for any sign that the elected representatives of the millions of people who watch television every day have made it unlawful to copy a program for later viewing at home, or have enacted a flat prohibition against the sale of machines that make such copying possible.

It may well be that Congress will take a fresh look at this new technology, just as it so often has examined other innovations in the past. But it is not our job to apply laws that have not yet been written. Applying the copyright statute, as it now reads, to the facts as they have been developed in this case, the judgment of the Court of Appeals must be reversed.

It is so ordered.

Notes and questions

(1) In *Sony Corp. of America v. Universal City Studios, Inc.*, 464 US 417 (1984), the Supreme Court held by majority that consumer time-shifting of free-to-air broadcast television was fair use. It did so for two principle reasons. First, because time-shifting merely enabled viewers to see works which they had been invited to witness in their entirety free of charge, the fact that the entire work is reproduced, did not have its ordinary effect of militating against a finding of fair use. Second, because the plaintiffs had offered no convincing evidence of market harm, the non-commercial use of the VCR by consumers should be considered fair use.

(2) [Placeholder for summary of dissent]

(3) Does *Sony* stand for a broad principle about consumer autonomy and the limits of copyright, is it a narrow ruling based on specific technology that is now obsolete, or is there some other way to characterize the decision?

In *Recording Indus. Association of Am. v. Diamond Multimedia Sys., Inc.*, 180 F.3d 1072, 1079 (9th Cir.1999), the Ninth Circuit said that the Diamond Rio mp3 player (a large capacity portable MP3 player that predated the now more famous Apple iPod) “merely makes copie[d] in order to render portable, or ‘space-shift,’ those [music] files that already reside on a user’s hard drive. . . . Such copying is a paradigmatic noncommercial personal use.”

In *Fox Broadcasting Co., Inc. v. Dish Network LLC*, 747 F. 3d 1060 (9th Cir. 2014), the Ninth Circuit held en banc that Dish Network was likely to succeed in its fair use defense with respect to a digital video recorder that automatically skipped the advertisements in programs its users recorded. The court found that Fox had not demonstrated any harm from on-demand availability and that any harm resulting from the ease of skipping commercials, did “not implicate any copyright interest.”

The court of appeals explained (at 1068-1069):

Yet, as the district court held, commercial-skipping does not implicate Fox’s copyright interest because Fox owns the copyrights to the television programs, not to the ads aired in the commercial breaks. If recording an entire copyrighted program is a fair use, the fact that viewers do not watch the ads not copyrighted by Fox cannot transform the recording into a copyright violation.

Do you agree with this reasoning?

[Placeholder] **American Geophysical Union v. Texaco Inc., 60 F. 3d 913 (2d Cir. 1994)**

[Placeholder]

A & M Records, Inc. v. Napster, Inc., 239 F. 3d 1004 (9th Cir. 2001)

Circuit Judge Beezer

Plaintiffs are engaged in the commercial recording, distribution and sale of copyrighted musical compositions and sound recordings. The complaint alleges that Napster, Inc. (“Napster”) is a contributory and vicarious copyright infringer. The district court preliminarily enjoined Napster “from engaging in, or facilitating others in copying, downloading, uploading, transmitting, or distributing plaintiffs’ copyrighted musical compositions and sound recordings, protected by either federal or state law, without express permission of the rights owner.” We entered a temporary stay of the preliminary injunction pending resolution of this appeal.

Napster facilitates the transmission of MP3 files between and among its users. Through a process commonly called “peer-to-peer” file sharing, Napster allows its users to: (1) make MP3 music files stored on individual computer hard drives available for copying by other Napster users; (2) search for MP3 music files stored on other users’ computers; and (3) transfer exact copies of the contents of other users’ MP3 files from one computer to another via the Internet. These functions are made possible by Napster’s MusicShare software, available free of charge from Napster’s Internet site, and Napster’s network servers and server-side software. Napster provides technical support for the indexing and searching of MP3 files, as well as for its other functions, including a “chat room,” where users can meet to discuss music, and a directory where participating artists can provide information about their music.

Plaintiffs claim Napster users are engaged in the wholesale reproduction and distribution of copyrighted works, all constituting direct infringement. The district court agreed. The district court determined that plaintiffs’ exclusive rights under § 106 were violated: “here the evidence establishes that a majority of Napster users use the service to download and upload copyrighted music. And by doing that, it constitutes—the uses constitute direct infringement of plaintiffs’ musical compositions, recordings.” The district court also noted that “it is pretty much acknowledged by Napster that this is infringement.” We agree that plaintiffs have shown that Napster users infringe at least two of the copyright holders’ exclusive rights: the rights of reproduction, § 106(1); and distribution, § 106(3). Napster users who upload file names to the search index for others to copy violate plaintiffs’ distribution rights. Napster users who download files containing copyrighted music violate plaintiffs’ reproduction rights.

Napster asserts an affirmative defense to the charge that its users directly infringe plaintiffs’ copyrighted musical compositions and sound recordings.

Fair Use

Napster contends that its users do not directly infringe plaintiffs’ copyrights because the users are engaged in fair use of the material. Napster identifies three specific alleged fair uses: sampling, where users make temporary copies of a work before

purchasing; space-shifting, where users access a sound recording through the Napster system that they already own in audio CD format; and permissive distribution of recordings by both new and established artists.

The district court considered factors listed in 17 U.S.C. § 107, which guide a court's fair use determination. These factors are: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the "amount and substantiality of the portion used" in relation to the work as a whole; and (4) the effect of the use upon the potential market for the work or the value of the work. The district court first conducted a general analysis of Napster system uses under § 107, and then applied its reasoning to the alleged fair uses identified by Napster. The district court concluded that Napster users are not fair users. We agree. We first address the court's overall fair use analysis.

1. Purpose and Character of the Use

This factor focuses on whether the new work merely replaces the object of the original creation or instead adds a further purpose or different character. In other words, this factor asks "whether and to what extent the new work is 'transformative.'" See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

The district court first concluded that downloading MP3 files does not transform the copyrighted work. This conclusion is supportable. Courts have been reluctant to find fair use when an original work is merely retransmitted in a different medium. See, e.g., *Infinity Broadcast Corp. v. Kirkwood*, 150 F.3d 104, 108 (2d Cir.1998) (concluding that retransmission of radio broadcast over telephone lines is not transformative); *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F.Supp.2d 349, 351 (S.D.N.Y.) (finding that reproduction of audio CD into MP3 format does not "transform" the work).

This "purpose and character" element also requires the district court to determine whether the allegedly infringing use is commercial or noncommercial. See *Campbell*, 510 U.S. at 584-85. A commercial use weighs against a finding of fair use but is not conclusive on the issue. *Id.* The district court determined that Napster users engage in commercial use of the copyrighted materials largely because (1) "a host user sending a file cannot be said to engage in a personal use when distributing that file to an anonymous requester" and (2) "Napster users get for free something they would ordinarily have to buy." The district court's findings are not clearly erroneous.

Direct economic benefit is not required to demonstrate a commercial use. Rather, repeated and exploitative copying of copyrighted works, even if the copies are not offered for sale, may constitute a commercial use. See *Worldwide Church of God v. Philadelphia Church of God*, 227 F.3d 1110, 1118 (9th Cir.2000) (stating that church that copied religious text for its members "unquestionably profited" from the unauthorized "distribution and use of [the text] without having to account to the copyright holder"); *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 922 (2d Cir.1994) (finding that researchers at for-profit laboratory gained indirect economic advantage by photocopying copyrighted scholarly articles). In the record before us, commercial use is demonstrated by a showing that repeated and exploitative unauthorized copies of copyrighted works were made to save the expense of purchasing authorized copies. See *Worldwide Church*, 227 F.3d at 1117-18; *Sega Enters. Ltd. v. MAPHIA*, 857 F.Supp. 679, 687 (N.D.Cal.1994) (finding commercial use

when individuals downloaded copies of video games “to avoid having to buy video game cartridges”); see also *American Geophysical*, 60 F.3d at 922. Plaintiffs made such a showing before the district court.

We also note that the definition of a financially motivated transaction for the purposes of criminal copyright actions includes trading infringing copies of a work for other items, “including the receipt of other copyrighted works.” See No Electronic Theft Act (“NET Act”), Pub.L. No. 105-147, 18 U.S.C. § 101 (defining “Financial Gain”).

2. The Nature of the Use

Works that are creative in nature are “closer to the core of intended copyright protection” than are more fact-based works. See *Campbell*, 510 U.S. at 586. The district court determined that plaintiffs’ “copyrighted musical compositions and sound recordings are creative in nature which cuts against a finding of fair use under the second factor.” We find no error in the district court’s conclusion.

3. The Portion Used

“While ‘wholesale copying does not preclude fair use per se,’ copying an entire work ‘militates against a finding of fair use.’” *Worldwide Church*, 227 F.3d at 1118 (quoting *Hustler Magazine, Inc. v. Moral Majority, Inc.*, 796 F.2d 1148, 1155 (9th Cir.1986)). The district court determined that Napster users engage in “wholesale copying” of copyrighted work because file transfer necessarily “involves copying the entirety of the copyrighted work.” We agree. We note, however, that under certain circumstances, a court will conclude that a use is fair even when the protected work is copied in its entirety. See, e.g., *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 449-50 (1984) (acknowledging that fair use of time-shifting necessarily involved making a full copy of a protected work).

4. Effect of Use on Market

“Fair use, when properly applied, is limited to copying by others which does not materially impair the marketability of the work which is copied.” *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566-67 (1985). “[T]he importance of this [fourth] factor will vary, not only with the amount of harm, but also with the relative strength of the showing on the other factors.” *Campbell*, 510 U.S. at 591 n. 21. The proof required to demonstrate present or future market harm varies with the purpose and character of the use:

A challenge to a noncommercial use of a copyrighted work requires proof either that the particular use is harmful, or that if it should become widespread, it would adversely affect the potential market for the copyrighted work. . . . If the intended use is for commercial gain, that likelihood [of market harm] may be presumed. But if it is for a noncommercial purpose, the likelihood must be demonstrated.

Sony, 464 U.S. at 451 (emphases added).

Addressing this factor, the district court concluded that Napster harms the market in “at least” two ways: it reduces audio CD sales among college students and it “raises barriers to plaintiffs’ entry into the market for the digital downloading of music.” The district court relied on evidence plaintiffs submitted to show that Napster use

harms the market for their copyrighted musical compositions and sound recordings. In a separate memorandum and order regarding the parties' objections to the expert reports, the district court examined each report, finding some more appropriate and probative than others. Notably, plaintiffs' expert, Dr. E. Deborah Jay, conducted a survey (the "Jay Report") using a random sample of college and university students to track their reasons for using Napster and the impact Napster had on their music purchases. The court recognized that the Jay Report focused on just one segment of the Napster user population and found "evidence of lost sales attributable to college use to be probative of irreparable harm for purposes of the preliminary injunction motion."

Plaintiffs also offered a study conducted by Michael Fine, Chief Executive Officer of Soundscan, (the "Fine Report") to determine the effect of online sharing of MP3 files in order to show irreparable harm. Fine found that online file sharing had resulted in a loss of "album" sales within college markets. After reviewing defendant's objections to the Fine Report and expressing some concerns regarding the methodology and findings, the district court refused to exclude the Fine Report insofar as plaintiffs offered it to show irreparable harm.

Plaintiffs' expert Dr. David J. Teece studied several issues ("Teece Report"), including whether plaintiffs had suffered or were likely to suffer harm in their existing and planned businesses due to Napster use. *Id.* Napster objected that the report had not undergone peer review. The district court noted that such reports generally are not subject to such scrutiny and overruled defendant's objections. *Id.*

As for defendant's experts, plaintiffs objected to the report of Dr. Peter S. Fader, in which the expert concluded that Napster is beneficial to the music industry because MP3 music file-sharing stimulates more audio CD sales than it displaces. The district court found problems in Dr. Fader's minimal role in overseeing the administration of the survey and the lack of objective data in his report. The court decided the generality of the report rendered it "of dubious reliability and value." The court did not exclude the report, however, but chose "not to rely on Fader's findings in determining the issues of fair use and irreparable harm."

The district court cited both the Jay and Fine Reports in support of its finding that Napster use harms the market for plaintiffs' copyrighted musical compositions and sound recordings by reducing CD sales among college students. The district court cited the Teece Report to show the harm Napster use caused in raising barriers to plaintiffs' entry into the market for digital downloading of music. The district court's careful consideration of defendant's objections to these reports and decision to rely on the reports for specific issues demonstrates a proper exercise of discretion in addition to a correct application of the fair use doctrine. Defendant has failed to show any basis for disturbing the district court's findings.

We, therefore, conclude that the district court made sound findings related to Napster's deleterious effect on the present and future digital download market. Moreover, lack of harm to an established market cannot deprive the copyright holder of the right to develop alternative markets for the works. See *L.A. Times v. Free Republic*, 54 U.S.P.Q.2d 1453, 1469-71 (C.D.Cal.2000) (stating that online market for plaintiff newspapers' articles was harmed because plaintiffs demonstrated that

“[defendants] are attempting to exploit the market for viewing their articles online”); see also *UMG Recordings*, 92 F.Supp.2d at 352 (“Any allegedly positive impact of defendant’s activities on plaintiffs’ prior market in no way frees defendant to usurp a further market that directly derives from reproduction of the plaintiffs’ copyrighted works.”). Here, similar to *L.A. Times* and *UMG Recordings*, the record supports the district court’s finding that the “record company plaintiffs have already expended considerable funds and effort to commence Internet sales and licensing for digital downloads.” 114 F.Supp.2d at 915. Having digital downloads available for free on the Napster system necessarily harms the copyright holders’ attempts to charge for the same downloads.

Judge Patel did not abuse her discretion in reaching the above fair use conclusions, nor were the findings of fact with respect to fair use considerations clearly erroneous. We next address Napster’s identified uses of sampling and space-shifting.

5. Identified Uses

Napster maintains that its identified uses of sampling and space-shifting were wrongly excluded as fair uses by the district court.

a. Sampling

Napster contends that its users download MP3 files to “sample” the music in order to decide whether to purchase the recording. Napster argues that the district court: (1) erred in concluding that sampling is a commercial use because it conflated a noncommercial use with a personal use; (2) erred in determining that sampling adversely affects the market for plaintiffs’ copyrighted music, a requirement if the use is noncommercial; and (3) erroneously concluded that sampling is not a fair use because it determined that samplers may also engage in other infringing activity.

The district court determined that sampling remains a commercial use even if some users eventually purchase the music. We find no error in the district court’s determination. Plaintiffs have established that they are likely to succeed in proving that even authorized temporary downloading of individual songs for sampling purposes is commercial in nature. The record supports a finding that free promotional downloads are highly regulated by the record company plaintiffs and that the companies collect royalties for song samples available on retail Internet sites. *Id.* Evidence relied on by the district court demonstrates that the free downloads provided by the record companies consist of thirty-to-sixty second samples or are full songs programmed to “time out,” that is, exist only for a short time on the downloader’s computer. In comparison, Napster users download a full, free and permanent copy of the recording. The determination by the district court as to the commercial purpose and character of sampling is not clearly erroneous.

The district court further found that both the market for audio CDs and market for online distribution are adversely affected by Napster’s service. As stated in our discussion of the district court’s general fair use analysis: the court did not abuse its discretion when it found that, overall, Napster has an adverse impact on the audio CD and digital download markets. Contrary to Napster’s assertion that the district court failed to specifically address the market impact of sampling, the district court determined that “[e]ven if the type of sampling supposedly done on Napster were a

non-commercial use, plaintiffs have demonstrated a substantial likelihood that it would adversely affect the potential market for their copyrighted works if it became widespread.” The record supports the district court’s preliminary determinations that: (1) the more music that sampling users download, the less likely they are to eventually purchase the recordings on audio CD; and (2) even if the audio CD market is not harmed, Napster has adverse effects on the developing digital download market.

Napster further argues that the district court erred in rejecting its evidence that the users’ downloading of “samples” increases or tends to increase audio CD sales. The district court, however, correctly noted that “any potential enhancement of plaintiffs’ sales . . . would not tip the fair use analysis conclusively in favor of defendant.” We agree that increased sales of copyrighted material attributable to unauthorized use should not deprive the copyright holder of the right to license the material. See *Campbell*, 510 U.S. at 591 n. 21 (“Even favorable evidence, without more, is no guarantee of fairness. Judge Leval gives the example of the film producer’s appropriation of a composer’s previously unknown song that turns the song into a commercial success; the boon to the song does not make the film’s simple copying fair.”); see also *L.A. Times*, 54 U.S.P.Q.2d at 1471-72. Nor does positive impact in one market, here the audio CD market, deprive the copyright holder of the right to develop identified alternative markets, here the digital download market. See *id.* at 1469-71.

We find no error in the district court’s factual findings or abuse of discretion in the court’s conclusion that plaintiffs will likely prevail in establishing that sampling does not constitute a fair use.

b. Space-Shifting

Napster also maintains that space-shifting is a fair use. Space-shifting occurs when a Napster user downloads MP3 music files in order to listen to music he already owns on audio CD. Napster asserts that we have already held that space-shifting of musical compositions and sound recordings is a fair use. See *Recording Indus. Ass’n of Am. v. Diamond Multimedia Sys., Inc.*, 180 F.3d 1072, 1079 (9th Cir.1999) (“Rio [a portable MP3 player] merely makes copies in order to render portable, or ‘space-shift,’ those files that already reside on a user’s hard drive. . . . Such copying is a paradigmatic noncommercial personal use.”). See also generally *Sony*, 464 U.S. at 423 (holding that “time-shifting,” where a video tape recorder owner records a television show for later viewing, is a fair use).

We conclude that the district court did not err when it refused to apply the “shifting” analyses of *Sony* and *Diamond*. Both *Diamond* and *Sony* are inapposite because the methods of shifting in these cases did not also simultaneously involve distribution of the copyrighted material to the general public; the time or space-shifting of copyrighted material exposed the material only to the original user. In *Diamond*, for example, the copyrighted music was transferred from the user’s computer hard drive to the user’s portable MP3 player. So too *Sony*, where “the majority of VCR purchasers . . . did not distribute taped television broadcasts, but merely enjoyed them at home.” Conversely, it is obvious that once a user lists a copy of music he already owns on the Napster system in order to access the music from another

location, the song becomes “available to millions of other individuals,” not just the original CD owner.

c. Other Uses

Permissive reproduction by either independent or established artists is the final fair use claim made by Napster. The district court noted that plaintiffs did not seek to enjoin this and any other noninfringing use of the Napster system, including: chat rooms, message boards and Napster’s New Artist Program. Plaintiffs do not challenge these uses on appeal.

We find no error in the district court’s determination that plaintiffs will likely succeed in establishing that Napster users do not have a fair use defense.

Notes and questions

(1) In *A & M Records, Inc. v. Napster, Inc.*, 239 F. 3d 1004 (9th Cir. 2001), the Ninth Circuit held that the unauthorized peer-to-peer filesharing of copyrighted music facilitated by Napster was not fair use. The court rejected Napster’s arguments that user “sampling” and “space-shifting” were fair use.

(2) Why is the result in *Sony* different to that in *Napster*?

(3) Part of the reason *Napster* was so popular in 1999 and 2000 before it was shut down was that there was no significant legal platform for MP3 downloads at the time. That market was essentially left void until the launch of the Apple iTunes Store on April 28, 2003. The recording industry’s reluctance to enter the digital distribution market seems like a classic case of the “Innovator’s Dilemma”. As Professor Clayton Christensen, explains in his famous book by that name, companies that are heavily invested in the status quo are often disinclined to pursue superior new technologies that will disrupt an existing market. This is not because they fail to recognize the potential of the new technology, but rather because they appreciate that the new technology will cannibalize the market share of existing offerings. Does the fact that the rights holder is leaving the market unfulfilled mean that what would otherwise be infringement should be fair use?

Non-transformative, but preferred uses – Providing access to the print-disabled

In 2004, the Internet search engine company Google began scanning and digitizing the collections of a number of academic libraries with the aim of making their contents searchable in the same way Internet websites are searchable. One of the incentives for libraries to participate in this program was that they received their own digital versions of any item in their collection that Google had scanned.

The Google Books project lead to a complicated class action lawsuit filed by the Authors Guild in 2005. In 2011, the Authors Guild filed a second lawsuit taking aim against the academic libraries that had partnered with Google. Those libraries had centralized their digital collections under the umbrella of a new organization called the HathiTrust.⁶⁵ One of

⁶⁵ Disclosure: I have been a member of the HathiTrust Research Center Advisory Board since 2016, however the views expressed herein are entirely my own.

the features of the HathiTrust that the Authors Guild objected to was that the HathiTrust digital library allowed member libraries to students with print disabilities access to the full text of copyrighted works. The *HathiTrust* case is addressed in more detail in the chapter on non-expressive use. The following extract focus on the print disability issue.

Authors Guild v. HathiTrust, 755 F.3d 87 (2d Cir.2014)

Circuit Judge Barrington D. Parker

The HDL allows member libraries to provide patrons with certified print disabilities access to the full text of copyrighted works. A “print disability” is any disability that prevents a person from effectively reading printed material. Blindness is one example, but print disabilities also include those that prevent a person from physically holding a book or turning pages. To use this service, a patron must obtain certification of his disability from a qualified expert. Through the HDL, a print-disabled user can obtain access to the contents of works in the digital library using adaptive technologies such as software that converts the text into spoken words, or that magnifies the text. Currently, the University of Michigan’s library is the only HDL member that permits such access, although other member libraries intend to provide it in the future.

Access to the Print-Disabled

The HDL also provides print-disabled patrons with versions of all of the works contained in its digital archive in formats accessible to them. In order to obtain access to the works, a patron must submit documentation from a qualified expert verifying that the disability prevents him or her from reading printed materials, and the patron must be affiliated with an HDL member that has opted-into the program. Currently, the University of Michigan is the only HDL member institution that has opted-in. We conclude that this use is also protected by the doctrine of fair use.

[The court’s general discussion of fair use is omitted] In applying the Factor One analysis, the district court concluded that “the use of digital copies to facilitate access for print-disabled persons is a transformative” use. *HathiTrust*, 902 F.Supp.2d at 461. This is a misapprehension; providing expanded access to the print disabled is not “transformative.”

As discussed above, a transformative use adds something new to the copyrighted work and does not merely supersede the purposes of the original creation. See *Campbell*, 510 U.S. at 579. The Authors state that they “write books to be read (or listened to).” By making copyrighted works available in formats accessible to the disabled, the HDL enables a larger audience to read those works, but the underlying purpose of the HDL’s use is the same as the author’s original purpose.

Indeed, when the HDL recasts copyrighted works into new formats to be read by the disabled, it appears, at first glance, to be creating derivative works over which the author ordinarily maintains control. See 17 U.S.C. § 106(2). As previously noted, paradigmatic examples of derivative works include translations of the original into a different language, or adaptations of the original into different forms or media. See *id.* § 101 (defining “derivative work”). The Authors contend that by converting their

works into a different, accessible format, the HDL is simply creating a derivative work.

It is true that, oftentimes, the print-disabled audience has no means of obtaining access to the copyrighted works included in the HDL. But, similarly, the non-English-speaking audience cannot gain access to untranslated books written in English and an unauthorized translation is not transformative simply because it enables a new audience to read a work.

This observation does not end the analysis. “While a transformative use generally is more likely to qualify as fair use, ‘transformative use is not absolutely necessary for a finding of fair use.’” *Swatch Group v. Bloomberg L.P.*, 756 F.3d 73, 84, (2d Cir.2014) (quoting *Campbell*, 510 U.S. at 579). We conclude that providing access to the print-disabled is still a valid purpose under Factor One even though it is not transformative. We reach that conclusion for several reasons.

First, the Supreme Court has already said so. As Justice Stevens wrote for the Court: “Making a copy of a copyrighted work for the convenience of a blind person is expressly identified by the House Committee Report as an example of fair use, with no suggestion that anything more than a purpose to entertain or to inform need motivate the copying.” *Sony Corp. of Am.*, 464 U.S. at 455 n. 40.

Our conclusion is reinforced by the legislative history on which he relied. The House Committee Report that accompanied codification of the fair use doctrine in the Copyright Act of 1976 expressly stated that making copies accessible “for the use of blind persons” posed a “special instance illustrating the application of the fair use doctrine...” House Report at 73 (1976). The Committee noted that “special [blind-accessible formats] ... are not usually made by the publishers for commercial distribution.” *Id.* In light of its understanding of the market (or lack thereof) for books accessible to the blind, the Committee explained that “the making of a single copy or phonorecord by an individual as a free service for a blind persons [sic] would properly be considered a fair use under section 107.” *Id.* We believe this guidance supports a finding of fair use in the unique circumstances presented by print-disabled readers.

Since the passage of the 1976 Copyright Act, Congress has reaffirmed its commitment to ameliorating the hardships faced by the blind and the print disabled. In the Americans with Disabilities Act, Congress declared that our “Nation’s proper goals regarding individuals with disabilities are to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for such individuals.” 42 U.S.C. § 12101(7). Similarly, the Chafee Amendment illustrates Congress’s intent that copyright law make appropriate accommodations for the blind and print disabled. See 17 U.S.C. § 121.

Through the HDL, the disabled can obtain access to copyrighted works of all kinds, and there is no dispute that those works are of the sort that merit protection under the Copyright Act. As a result, Factor Two weighs against fair use. This does not preclude a finding of fair use, however, given our analysis of the other factors. Cf. *Davis v. Gap, Inc.*, 246 F.3d 152, 175 (2d Cir.2001) (“The second statutory factor, the nature of the copyrighted work, is rarely found to be determinative.”).

Regarding Factor Three, as previously noted, the HDL retains copies as digital image files and as text-only files, which are then stored in four separate locations. The Authors contend that this amount of copying is excessive because the Libraries have not demonstrated their need to retain the digital image files in addition to the text files.

We are unconvinced. The text files are required for text searching and to create text-to-speech capabilities for the blind and disabled. But the image files will provide an additional and often more useful method by which many disabled patrons, especially students and scholars, can obtain access to these works. These image files contain information, such as pictures, charts, diagrams, and the layout of the text on the printed page that cannot be converted to text or speech. None of this is captured by the HDL's text-only copies. Many legally blind patrons are capable of viewing these images if they are sufficiently magnified or if the color contrasts are increased. And other disabled patrons, whose physical impairments prevent them from turning pages or from holding books, may also be able to use assistive devices to view all of the content contained in the image files for a book. For those individuals, gaining access to the HDL's image files — in addition to the text-only files — is necessary to perceive the books fully. Consequently, it is reasonable for the Libraries to retain both the text and image copies.

The fourth factor also weighs in favor of a finding of fair use. It is undisputed that the present-day market for books accessible to the handicapped is so insignificant that “it is common practice in the publishing industry for authors to forgo royalties that are generated through the sale of books manufactured in specialized formats for the blind.” “The number of accessible books currently available to the blind for borrowing is a mere few hundred thousand titles, a minute percentage of the world's books. In contrast, the HDL contains more than ten million accessible volumes.” When considering the 1976 Act, Congress was well aware of this problem. The House Committee Report observed that publishers did not usually make their books available in specialized formats for the blind. House Report at 73, 1976. That observation remains true today.

Weighing the factors together, we conclude that the doctrine of fair use allows the Libraries to provide full digital access to copyrighted works to their print-disabled patrons.

Notes and questions

(1) In *Authors Guild v. HathiTrust*, 755 F.3d 87 (2d Cir.2014), the Second Circuit held that providing print-disabled patrons with full digital access to books was not transformative. The court specifically overruled the district court on this point (at 101):

By making copyrighted works available in formats accessible to the disabled, the HDL enables a larger audience to read those works, but the underlying purpose of the HDL's use is the same as the author's original purpose.

Nonetheless, the court agreed that providing access to the print-disabled is still a valid purpose under the first fair use factor, even though it was not transformative. This was not an especially difficult decision, making copies accessible “for the use of blind persons” was clearly identified in the legislative history of the 1976 Copyright Act as a “special instance

illustrating the application of the fair use doctrine”. What was true in the 1970s, remains, sadly, true today, as the House Committee Report observed then, publishers did not “usually make” their books available in specialized formats for the blind. That observation remains true today. In fact, the evidence showed that (at 103):

The number of accessible books currently available to the blind for borrowing is a mere few hundred thousand titles, a minute percentage of the world’s books. In contrast, the HDL contains more than ten million accessible volumes.

(2) The Second Circuit in *Authors Guild v. HathiTrust* noted that in light of its holding on fair use it did not need to consider whether the disability-access use is protected under the Chafee Amendment, 17 U.S.C. § 121. Under the Chafee Amendment, “authorized entities” are permitted to reproduce or distribute copies of a previously published, nondramatic literary work in specialized formats exclusively for use by the blind or other persons with disabilities. Under § 121(d)(1), an “authorized entity” means a nonprofit organization or a governmental agency that has a primary mission to provide specialized services relating to training, education, or adaptive reading or information access needs of blind or other persons with disabilities.”

In the district court, Judge Baer had held that the ADA reproduction and distribution of their collections to print-disabled individuals was part of the “primary mission” of the libraries of educational institutions. Thus, each library was a potential “authorized entity” under the Chafee Amendment. *HathiTrust*, 902 F.Supp.2d at 465. As a result, the district court concluded (at 465) that:

The provision of access to previously published non-dramatic literary works within the HDL fits squarely within the Chafee Amendment, although Defendants may certainly rely on fair use ... to justify copies made outside of these categories or in the event that they are not authorized entities.

(3) Note that although preservation was put forward as a potential fair use in *HathiTrust*, the district court appeared to doubt that it qualified as such. The court of appeals vacated and remanded the district court’s judgment with respect to preservation because the plaintiffs lacked standing to challenge any such preservation uses. Interestingly, the European Union Digital Single Market (“DSM”) Directive of 2019 provides just such an exception.

Copyright in the Digital Single Market Directive of 2019

Article 6 Preservation of cultural heritage

Member States shall provide for an exception [to the rights set forth in various applicable directives] in order to allow cultural heritage institutions to make copies of any works or other subject matter that are permanently in their collections, in any format or medium, for purposes of preservation of such works or other subject matter and to the extent necessary for such preservation.

* “cultural heritage institution” is defined in Article 2 as “a publicly accessible library or museum, an archive or a film or audio heritage institution”

Moreover, Under Article 7 of the DSM, any contractual provision contrary to such cultural preservation exception is unenforceable.

Non-transformative, but preferred uses – Educational fair uses

Since the Statute of Anne, one of the essential purposes of copyright has been the “encouragement of learning” and the dissemination knowledge. There is a strong tradition in American fair use jurisprudence of favoring educational uses. The text of section 107 itself highlights the importance Congress placed on educational use: among the six statutory examples are “teaching (including multiple copies for classroom use), scholarship, or research” and this preference is reinforced by the consideration in the first factor of whether a use is for “nonprofit educational purposes.”

17 U.S. Code § 107 - Limitations on exclusive rights: Fair use

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

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for **nonprofit educational purposes**; ... (emphasis added)

The extent to which fair use justifies copying extracts of published works as part of student course materials has been contested for some time. Such practices were widespread at the time the 1976 Act was passed and are clearly supported by the legislative history but changes in technology (especially electronic course reserves) and market structure (the availability of new licensing options) have destabilized any consensus that existed in the background of the 1976 Act.

Basic Books, Inc. v. Kinko's Graphics Corp., 758 F. Supp. 1522 (S.D.N.Y. 1991).

In *Basic Books v. Kinko's*, the district court rejected a commercial copyshop’s argument that the copying of various extracts from copyrighted works for college student course materials was justified under the fair use doctrine. The court found the fact that certain excerpts represented 5 to 14 percent of the whole work to weigh against the defendant, and the fact that other excerpts represented 16 to 28 percent of the whole work weighed heavily against the defendant.

Princeton University Press v. Michigan Document Services, Inc., 99 F.3d 1381, 1383 (6th Cir. 1996) (en banc)

Similarly, in *Princeton University Press v. Michigan Document Services*, the Sixth Circuit held that a commercial copyshop was not entitled to a fair use defense when it reproduced substantial portions of copyrighted academic works and sold the copies in bound, paper coursepacks to students for use in courses at the University of Michigan. In *Princeton University Press*, the court found that extracts ranging from 5 to 30 percent of the works in question weighed against fair use. The Sixth Circuit also found that although the students’ use of the copies was noncommercial, the copy shop used the copies for sale in the course of their for-profit business.

The GSU Copyright Case

In *Cambridge University Press v. Patton*, three publishing houses sued the Georgia State University (GSU) and various university officials for adopting a policy that allowed GSU professors to place book excerpts on electronic course reserve for the use by students as part of their course materials. The three publishers initially sued with respect to a larger set of books, but after encountering difficulty establishing that they in fact owned the rights in question, the case was narrowed to 74 individual works. Of those 74, the district court found only five had been excerpted beyond the bounds of fair use.

In *Cambridge Univ. Press v. Patton*, 769 F.3d 1232 (11th Cir. 2014), the Eleventh Circuit provided significant guidance as to how the fair use factors should be applied in photocopying cases and in the new context of electronic reserves, but it eschewed the notion that there can be generally applicable quantitative guidelines that determine whether a use is fair.

Cambridge University Press v. Albert, 906 F.3d 1290 (11th Cir. 2018)

Circuit Judge William Pryor

This appeal requires us to decide whether the district court misinterpreted our mandate in an earlier appeal and misapplied the defense of fair use, 17 U.S.C. § 107, in a dispute between three academic publishers and Georgia State University about the University's practice of distributing to students digital excerpts of copyrighted works without paying the publishers. After a bench trial, the district court ruled that the publishers established a prima facie case that 48 digital excerpts infringed their copyrights but that the University prevailed on an affirmative defense of fair use for 43 of those excerpts. The publishers appealed. We upheld the district court's analysis of the first and fourth fair-use factors, including its finding that widespread unlicensed use of 31 excerpts for which licenses existed could cause substantial harm to the potential markets. But we reversed and remanded for the district court to correct specific errors in its analysis of fair use. One such error was the use of a mathematical formula to balance the four statutory fair-use factors. Another was the insufficient weight the district court gave to the severe threat of market substitution. On remand, the district court ruled that the University prevailed on its fair-use defense for 44 of the 48 excerpts. Contrary to our instructions, the district court again applied a mathematical formula to balance the factors. It also revisited its market-harm analysis for the 31 licensed excerpts and found that the threat of market harm supported fair use in all but six of the 48 instances. The district court misinterpreted our earlier decision and misapplied the statutory test of fair use. We affirm in part, vacate in part, and remand with instructions.

I. BACKGROUND

A. The Facts and the Original Proceedings in the District Court

Cambridge University Press, Oxford University Press, Inc., and Sage Publications, Inc. publish academic works. The publishers market their books to professors who teach at universities and colleges so that the professors will assign them as required reading for their courses and students will purchase them. The publishers also sell licenses to use excerpts of their copyrighted works. In the past, professors

commonly assigned—and students purchased—paper “coursepacks” of licensed excerpts. But it has become more common for universities to distribute digital excerpts electronically. The publishers license users to photocopy and to digitally reproduce portions of their works. They offer such licenses, called “permissions,” both directly and through the Copyright Clearance Center.

Georgia State University, a public university in Atlanta, Georgia, provides several ways to distribute excerpts of copyrighted works to students. The University pays to use licensed excerpts in paper coursepacks that the University bookstore assembles and sells to students. The University also maintains two systems for electronic distribution of course materials, “ERes” and “uLearn.” Both programs enable University personnel to upload digital copies of excerpts to University servers and allow students enrolled in a course to download the excerpts. Neither the University, nor the students, pay for the use of the digital excerpts. This approach is popular. For example, during the Spring 2009 term, paper coursepacks were offered for only about fifteen courses, while instructors in hundreds of courses made readings available on ERes.

In 2008, the publishers filed a complaint against officials of the University for direct, contributory, and vicarious copyright infringement, and sought declaratory and injunctive relief. The publishers alleged a pattern and practice of distributing substantial unlicensed excerpts of their copyrighted works, and they sought to prove their claims based on a representative sample of infringements. The University asserted an affirmative defense of fair use.

After a bench trial, the district court ruled that the University infringed the copyrights of the publishers in five instances. See *Cambridge Univ. Press v. Becker* (Cambridge I), 863 F.Supp.2d 1190, 1363-64 (N.D. Ga. 2012). The district court found that the publishers established a prima facie case for 48 instances of infringement. But it ruled that the University established its fair-use defense for 43 of the excerpts. We summarize its conclusions as relevant to this appeal.

The Copyright Act enumerates four “factors to be considered” in finding that “the use made of a work in any particular case is a fair use” instead of an infringement. 17 U.S.C. § 107. The first factor is “the purpose and character of the use, including whether [it] is of a commercial nature or is for nonprofit educational purposes.” The second factor is “the nature of the copyrighted work.” The third factor is “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.” And the fourth factor is “the effect of the use upon the potential market for or value of the copyrighted work.”

The district court found that factor one strongly favored a finding of fair use for every excerpt because the University’s copying was for nonprofit educational uses. It found that factor two favored fair use for every excerpt because the academic works were “informational in nature.” It found that factor three favored fair use for 35 excerpts each of which was less than 10 percent or one chapter of the original work but favored infringement for 13 excerpts that exceeded those bounds. And it found that factor four strongly favored a finding of copyright infringement for 31 excerpts for which digital permissions were available and favored fair use for 17 excerpts for which the publishers failed to prove the availability of digital permissions.

In its overall analysis of fair use for each excerpt, the district court gave each of the four factors equal weight and treated the four factors “as a simple mathematical formula.” That is, the district court simply “add[ed] up” its findings whether each factor favored fair use or infringement for each excerpt. It found that “fair use applied whenever at least three of the four factors favored [the University].” But when it initially weighed the factors together in its overall analysis for some excerpts, the district court found a tie, with factor one strongly favoring fair use, factor two favoring fair use, factor three favoring infringement, and factor four strongly favoring infringement. For seven such excerpts, the district court broke the ties by reconsidering the weight of the third factor, the fourth factor, or both. It found that evidence of the amount of past permissions revenues strengthened the showing in favor of infringement on the fourth factor in four instances, but that it undercut the weight of the showing in two instances. It did not change any of its findings that factor four favored infringement.

The district court granted partial declaratory and injunctive relief to the publishers, but it awarded attorney’s fees and costs to the University, 17 U.S.C. § 505.

B. The Earlier Appeal

In the earlier appeal, we reversed, vacated, and remanded. *Cambridge Univ. Press v. Patton* (Cambridge II), 769 F.3d 1232, 1284 (11th Cir. 2014). As relevant here, we upheld the district court’s analysis of factors one and four. But we instructed the district court to correct its erroneous application of factors two and three and its errors in weighing and balancing the four fair use factors in its overall analysis.

We held that the district court got two things right in *Cambridge I*: its analysis of the first factor and its analysis of the fourth factor. On the first factor, we agreed that “the nonprofit educational nature” of the University’s use favored the fair-use defense. But we cautioned that the University’s “nontransformative” use, verbatim copying that served “the same intrinsic purpose” for which the works were originally published, made the threat of market substitution significant.

We also held that the District Court’s analysis under the fourth factor was correct. But we held that “the District Court erred by not affording the fourth factor additional weight in its overall fair use calculus.” Indeed, we found important errors in “the District Court’s overarching fair use methodology.”

We held that the district court erred when it gave each of the four factors equal weight, essentially taking a mechanical “add up the factors” approach, and that it should not have treated the four factors as a simple mathematical formula. We explained that a given factor may be more or less important under the specific circumstances of a particular case. In this case, we emphasized that the district court “should have afforded [factor four] more significant weight in its overall fair use analysis” because “the threat of market substitution is severe.” We also reminded the district court that “the four statutory factors may not be treated in isolation, one from another. All are to be explored, and the results weighted together, in light of the purposes of copyright.” (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994)).

We also held that the district court erred in its analyses of the second and third factors. Although the district court initially found that factor two favored fair use and weighed equally with the other three factors, we explained that the District Court should have held that the second factor was neutral, or even weighted against fair use, for excerpts in which evaluative, analytical, or subjectively descriptive material predominated, and that the second fair use factor is of relatively little importance in this case. As for the third factor, we held that the district court erred in creating a 10 percent-or-one-chapter safe harbor for fair use. We explained that the district court was required to assess each excerpt individually, considering the quantity and the quality of the material taken. And we explained that it was required to determine whether that taking was excessive in light of not only the educational purpose of the use but also the threat of market substitution. We also mentioned the ample precedents that explain that excessive verbatim copying weighs against fair use under factor three.

We vacated the orders that granted partial declaratory and injunctive relief to the publishers and awarded attorney's fees and costs to the University. Because the relief that the district court ordered was based on its erroneous fair-use analysis, we remanded for the district court to correct its analysis to be consistent with our opinion.

C. The Proceedings on Remand

The district court changed its fair-use analysis in response to our decision in *Cambridge II*. In the new analysis, factor one “favor[ed] fair use in all cases,” but “not strongly.” *Cambridge Univ. Press v. Becker* (Cambridge III) (N.D. Ga. Mar. 31, 2016). The district court did not revisit its earlier first-factor analysis for any of the excerpts. Instead, in its new fair-use analysis for each excerpt, the district court simply repeated the finding that factor one favors fair use.

The district court changed its second-factor analysis for each excerpt. It found that factor two favored a finding of fair use in two instances, that it was neutral in 34 instances, and that it favored infringement in 12 instances.

The district court also changed its earlier third-factor analysis for each excerpt. It found that factor three favored fair use for 37 excerpts, 34 of which had benefited from its earlier 10-percent-or-one-chapter safe harbor.

The district court also found that the third factor favored fair use for three excerpts that exceeded its earlier safe harbor. For two excerpts, the district court found that the price of the unpaid permissions “would have been excessive” and that the high price “allowed” the district court “to look more favorably” on the unpaid use of a greater “quantity” of material. *Cambridge III*, slip op. at 116, 176 (emphases omitted).

The district court changed its fourth-factor analysis for the 31 excerpts for which it had originally found that factor four strongly disfavored fair use. Under its new analysis, the district court stated that factor four would only initially favor the publishers in those instances. Then, based on its reading of *Cambridge II*, the district court offered the University three ways to prove that the fourth factor actually favored fair use in a particular instance:

[1] [T]he Court of Appeals held that Defendants may seek to prove that in fact, the demand for excerpts of a particular copyrighted work was so limited that repetitive unpaid copying of excerpts from that work would have been unlikely even if unpaid copying of excerpts was a widespread practice in colleges and universities. In such a case the actions of Defendants in using unpaid excerpts would not have caused substantial damage to the potential market for the copyrighted work to such a degree that Plaintiffs would lose the incentive to publish the work. [2] Defendants may also seek to prove that their actions (even assuming widespread availability of unpaid excerpts) did not substantially affect the value of the copyrighted work in 2009. . . . [3] Defendants may also seek to prove that the portion of the market captured by unpaid use is so slight that it would have had no effect on the author's or the Plaintiffs' decision to propagate the work in the first place.

Id. at 12-13. The district court suggested that the relevant evidence for these showings would generally come from the records of permissions sales for excerpts from the book.

The district court also adjusted its method of balancing the four factors. It explained that the “initial, approximate respective weights of the four factors” were “25% for factor one, 5% for factor two, 30% for factor three, and 40% for factor four.” If a particular factor had noteworthy strength or weakness, the weight of that factor would be adjusted in the district court's new analysis.

Despite these changes to its analysis, the district court reached similar bottom-line results. It again found fair use for each of the 43 excerpts for which it had originally done so. And it found fair use in one instance where it had previously found infringement. Compare *Cambridge I*, 863 F.Supp.2d at 1359 (finding that the University's use of two chapters from *The Power Elite*, by C. Wright Mills, was unfair), with *Cambridge III*, slip op. at 200-01 (finding that the use of *The Power Elite* was fair).

The district court again found fair use for the vast majority of excerpts in large part because it reversed most of its original fourth-factor findings. On remand, the district court found that the fourth factor supported fair use in 42 of 48 instances. The district court left unchanged only six of its 31 original findings that the threat of market harm weighed against fair use for excerpts for which licenses were available.

The district court granted partial declaratory and injunctive relief against the University. But it ruled that the University was the prevailing side and was entitled to an award of costs and attorneys' fees.

II. STANDARDS OF REVIEW

Fair use involves both questions of law and questions of fact. After a bench trial, we review a district court's conclusions of law de novo and a district court's factual findings for clear error. We review de novo the district court's interpretation and application of this court's mandate in an earlier appeal.

III. DISCUSSION

We divide our discussion in two parts. First, we explain that the district court misinterpreted our mandate and misapplied the test of fair use. Second, we explain that the district court did not abuse its discretion when it declined to reopen the record. We affirm in part, vacated in part, and remand with instructions.

A. The District Court Erred when It Made Its New Findings of Fair Use.

The district court misinterpreted our mandate and misapplied the test of fair use on remand. In *Cambridge II*, we instructed the district court to correct its “erroneous application of factors two and three” and its errors in weighing the four factors in its overall analysis of fair use for each excerpt. But the district court exceeded this limited mandate, revisiting its 31 earlier findings that factor four favored infringement and reversing all but six of them. The district court again applied a mathematical formula in its overall analysis of fair use. And it erroneously considered the high price of permissions when it found that factor three favored fair use for two excerpts.

1. The District Court Erred when It Revisited Factor Four.

The publishers argue that the district court failed to follow this Court’s remand instructions when it revisited its earlier findings that factor four favored infringement. The University responds that the district court correctly changed its approach to reflect our decision in *Cambridge II*. We agree with the publishers.

In deciding this appeal, we are bound by the decision in *Cambridge II*, just as the district court was bound to apply its mandate. In particular, findings of fact and conclusions of law by an appellate court are generally binding in all subsequent proceedings in the same case in the trial court or on a later appeal. And under the mandate rule, which is nothing more than a specific application of the ‘law of the case’ doctrine, a district court, when acting under an appellate court’s mandate, cannot vary it, or examine it for any other purpose than execution; or give any other or further relief; or intermeddle with it, further than to settle so much as has been remanded. The trial court must implement both the letter and the spirit of the mandate, taking into account the appellate court’s opinion and the circumstances it embraces.

The district court interpreted our earlier decision to instruct it to change its fourth-factor analysis for the 31 excerpts for which digital permissions were available, *Cambridge III*, slip op. at 11-13, but the district court misinterpreted our mandate. In its original decision, the district court found that the fourth factor weighed heavily against fair use in all 31 instances where the publishers made digital licenses available. Our decision in *Cambridge II* upheld those 31 findings. We held that the District Court did not err in its application of the fourth factor. The only error we identified in the district court’s treatment of the fourth factor was that, in weighing and balancing the relative importance of the factors, it undervalued the “severe” threat of market harm posed by the University’s “nontransformative” copying.

We did not instruct the district court to revisit its earlier findings that factor four favored infringement when we instructed it to reweigh the factors on remand. Indeed, we explained that, “[a]lthough . . . the District Court’s method for weighing the four factors against one another was erroneous, this does not mean that the District Court’s reasoning under each of the four factors [was] also necessarily flawed.” *Id.* at 1260. And we repeatedly held that, although it should have weighed both factor one and factor four differently, the district court “did not err” in its application of those two factors. On remand, the district court correctly declined to revisit its first-factor analysis for any of the excerpts. It followed our instruction to

change only how “strongly” factor one weighed in favor of fair use in its overall analysis for each excerpt. See *Cambridge III*, slip op. at 11, 18. In contrast, the district court changed all but six of its original findings that factor four favored infringement instead of giving those findings “more significant weight in its overall fair use analysis,” *Cambridge II*, 769 F.3d at 1283.

The University contends that the district court correctly revisited its earlier findings that factor four favored infringement because *Cambridge II* announced a new standard of market harm, but the University misreads our earlier decision. It stresses that we described the “central question under the fourth factor” as whether a use “would cause substantial economic harm such that allowing it would frustrate the purposes of copyright by materially impairing [the publishers’] incentive to publish the work.” *Id.* at 1276 (emphasis omitted). But we used this description of market harm—which merely echoed longstanding precedent, see *Campbell*, 510 U.S. at 590; *Peter Letterese & Assoc., Inc. v. World Inst. of Scientology Enter., Int’l*, 533 F.3d 1287, 1315 (11th Cir. 2008)—to explain that the earlier “analysis under the fourth factor was correct.” *Cambridge II*, 769 F.3d at 1279.

In short, we held in *Cambridge II* that the district court’s original fourth-factor analysis was correct. That holding precluded the district court from revisiting the fourth factor in *Cambridge III*. On remand, the district court must reinstate its original findings that the fourth factor strongly disfavors fair use for the 31 excerpts for which the publishers proved the availability of digital licenses.

2. The District Court Erred when It Weighed and Balanced the Factors in Its Overall Calculus of Fair Use for Each Excerpt.

The publishers argue that the district court erred by again applying a mathematical formula in its overall analysis of fair use for each excerpt. The University contends that, although the district court provided approximate initial weights of the four factors at the outset of its remand decision, it adjusted that formula in its overall analysis for each excerpt. We again agree with the publishers.

In *Cambridge II*, we identified two distinct ways in which, in its original analysis, the district court failed to recognize that “a given factor may be more or less important. . . under the specific circumstances of [a particular] case.” *Cambridge II*, 769 F.3d at 1260. First, we explained that the District Court erred in giving each of the four factors equal weight. Second, we explained that the district court erred in treating the four factors as a simple mathematical formula, which we also described as an “arithmetic approach.”

On remand, the district court corrected the first of these errors but again committed the second. The district court assigned “initial, approximate respective weights of the four factors as follows: 25% for factor one, 5% for factor two, 30% for factor three, and 40% for factor four.” *Cambridge III*, slip op. at 14. Although the district court heeded our instructions in *Cambridge II* when it recognized that some factors are more important than others, it failed to break free of its erroneous “arithmetic approach” and to give each excerpt the holistic review the Act demands.

As the Supreme Court has explained and as we reiterated in *Cambridge II*, “the four statutory factors may not be treated in isolation, one from another. All are to be

explored, and the results weighed together, in light of the purposes of copyright.” *Cambridge II*, 769 F.3d at 1260 (alteration adopted) (quoting *Campbell*, 510 U.S. at 578). We emphasized that “fair use is not a mechanical determination,” *id.* (alteration adopted) (quoting *Wright v. Warner Books, Inc.*, 953 F.2d 731, 740 (2d Cir. 1991)), and that a court must “weigh[] . . . the four factors in light of the facts of a given case,” *id.* at 1259.

To be sure, the district court described its arithmetic weights as “initial” and “approximate,” and it stated that it would “adjust” them when it found a “noteworthy strength or weakness” among the factors. *Id.* at 13. But the district court made such adjustments only four times, each time to bolster the importance of the third factor’s weighing against fair use. See *id.* at 38, 68, 140, & 201. And, on those four occasions, the district court did nothing to adjust the other factors in the overall fair-use calculus. We conclude that the district court’s quantitative rubric was an improper substitute for a qualitative consideration of each instance of copying in the light of its particular facts.

The district court failed to give each excerpt the holistic review that the Act demands. On this remand, the district court must not apply a mathematical formula at any step of its analysis. We reiterate our holding in *Cambridge II* that “the fourth factor looms large in the overall fair use analysis” for each excerpt in this appeal, 769 F.3d at 1275, but we instruct the district court to evaluate the four factors qualitatively, not quantitatively, and to take care to consider them holistically “in light of the purposes of copyright.” *Campbell*, 510 U.S. at 578.

3. The District Court Erred when It Considered the Cost of Purchasing Licenses in Finding that the Third Factor Favored Fair Use.

The district court twice erred in applying the third factor of the statutory test of fair use when it considered whether the cost of licensing was “excessive” in the light of the publishers’ “marginal cost for authorizing digital copies . . . , [which] would not vary no matter how many digital copies were authorized.” *Cambridge III*, slip op. at 116, 176. The district court reasoned that high prices allowed it to look more favorably on the quantity of the University’s use than it otherwise would. In these two instances, the district court deviated from the language of the Act.

The third factor of the statutory fair-use test is “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.” 17 U.S.C. § 107(3). This provision of the Act does not direct courts to consider the price of the unpaid use. If it did, then the district court’s reasoning could tilt the third factor in favor of fair use even in cases of extensive verbatim copying. After all, it is always the case that a publisher’s “marginal cost for authorizing digital copies would be virtually nil, and would not vary no matter how many digital copies were authorized.” *Cambridge III*, slip op. at 116, 176. When we instructed the district court to correct its analysis under the third factor on remand, we did not include this consideration. See *Cambridge II*, 769 F.3d at 1275. The district court erred when it twice considered the price of the unpaid use as relevant to the third factor.

IV. CONCLUSION

We AFFIRM in part, VACATE in part, and REMAND for proceedings consistent with this opinion. We affirm the order denying the publishers’ request to reopen the record, but we vacate the judgment entered on remand. The district court must reinstate its earlier findings that factor four strongly disfavors fair use for 31 of the 48 excerpts. The district court must eschew a quantitative approach to the weighing and balancing of the fair-use factors and give each excerpt the holistic, qualitative, and individual analysis that the Act demands. And the district court must omit any consideration of price from its analysis of the third factor. Because the district court’s award of attorney’s fees and costs was based on its erroneous fair-use analysis, we also VACATE that award and the underlying determination that the University is the prevailing party.

Notes and questions

(1) *Cambridge University Press v. Albert*, 906 F.3d 1290 (11th Cir. 2018) (Cambridge IV) continues the long running saga generally referred to as the *GSU Copyright Case*, a pitch battle between a group of academic publishers and the Georgia State University. In this latest iteration, the Eleventh Circuit again faulted the district court for taking an overly mathematical approach to fair use and also for giving insufficient weight “to the severe threat of market substitution” in a case of non-transformative copying.

(2) [Placeholder for discussion of the implications of *Cambridge II* and *Cambridge IV*, are they consistent?]

Recent fair use cases

[Placeholder for discussion of recent fair use cases, including, *Brammer v. Violent Hues Prods., LLC* No. 18-1763, 2019 WL 1867833 (4th Cir. Apr. 26, 2019)]

8. FAIR USE AND NON-EXPRESSIVE USE

Non-Expressive Use

Although the phrase “non-expressive use” does not appear in the relevant caselaw, a range of technological fair use cases on issues such as software reverse engineering, plagiarism detection software, and text data mining are best understood as non-expressive uses. If the *raison d’être* of copyright is the protection of original expression, it follows that non-expressive uses of copyrighted works are unlikely to interfere with the legitimate interests of the copyright owner and will thus ordinarily qualify as fair use.

A complete view of modern copyright law is impossible without understanding its application to non-expressive uses. Although the concept of text data mining might strike some as a rather esoteric topic of interest only to computer scientists and numbers geeks, text data mining is the essential building block of the technologies that increasingly influence our lives: Internet search engines, machine learning and artificial intelligence.⁶⁶

Reverse Engineering

Computer software is written in human readable source code, but it is typically distributed in object code; a string of ones and zeros that is only readable by computers. Software is protected by copyright, but all software performs functions and contains ideas and information that are not entitled to copyright protection. Access to these uncopyrightable components is essential to building interoperable programs that will work with the original software. The lawfulness of reverse engineering or decompiling software to extract these non-copyrightable keys to interoperability became a critical issue in conflicts between independent videogame publishers and the makers of video game consoles in the early 1990s.

Sega Enter. Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1992)

In 1991 the videogame company Accolade bought a Sega Genesis game console and a number of Sega licensed game cartridges and set about cracking open their secrets. The courts had already decided that reverse engineering object code did not violate trade secret law, however because this process involved making several technical copies of the software—albeit

⁶⁶ This chapter borrows considerably from a series of articles and amicus briefs in which I have argued that copying an expressive work for a non-expressive use amounts to fair use. See Matthew Sag, *Copyright and Copy-Reliant Technology*, 103 NW. U. L. REV. 1607 (2009); Matthew Sag, *Orphan Works as Grist for the Data Mill*, 27 BERKLEY TECH. L. J. 1503 (2012); Matthew Jockers, Matthew Sag & Jason Schultz, *Digital Archives: Don’t Let Copyright Block Data Mining*, 490 NATURE 29-30 (October 4, 2012). Brief of Digital Humanities and Law Scholars in Support of Defendants’ Motion For Summary Judgment in *Authors Guild v. HathiTrust* (11-CV-06351-HB) (July 7, 2012); Brief of Digital Humanities and Law Scholars in Support of Defendants’ Motion For Summary Judgment in *Authors Guild v. Google* (1:05-cv-08136-DC) (August 3, 2012); Brief of Digital Humanities and Law Scholars in Support of Defendants-Appellees and Affirmance in *Authors Guild v. HathiTrust* (12-4547) (June 4, 2013); and Brief of Digital Humanities and Law Scholars in Support of Defendants-Appellees and Affirmance in *Authors Guild v. Google* (13-4829) (July 10, 2014). Other scholars have also advanced very similar theories. See e.g., Ed Lee, *Technological Fair Use*, 83 S. CAL. L. REV. 797 (2010); Maurizio Borghi & Stavroula Karapapa, *Non-Display Uses of Copyright Works*, 1 QUEEN MARY J. INTELL. PROP. 21 (2011); ABRAHAM DRASSINOWER, WHAT’S WRONG WITH COPYING (2015). See also, Amanda Levendowski, *How Copyright Law Can Fix Artificial Intelligence’s Implicit Bias Problem*, 93 WASH. L. REV. 579 (2018) (applying the theory of non-expressive use); Abraham Drassinower, *Authorship as Public Address: On the Specificity of Copyright Vis-a-vis Patent and Trade-Mark*, 2008 MICH. ST. L. REV. 199, 204 (characterizing copyright as “an exclusive right of public presentation”).

only as an intermediate step toward the production of an interoperable game that did not by itself infringe copyright—the question was whether these intermediate copies constituted copyright infringement.

Circuit Judge Reinhardt

This case presents several difficult questions of first impression involving our copyright and trademark laws. We are asked to determine, first, whether the Copyright Act permits persons who are neither copyright holders nor licensees to disassemble a copyrighted computer program in order to gain an understanding of the unprotected functional elements of the program. In light of the public policies underlying the Act, we conclude that, when the person seeking the understanding has a legitimate reason for doing so and when no other means of access to the unprotected elements exists, such disassembly is as a matter of law a fair use of the copyrighted work. [The court’s general discussion of the fair use doctrine is omitted.]

(a)

With respect to the first statutory factor, we observe initially that the fact that copying is for a commercial purpose weighs against a finding of fair use. *Harper & Row*, 471 U.S. at 562. However, the presumption of unfairness that arises in such cases can be rebutted by the characteristics of a particular commercial use. *Hustler Magazine, Inc. v. Moral Majority, Inc.*, 796 F.2d 1148, 1152 (9th Cir.1986).

Sega argues that because Accolade copied its object code in order to produce a competing product, the *Harper & Row* presumption applies and precludes a finding of fair use. That analysis is far too simple and ignores a number of important considerations. We must consider other aspects of “the purpose and character of the use” as well. As we have noted, the use at issue was an intermediate one only and thus any commercial “exploitation” was indirect or derivative.

The declarations of Accolade’s employees indicate, and the district court found, that Accolade copied Sega’s software solely in order to discover the functional requirements for compatibility with the Genesis console — aspects of Sega’s programs that are not protected by copyright. 17 U.S.C. § 102(b). With respect to the video game programs contained in Accolade’s game cartridges, there is no evidence in the record that Accolade sought to avoid performing its own creative work. Indeed, most of the games that Accolade released for use with the Genesis console were originally developed for other hardware systems. Moreover, with respect to the interface procedures for the Genesis console, Accolade did not seek to avoid paying a customarily charged fee for use of those procedures, nor did it simply copy Sega’s code; rather, it wrote its own procedures based on what it had learned through disassembly. Taken together, these facts indicate that although Accolade’s ultimate purpose was the release of Genesis-compatible games for sale, its direct purpose in copying Sega’s code, and thus its direct use of the copyrighted material, was simply to study the functional requirements for Genesis compatibility so that it could modify existing games and make them usable with the Genesis console. Moreover, as we discuss below, no other method of studying those requirements was available to Accolade. On these facts, we conclude that Accolade copied Sega’s code for a legitimate, essentially non-exploitative purpose, and that the commercial aspect of its use can best be described as of minimal significance.

We further note that we are free to consider the public benefit resulting from a particular use notwithstanding the fact that the alleged infringer may gain commercially. See *Hustler*, 796 F.2d at 1153 (quoting *MCA, Inc. v. Wilson*, 677 F.2d 180, 182 (2d Cir.1981)). Public benefit need not be direct or tangible, but may arise because the challenged use serves a public interest. *Id.* In the case before us, Accolade's identification of the functional requirements for Genesis compatibility has led to an increase in the number of independently designed video game programs offered for use with the Genesis console. It is precisely this growth in creative expression, based on the dissemination of other creative works and the unprotected ideas contained in those works, that the Copyright Act was intended to promote. See *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, (1991) (citing *Harper & Row*, 471 US at 556-57). The fact that Genesis-compatible video games are not scholarly works, but works offered for sale on the market, does not alter our judgment in this regard. We conclude that given the purpose and character of Accolade's use of Sega's video game programs, the presumption of unfairness has been overcome and the first statutory factor weighs in favor of Accolade.

(b)

As applied, the fourth statutory factor, effect on the potential market for the copyrighted work, bears a close relationship to the "purpose and character" inquiry in that it, too, accommodates the distinction between the copying of works in order to make independent creative expression possible and the simple exploitation of another's creative efforts. We must, of course, inquire whether, "if [the challenged use] should become widespread, it would adversely affect the potential market for the copyrighted work," *Sony Corp. v. Universal City Studios*, 464 US 417, 451 (1984), by diminishing potential sales, interfering with marketability, or usurping the market, *Hustler*, 796 F.2d at 1155-56. If the copying resulted in the latter effect, all other considerations might be irrelevant. The *Harper & Row* Court found a use that effectively usurped the market for the copyrighted work by supplanting that work to be dispositive. 471 US at 567-69. However, the same consequences do not and could not attach to a use which simply enables the copier to enter the market for works of the same type as the copied work.

Unlike the defendant in *Harper & Row*, which printed excerpts from President Ford's memoirs verbatim with the stated purpose of "scooping" a Time magazine review of the book, Accolade did not attempt to "scoop" Sega's release of any particular game or games, but sought only to become a legitimate competitor in the field of Genesis-compatible video games. Within that market, it is the characteristics of the game program as experienced by the user that determine the program's commercial success. As we have noted, there is nothing in the record that suggests that Accolade copied any of those elements.

By facilitating the entry of a new competitor, the first lawful one that is not a Sega licensee, Accolade's disassembly of Sega's software undoubtedly "affected" the market for Genesis-compatible games in an indirect fashion. We note, however, that while no consumer except the most avid devotee of President Ford's regime might be expected to buy more than one version of the President's memoirs, video game users typically purchase more than one game. There is no basis for assuming that Accolade's "Ishido" has significantly affected the market for Sega's "Altered Beast",

since a consumer might easily purchase both; nor does it seem unlikely that a consumer particularly interested in sports might purchase both Accolade's "Mike Ditka Power Football" and Sega's "Joe Montana Football", particularly if the games are, as Accolade contends, not substantially similar. In any event, an attempt to monopolize the market by making it impossible for others to compete runs counter to the statutory purpose of promoting creative expression and cannot constitute a strong equitable basis for resisting the invocation of the fair use doctrine. Thus, we conclude that the fourth statutory factor weighs in Accolade's, not Sega's, favor, notwithstanding the minor economic loss Sega may suffer.

(c)

The second statutory factor, the nature of the copyrighted work, reflects the fact that not all copyrighted works are entitled to the same level of protection. The protection established by the Copyright Act for original works of authorship does not extend to the ideas underlying a work or to the functional or factual aspects of the work. 17 U.S.C. § 102(b). To the extent that a work is functional or factual, it may be copied, *Baker v. Selden*, 101 US 99, 102-04 (1879), as may those expressive elements of the work that "must necessarily be used as incident to" expression of the underlying ideas, functional concepts, or facts, *id.* at 104. Works of fiction receive greater protection than works that have strong factual elements, such as historical or biographical works, or works that have strong functional elements, such as accounting textbooks. Works that are merely compilations of fact are copyrightable, but the copyright in such a work is "thin." *Feist Publications*, 111 S.Ct. at 1289.

Computer programs pose unique problems for the application of the "idea/expression distinction" that determines the extent of copyright protection. To the extent that there are many possible ways of accomplishing a given task or fulfilling a particular market demand, the programmer's choice of program structure and design may be highly creative and idiosyncratic. However, computer programs are, in essence, utilitarian articles — articles that accomplish tasks. As such, they contain many logical, structural, and visual display elements that are dictated by the function to be performed, by considerations of efficiency, or by external factors such as compatibility requirements and industry demands. *Computer Assoc. Int'l, Inc. v. Altai, Inc.*, 1992 WL 372273 (2d Cir.1992) ("CAI"). In some circumstances, even the exact set of commands used by the programmer is deemed functional rather than creative for purposes of copyright. "[W]hen specific instructions, even though previously copyrighted, are the only and essential means of accomplishing a given task, their later use by another will not amount to infringement." *National Commission on New Technological Uses of Copyrighted Works, Final Report* 1, 20 (1979).

Sega argues that even if many elements of its video game programs are properly characterized as functional and therefore not protected by copyright, Accolade copied protected expression. Sega is correct. The record makes clear that disassembly is wholesale copying. Because computer programs are also unique among copyrighted works in the form in which they are distributed for public use, however, Sega's observation does not bring us much closer to a resolution of the dispute.

The unprotected aspects of most functional works are readily accessible to the human eye. The systems described in accounting textbooks or the basic structural

concepts embodied in architectural plans, to give two examples, can be easily copied without also copying any of the protected, expressive aspects of the original works. Computer programs, however, are typically distributed for public use in object code form, embedded in a silicon chip or on a floppy disk. For that reason, humans often cannot gain access to the unprotected ideas and functional concepts contained in object code without disassembling that code — i.e., making copies.

Sega argues that the record does not establish that disassembly of its object code is the only available method for gaining access to the interface specifications for the Genesis console, and the district court agreed. An independent examination of the record reveals that Sega misstates its contents, and demonstrates that the district court committed clear error in this respect.

The record clearly establishes that humans cannot read object code. Sega makes much of Mike Lorenzen’s statement that a reverse engineer can work directly from the zeros and ones of object code but “[i]t’s not as fun.” In full, Lorenzen’s statements establish only that the use of an electronic decompiler is not absolutely necessary. Trained programmers can disassemble object code by hand. Because even a trained programmer cannot possibly remember the millions of zeros and ones that make up a program, however, he must make a written or computerized copy of the disassembled code in order to keep track of his work. The relevant fact for purposes of Sega’s copyright infringement claim and Accolade’s fair use defense is that translation of a program from object code into source code cannot be accomplished without making copies of the code.

The district court also suggested that Accolade could have avoided a copyright infringement suit by programming in a “clean room”. That finding too is clearly erroneous. A “clean room” is a procedure used in the computer industry in order to prevent direct copying of a competitor’s code during the development of a competing product. Programmers in clean rooms are provided only with the functional specifications for the desired program. As Dr. Tredennick explained, the use of a clean room would not have avoided the need for disassembly because disassembly was necessary in order to discover the functional specifications for a Genesis-compatible game.

In summary, the record clearly establishes that disassembly of the object code in Sega’s video game cartridges was necessary in order to understand the functional requirements for Genesis compatibility. The interface procedures for the Genesis console are distributed for public use only in object code form, and are not visible to the user during operation of the video game program. Because object code cannot be read by humans, it must be disassembled, either by hand or by machine. Disassembly of object code necessarily entails copying. Those facts dictate our analysis of the second statutory fair use factor. If disassembly of copyrighted object code is per se an unfair use, the owner of the copyright gains a de facto monopoly over the functional aspects of his work — aspects that were expressly denied copyright protection by Congress. 17 U.S.C. § 102(b). In order to enjoy a lawful monopoly over the idea or functional principle underlying a work, the creator of the work must satisfy the more stringent standards imposed by the patent laws. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 US 141, 159-64 (1989). Sega does not hold a patent on the Genesis console.

Because Sega's video game programs contain unprotected aspects that cannot be examined without copying, we afford them a lower degree of protection than more traditional literary works. See *CAI*, 23 U.S.P.Q.2d at 1257. In light of all the considerations discussed above, we conclude that the second statutory factor also weighs in favor of Accolade.

(d)

As to the third statutory factor, Accolade disassembled entire programs written by Sega. Accordingly, the third factor weighs against Accolade. The fact that an entire work was copied does not, however, preclude a finding a fair use. *Sony Corp.*, 464 US at 449-50, 104 S.Ct. at 792; *Hustler*, 796 F.2d at 1155. In fact, where the ultimate (as opposed to direct) use is as limited as it was here, the factor is of very little weight. Cf. *Wright v. Warner Books, Inc.*, 953 F.2d 731, 738 (2d Cir.1991).

(e)

In summary, careful analysis of the purpose and characteristics of Accolade's use of Sega's video game programs, the nature of the computer programs involved, and the nature of the market for video game cartridges yields the conclusion that the first, second, and fourth statutory fair use factors weigh in favor of Accolade, while only the third weighs in favor of Sega, and even then only slightly. Accordingly, Accolade clearly has by far the better case on the fair use issue.

We are not unaware of the fact that to those used to considering copyright issues in more traditional contexts, our result may seem incongruous at first blush. To oversimplify, the record establishes that Accolade, a commercial competitor of Sega, engaged in wholesale copying of Sega's copyrighted code as a preliminary step in the development of a competing product. However, the key to this case is that we are dealing with computer software, a relatively unexplored area in the world of copyright law. We must avoid the temptation of trying to force "the proverbial square peg into a round hole." *CAI*, 23 U.S.P.Q.2d at 1257.

In determining whether a challenged use of copyrighted material is fair, a court must keep in mind the public policy underlying the Copyright Act. "The immediate effect of our copyright law is to secure a fair return for an "author's" creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good." *Sony Corp.*, 464 US at 432. When technological change has rendered an aspect or application of the Copyright Act ambiguous, "the Copyright Act must be construed in light of this basic purpose." *Id.* As discussed above, the fact that computer programs are distributed for public use in object code form often precludes public access to the ideas and functional concepts contained in those programs, and thus confers on the copyright owner a de facto monopoly over those ideas and functional concepts. That result defeats the fundamental purpose of the Copyright Act — to encourage the production of original works by protecting the expressive elements of those works while leaving the ideas, facts, and functional concepts in the public domain for others to build on. *Feist Publications*, 111 S.Ct. at 1290.

(f)

We conclude that where disassembly is the only way to gain access to the ideas and functional elements embodied in a copyrighted computer program and where there is a legitimate reason for seeking such access, disassembly is a fair use of the copyrighted work, as a matter of law. Our conclusion does not, of course, insulate Accolade from a claim of copyright infringement with respect to its finished products. Sega has reserved the right to raise such a claim, and it may do so on remand.

Notes and questions

(1) In *Sega Enter. Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992) the Ninth Circuit held disassembly or reverse engineering of software code to gain access to the ideas and functional elements embodied therein for a legitimate reason was fair use as a matter of law.

(2) Notice how interconnected the Ninth Circuit's fair use analysis is with the idea-expression distinction. The court stressed the importance of protecting the work's expression from exploitative duplication, while at the same time enabling innovation and competition by preserving the unprotected status of ideas and functional components within the software and it applied the fair use factors through this lens.

(3) Almost a decade later, the Ninth Circuit addressed the same issue in *Sony Computer Entertainment v. Connectix*, 203 F.3d 596 (9th Cir. 2000). From the beginning of its decision, the court emphasized the importance of the idea expression distinction (at 598):

[W]e are called upon once again to apply the principles of copyright law to computers and their software, to determine what must be protected as expression and what must be made accessible to the public as function.

Consistent with its decision in *Sega*, the court held that intermediate copying of software could be protected as fair use if the copying was necessary to gain access to the functional elements of the software. The court expressly recognized (at 603) that "the fair use doctrine preserves public access to the ideas and functional elements embedded in copyrighted computer software programs."

(3) Since *Sega v. Accolade* courts have consistently held that making unauthorized copies of a computer program, as a necessary step in reverse engineering, is fair use. This outcome was implicitly confirmed by the fact that Congress chose to include circumventing encryption for the purpose of reverse engineering as an allowable exception to the anti-circumvention provisions of the DMCA. See Section 1201(f) of the Copyright Act.

Anti-plagiarism software

A.V. ex rel. Vanderhye v. iParadigms, LLC, 562 F.3d 630 (4th Cir. 2009)

Circuit Judge Traxler

Plaintiffs brought this copyright infringement action against defendant iParadigms, LLC, based on its use of essays and other papers written by plaintiffs for submission to their high school teachers through an online plagiarism detection service operated by iParadigms. The district court granted summary judgment in favor of iParadigms on plaintiffs' copyright infringement claim based on the doctrine of fair use.

Defendant iParadigms owns and operates “Turnitin Plagiarism Detection Service,” an online technology system designed to evaluate the originality of written works in order to prevent plagiarism. According to iParadigms, Turnitin offers high school and college educators an automated means of verifying that written works submitted by students are originals and not the products of plagiarism. When a school subscribes to iParadigms’ service, it typically requires its students to submit their written assignments via a web-based system available at www.turnitin.com or via an integration between Turnitin and a school’s course management system. In order to submit papers online, students must be enrolled in an active class and must enter the class ID number and class enrollment password supplied by the assigning professor.

After a student submits a writing assignment, Turnitin performs a digital comparison of the student’s work with content available on the Internet, including student papers previously submitted to Turnitin, and commercial databases of journal articles and periodicals. For each work submitted, Turnitin creates an “Originality Report” suggesting a percentage of the work, if any, that appears not to be original. The assigning professor may, based on the results of the Originality Report, further explore any potential issues.

The Turnitin system gives participating schools the option of “archiving” the student works. When this option is selected, Turnitin digitally stores the written works submitted by students so that the work becomes part of the database used by Turnitin to evaluate the originality of other student’s works in the future. The archived student works are stored as digital code, and employees of iParadigms do not read or review the archived works.

When they initiated the lawsuit, the four plaintiffs were minor high school students and thus appeared in this litigation via their next friends. Plaintiffs A.V. and K.W. attended McLean High School in Fairfax County, Virginia, which began using Turnitin in 2006 and opted to have its student papers archived in the Turnitin data base. Plaintiffs E.N. and M.N. attended Desert Vista High School in Tucson, Arizona, which also subscribed to the Turnitin service and elected the archiving option. According to the complaint, both schools required students to submit their written assignments via Turnitin.com to receive credit; failure to do so would result in a grade of “zero” for the assignment under the policy of both schools.

According to iParadigms, no one at iParadigms read or reviewed the papers submitted by plaintiffs, and iParadigms did not send any paper at issue in this action to anybody other than the instructor to whom plaintiffs submitted their own papers.

Plaintiffs filed a complaint alleging that iParadigms infringed their copyright interests in their works by archiving them in the Turnitin database without their permission. The court determined that iParadigms’ use of each of the plaintiffs’ written submissions qualified as a “fair use” under 17 U.S.C. § 107 and, therefore, did not constitute infringement. In particular, the court found that the use was transformative because its purpose was to prevent plagiarism by comparative use, and that iParadigms’ use of the student works did not impair the market value for high school term papers and other such student works.

...

The ownership rights created by the Copyright Act, however, are not absolute; these rights, while exclusive, are “limited in that a copyright does not secure an exclusive right to the use of facts, ideas, or other knowledge.” *Bond v. Blum*, 317 F.3d 385, 394 (4th Cir.2003). Rather, copyright protection extends only to the author’s manner of expression. Moreover, the copyright owner’s rights are subject to several exceptions enumerated by the Copyright Act. Those sections describe a variety of uses of copyrighted material that “are not infringements of copyright” “notwithstanding the provisions of § 106.”

One of these statutory exceptions codifies the common-law “fair use” doctrine, which “allows the public to use not only facts and ideas contained in a copyrighted work, but also expression itself in certain circumstances.” *Eldred v. Ashcroft*, 537 US 186, 219 (2003); see *Campbell v. Acuff-Rose Music, Inc.*, 510 US 569, 577, (1994) (“Congress meant § 107 to restate the present judicial doctrine of fair use ... and intended that courts continue the common-law tradition of fair use adjudication.” (internal quotation marks omitted)). “From the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright’s very purpose, [t]o promote the Progress of Science and useful Arts....” *Campbell*, 510 US at 575. Courts have traditionally regarded “fair use” of a copyrighted work as “a privilege in others than the owner of the copyright to use the copyrighted material in a reasonable manner without his consent.” *Harper & Row*, 471 US at 549.

Section 107 contemplates that the question of whether a given use of copyrighted material is “fair” requires a case-by-case analysis in which the statutory factors are not “treated in isolation” but are “weighed together, in light of the purposes of copyright.” *Campbell*, 510 US at 578.

With these general principles in mind, we consider each of the statutory factors.

First Factor

The first fair use factor requires us to consider “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” 17 U.S.C. § 107(1). A use of the copyrighted material that has a commercial purpose “tends to weigh against a finding of fair use.” *Harper & Row*, 471 US at 562. “The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.” *Id.*

In assessing the “character” of the use, we should consider the specific examples set forth in section 107’s preamble, “looking to whether the use is for criticism, or comment, or news reporting, and the like,” with the goal of determining whether the use at issue “merely supersedes the objects of the original creation, or instead adds something new, with a further purpose or different character.” *Campbell*, 510 US at 578-79. Courts, therefore, must examine “whether and to what extent the new work is transformative.... [T]he 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.” *Id.* at 579. A “transformative” use is one that “employ[s] the quoted matter in a different manner or for a different purpose from the original,” thus transforming it. Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990).

In considering the character and purpose of iParadigms' use of the student works, the district court focused on the question of whether the use was transformative in nature. The court concluded that "iParadigms, through Turnitin, uses the papers for an entirely different purpose, namely, to prevent plagiarism and protect the students' written works from plagiarism ... by archiving the students' works as digital code." Although the district court recognized that iParadigms intends to profit from its use of the student works, the court found that iParadigms' use of plaintiffs' works was "highly transformative," and "provides a substantial public benefit through the network of educational institutions using Turnitin." Accordingly, the court concluded that the first factor weighed in favor of a finding of fair use.

Plaintiffs argue the district court's analysis contained several flaws. First, they suggest that the district court ignored the commercial nature of iParadigms' use of their materials, highlighting the fact that iParadigms is a for-profit company that enjoys millions of revenue dollars based on its ever-increasing database of student works. Seizing upon the Supreme Court's suggestion in *Sony* that "every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belong to the owner of the copyright," plaintiffs contend that the archiving of their papers cannot constitute a fair use under section 107.

The district court, however, did not ignore the fact that iParadigms' use of the plaintiffs' works occurred in the commercial context; indeed, the court expressly noted that "iParadigms makes a profit in providing this service to educational institutions." But the fact that the disputed use of copyrighted material is commercial is not determinative in and of itself. See *Sony*, 464 US at 448. As the Second Circuit observed, "since many, if not most, secondary users seek at least some measure of commercial gain from their use, unduly emphasizing the commercial motivation of a copier will lead to an overly restrictive view of fair use." *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 921 (2d Cir.1994); see *Campbell*, 510 US at 584 (observing that "[i]f... commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph of § 107," which "are generally conducted for profit in this country"). The Court has made clear that *Sony* did not establish a per se rule that a commercial use barred a fair use finding. See *Campbell*, 510 US at 585 ("The Court of Appeals' elevation of one sentence from *Sony* to a per se rule ... runs as much counter to *Sony* itself as to the long common-law tradition of fair use adjudication."). Thus, although a commercial use finding generally weighs against a finding of fair use, it must "be weighed along with [the] other factors in fair use decisions." *Sony*, 464 US at 449 n. 32.

In this case, the district court determined that the commercial aspect was not significant in light of the transformative nature of iParadigms' use. See *Campbell*, 510 US at 578-79. The district court simply weighed the commercial nature of iParadigms' use along with other fair use factors, as is appropriate under Supreme Court precedent. See *id.* at 579 (explaining that "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").

Plaintiffs also argue that iParadigms' use of their works cannot be transformative because the archiving process does not add anything to the work — Turnitin merely

stores the work unaltered and in its entirety. This argument is clearly misguided. The use of a copyrighted work need not alter or augment the work to be transformative in nature. Rather, it can be transformative in function or purpose without altering or actually adding to the original work. See, e.g., *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir.2007) (concluding that Google’s use of copyrighted images in thumbnail search index was “highly transformative” even though the images themselves were not altered, in that the use served a different function than the images served). iParadigms’ use of plaintiffs’ works had an entirely different function and purpose than the original works; the fact that there was no substantive alteration to the works does not preclude the use from being transformative in nature.

Plaintiffs further contend that, even if iParadigms’ use of their works has a transformative purpose, the use itself is not transformative if it fails to effect such purpose. Plaintiffs assert that there is at least a question of fact as to whether Turnitin effectively prevents plagiarism such that summary judgment is inappropriate. In support of this contention, plaintiffs offered evidence showing that it is possible to defeat the Turnitin system by paraphrasing the original copyrighted work and that the system sometimes does not catch even verbatim copying. In other words, because the Turnitin system is not fool-proof, the archiving of plaintiffs’ works to compare and detect plagiarism cannot be transformative.

We reject this assertion as well. The question of whether a use is transformative does not rise or fall on whether the use perfectly achieves its intended purpose. Cf. *Campbell*, 510 US at 582 (declining to evaluate the quality of the parody and declaring that “when fair use is raised in defense of parody, [the threshold question] is whether a parodic character may reasonably be perceived”). Plaintiffs do not dispute that the Turnitin system does detect some level of plagiarism, even if, as they assert in the complaint, “the Turnitin system is capable of detecting only the most ignorant or lazy attempts at plagiarism by students without significant monetary resources.” Whether a better plagiarism detection system could be designed is not important to our analysis of whether the disputed use serves a different purpose or function.

The district court, in our view, correctly determined that the archiving of plaintiffs’ papers was transformative and favored a finding of “fair use.” iParadigms’ use of these works was completely unrelated to expressive content and was instead aimed at detecting and discouraging plagiarism.

Second Factor

In considering the nature of the copyrighted work, the Supreme Court has instructed that “fair use is more likely to be found in factual works than in fictional works,” whereas “a use is less likely to be deemed fair when the copyrighted work is a creative product.” *Stewart v. Abend*, 495 US 207, 237 (1990) (internal quotation marks and alteration omitted). This postulate recognizes the notion that a work is entitled to greater copyright protection as it comes closer to “the core of creative expression.” *Bond*, 317 F.3d at 395. However, if the disputed use of the copyrighted work “is not related to its mode of expression but rather to its historical facts,” then the creative nature of the work is mitigated. *Id.* at 396. And, in fact, the district court concluded that iParadigms’ use of the plaintiffs’ works related solely to the comparative value of the works and did not diminish the incentive for creativity on the part of students.

The district court noted that, if anything, iParadigms' use of the students' works fostered the development of original and creative works "by detecting any efforts at plagiarism by other students."

Plaintiffs contend that the district court's application of this factor was flawed in two respects. First, they argue that the court failed to account for the fact that their works were unpublished. Because an author enjoys the "right to control the first public appearance of his undisseminted expression," the fair use of an unpublished work is narrower in scope. *Harper & Row*, 471 US at 555 ("[T]he author's right to control the first public appearance of his expression weighs against such use of the work before its release."). In its order, the district court omits mention of this fact; therefore, plaintiffs suggest that the district court's entire analysis of the second statutory factor is invalid.

We disagree that the lack of an express reference to the unpublished status of plaintiffs' works undermines the court's analysis under § 107(2). Not only has the Supreme Court admonished courts to resist weighing the fair use factors in isolation, see *Campbell*, 510 US at 578 but Congress specifically provided that "[t]he fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors." 17 U.S.C. § 107. Therefore, in *Bond*, we were able to conclude that the introduction into a court proceeding of an original work of fiction constituted fair use under § 107 despite the fact that the copyrighted work was unpublished:

That *Bond*'s manuscript is unpublished and contains a stylized mode of expressing his feelings about historical facts weigh against a finding of fair use. But, as *Campbell* instructs, we do not consider the § 107 factors in isolation from one another, but we weigh them together in light of the purposes of copyright. Where, as here, the use of the work *is not related to its mode of expression* but rather to its historical facts and there is no evidence that the use of *Bond*'s manuscript in the state legal proceedings would adversely affect the potential market for the manuscript, one cannot say the incentive for creativity has been diminished in any sense.

Id. at 395-96 (emphasis added) (internal quotation marks and citations omitted). Here, the district court, quoting *Bond*, concluded that iParadigms' use was unconnected to any creative element in plaintiffs' works. Given that the district court drew its language verbatim from a passage in *Bond* discussing the fair use of unpublished works of fiction, the district court clearly did not ignore the unpublished nature of these works.

Moreover, it is clear that iParadigms' use of plaintiffs' works did not have the "intended purpose" or "incidental effect" of supplanting plaintiffs' rights to first publication. *Harper & Row*, 471 US at 562. This is significant in that the primary basis for the close scrutiny courts give the use of an unpublished work is, as previously noted, an "author's right to control the first public appearance of his expression." *Id.* at 564. iParadigms did not publicly disseminate or display plaintiffs' works and did not send them to any third party "other than the instructor to whom plaintiffs submitted their own papers." In fact, the Turnitin digital archiving process does not involve any review of the submitted works at all, even by those at iParadigms. Thus, no employee of iParadigms read or reviewed the works submitted by plaintiffs. We

find no basis whatsoever for concluding that iParadigms' use of the plaintiffs' papers undermined their right to first publication.

Plaintiffs contend that the district court's consideration of the "nature of the copyrighted works" factor was flawed for a second reason: the district court ignored the fact that the works in question were works of fiction and poetry, which are considered "highly creative" in nature and deserving of the strongest protection. This argument is unpersuasive as well in that the district court expressly acknowledged its obligation to consider whether the works in question came within the "core of creative expression." Rather than ignore it, however, the district court simply concluded that even if the plaintiffs' works were highly creative in nature, iParadigms' use of the plaintiffs' works was not related to the creative core of the works. In concluding that the second factor favored neither plaintiffs nor iParadigms, the district court was merely applying *Bond* in which we concluded that the use of an unpublished work of fiction in a court proceeding constituted fair use because such use was "not related to its mode of expression but rather to its historical facts." 317 F.3d at 396. iParadigms' use of the works in the case — as part of a digitized database from which to compare the similarity of typewritten characters used in other student works — is likewise unrelated to any creative component. Thus, we find no fault in the district court's application of the second fair use factor.

Third Factor

The third fair use factor requires us to consider "the amount and substantiality of the portion used in relation to the copyrighted work as a whole." 17 U.S.C. § 107(3). Generally speaking, "as the amount of the copyrighted material that is used increases, the likelihood that the use will constitute a 'fair use' decreases." *Bond*, 317 F.3d at 396. But this statutory factor also requires courts to consider, in addition to quantity, the "quality and importance" of the copyrighted materials used, *Campbell*, 510 US at 587 that is, whether the portion of the copyrighted material was "the heart of the copyrighted work." *Sundeman v. The Seajay Society, Inc.*, 142 F.3d 194, 205 (4th Cir.1998). Although "copying an entire work weighs against finding a fair use, ... it does not *preclude* a finding of fair use"; therefore, "the extent of permissible copying varies with the purpose and character of the use." *Id.* at 205-06 (emphasis added).

The district court found that this factor, like the second factor, did not favor either party. The court concluded that although iParadigms uses substantially the whole of plaintiffs' works, iParadigms' "use of the original works is limited in purpose and scope" as a digitized record for electronic "comparison purposes only." Having already concluded that such use of plaintiffs' works was transformative, the district court concluded that iParadigms' use of the entirety of plaintiffs' works did not preclude a finding of fair use.

The plaintiffs contend that the district court erred by referring to the transformative nature of iParadigms' use in its analysis of the amount and substantiality of the portion of the copyrighted work used under § 107(3). In our view, the district court did not analytically merge the first and third fair use factors by referring to iParadigms' transformative use of the students' works. Plaintiffs' argument, in fact, fails to recognize the overlap that exists between the fair use factors. The first and third factors, for example, take into account to some degree the purpose of the

disputed use. Compare 17 U.S.C. § 107(1); and *Sundeman*, 142 F.3d at 202 (explaining that “the ‘further purpose’ and ‘different character’ of the defendant’s use make it transformative” under § 107(1)), with *Bond*, 317 F.3d at 396 (concluding that § 107(3) did not favor plaintiffs because the defendant’s “sole purpose and intent” was not to use the expressive content in the plaintiffs’ works but “to obtain admissions of fact” in a court proceeding). We find no error in the district court’s analysis.

Fourth Factor

Finally, § 107 directs us to examine the market of the copyrighted work to determine “the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4). The Supreme Court described this factor as the “single most important element of fair use,” *Harper & Row*, 471 US at 566 considering that a primary goal of copyright is to ensure that “authors [have] the opportunity to realize rewards in order to encourage them to create.” Leval, *Toward a Fair Use Standard*, at 1124. By contrast, “a use that has no demonstrable effect upon the potential market for, or the value of, the copyrighted work need not be prohibited in order to protect the author’s incentive to create.” *Sony*, 464 US at 450.

Our task is to determine whether the defendants’ use of plaintiffs’ works “would materially impair the marketability of the works and whether it would act as a market substitute” for them. *Bond*, 317 F.3d at 396. We focus here not upon “whether the secondary use suppresses or even destroys the market for the original work or its potential derivatives, but [upon] whether the secondary use *usurps the market of the original work.*” *NXIVM Corp. v. The Ross Institute*, 364 F.3d 471, 482 (2nd Cir.2004) (emphasis added). An adverse market effect, in and of itself, does not preclude application of the fair use defense. “The fair use doctrine protects against a republication which offers the copyrighted work in a secondary packaging, where potential customers, having read the secondary work, will no longer be inclined to purchase again something they have already read.” *Sundeman*, 142 F.3d at 207.

The analysis of whether the disputed use offers a market substitute for the original work overlaps to some extent with the question of whether the use was transformative. See *Campbell*, 510 US at 591 (distinguishing a secondary use that simply duplicates an original work in its entirety, thereby superseding it, from a secondary use that is transformative). To the extent this issue arises in fair use cases, it often does so when the secondary use at issue involves a scholarly critique or parody of the original work. See *Campbell*, 510 US at 592 (“[T]he role of the courts is to distinguish between biting criticism that merely suppresses demand and copyright infringement, which usurps it.” (internal quotation marks and alterations omitted)); see also *Sundeman*, 142 F.3d at 207 (holding that defendant’s critique of a novel “did not have the purpose or effect of supplanting the copyrighted work” and that its use of the novel was transformative and thus did not create a market substitute for the original work); *Davis v. The Gap, Inc.*, 246 F.3d 152, 175 (2d Cir.2001) (explaining that “if the harm resulted from a transformative secondary use that lowered the public’s estimation of the original (such as a devastating review of a book that quotes liberally from the original to show how silly and poorly written it is), this transformative use will be found to be a fair use, notwithstanding the harm”).

But regardless of whether the defendant used the original work to critique or parody it, the transformative nature of the use is relevant to the market effect factor. See *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1274 n. 28 (11th Cir.2001) (“Whereas a work that merely supplants or supersedes another is likely to cause a substantially adverse impact on the potential market of the original, a transformative work is less likely to do so.”); *Davis*, 246 F.3d at 176 (noting that “the market effect must be evaluated in light of whether the secondary use is transformative”).

The district court concluded that iParadigms’ Turnitin system did not serve as a market substitute or even harm the market value of the works, highlighting the deposition testimony of the plaintiffs — each of whom denied that iParadigms’ “impinged on the marketability of their works or interfered with their use of the works.” The district court also noted that, although the pleadings alleged iParadigms’ use would adversely impact plaintiffs’ ability to market their works to other high school students seeking to purchase completed term papers or essays, each plaintiff indicated that such transactions were dishonest and that he or she would not sell their original works for submission by other students.

Furthermore, the court rejected plaintiffs’ contention that iParadigms’ use would adversely impact the value of the works if a recipient such as a college admissions department or a literary journal used the Turnitin system to verify originality. Because their works are now archived, plaintiffs argued, the Turnitin system would report that their own original works were plagiarized. In light of how the Turnitin system works, the district court rejected the argument as speculative at best:

Anyone who is reasonably familiar with Turnitin’s operation will be able to recognize that the identical match is not the result of plagiarism, but simply the result of Plaintiff’s earlier submission. Individuals familiar with Turnitin, such as those in the field of education, would be expecting the works submitted to have been previously submitted.

On appeal, plaintiffs’ primary contention is that the district court focused on whether there was evidence of actual damages, failing to consider the effect of iParadigms’ use on the “potential market” for plaintiffs’ works. Clearly, this assertion is incorrect. The district court considered the potential market effects suggested by plaintiffs but concluded that plaintiffs’ arguments were theoretical and speculative. Plaintiffs’ most plausible theory was that iParadigms’ archiving of their papers impaired the sale of the papers to high school students in the market for unpublished term papers, essays and the like. Undoubtedly, there is a market for students who wish to purchase such works and submit them as their own for academic credit.⁷

Footnote 7: Web sites such as www.ibuytermpapers.com, for example, offer completed papers and essays purchased from high school students.

And, iParadigms’ archiving of such papers on the Turnitin website might well impair the marketability of such works to student buyers intending to submit works they did not author without being identified as plagiarists.

As noted by the district court, however, the plaintiffs testified that they would not sell the works at issue here to any dealer in such a market because such a transaction would make them party to cheating and would encourage plagiarism. Furthermore, to the extent that iParadigms’ use would adversely affect plaintiffs’ works in this

particular market, we must consider the transformative nature of the use. Clearly no market substitute was created by iParadigms, whose archived student works do not supplant the plaintiffs' works in the "paper mill" market so much as merely suppress demand for them, by keeping record of the fact that such works had been previously submitted. Cf. *Davis*, 246 F.3d at 175 (noting that fair use occurs where "the harm resulted from a transformative secondary use that lowered the public's estimation of the original" rather than from a market substitute). In our view, then, any harm here is not of the kind protected against by copyright law.

The plaintiffs offer a few additional theories under which iParadigms' use of their papers could conceivably affect marketability. For example, plaintiffs point to the possibility that if they submitted all or a portion of their own works to a periodical for publishing or to a college admissions board, and the magazine or college used Turnitin, then their submitted works might potentially be discredited as a product of plagiarism. Like the district court, we conclude that these theories are implausible in light of how the Turnitin system generally operates. We find nothing in the record to suggest that any of these scenarios envisioned by plaintiffs are anything more than unfounded speculation.

In sum, we conclude, viewing the evidence in the light most favorable to the plaintiffs, that iParadigms' use of the student works was "fair use" under the Copyright Act and that iParadigms was therefore entitled to summary judgment on the copyright infringement claim.

Notes and questions

(1) In *A.V. ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630 (4th Cir. 2009) the Fourth Circuit held that high school students required to pass their work through a computerized plagiarism detection system had no claim for copyright infringement when the system added their papers to its plagiarism detection archive. The decision rests largely on the court of appeals understanding that iParadigms' use of the student papers was transformative because the defendant used of plaintiffs' works had an entirely different function and purpose than the original works.

Text Data Mining & Search Engine Cases

The image search cases: *Kelly* and *Perfect 10*

In 2003 and 2007, two key court of appeals cases in the Ninth Circuit addressed whether the display of images in the context of a menu of Internet search results violated copyright. Those cases, *Kelly v. Arriba Soft Corp*, 336 F.3d 811 (9th Cir. 2003); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), are referred to quite often in the decisions extracted below and so a brief summary is warranted.

In both *Kelly v. Arriba Soft* and *Perfect 10 v. Amazon*, the copyright owners of various photographs sued visual search engines for the way their works were used by those services. At the time at least, Internet search engines that focused on images relied on matching search terms with text associated with images on the Internet. The search engines in *Kelly* and *Perfect 10* worked as follows: if the text associated with an image file was responsive to a user's search query, the search engine would display a small low-resolution "thumbnail" of

the image in a menu of search results, giving the user something like a police lineup of images to choose from. Those thumbnail images were displayed from copies made by the search engine and stored on the search engine's servers. However, once the user selected a particular thumbnail, the user's Internet browser would be directed to the original location to retrieve the full-scale image.⁶⁷

In both of the image search cases, *Kelly* and *Perfect 10*, the Ninth Circuit found that displaying low-resolution thumbnail images as part of a menu of search results was transformative.⁶⁸ In *Perfect 10*, the court held that the search engine defendant's use of thumbnails was "highly transformative." It continued (at ___):

Although an image may have been created originally to serve an entertainment, aesthetic, or informative function, a search engine transforms the image into a pointer directing a user to a source of information. Just as a parody has an obvious claim to transformative value because it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one, a search engine provides social benefit by incorporating an original work into a new work, namely, an electronic reference tool. Indeed, *a search engine may be more transformative* than a parody because a search engine provides an entirely new use for the original work, while a parody typically has the same entertainment purpose as the original work.

These thumbnails were complete copies after a fashion, but their size and quality suggested that they would not substitute for the original images. These same features also made it clear that the thumbnail images were being used as a pointing device toward the original images; an entirely different purpose to the original photos. The copying and display of thumbnail images in *Kelly* and *Perfect 10* was not a non-expressive use as such, after all, allowing users to see the image was essential to making the search engine results useful. However, the conclusion that the use of the thumbnails as pointing devices was transformative because it "served a different function" unrelated to "artistic expression" parallels the expressive/non-expressive use distinction.

Perfect 10 and *Kelly* are both consistent with the rationale favoring non-expressive use, even though the thumbnail displays should be seen as an expressive use similar to cases such as *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006) and *Nunez v. Caribbean Int'l News Corp.*, 235 F.3d 18 (1st Cir. 2000).

Authors Guild v. HathiTrust, 755 F.3d 87 (2d Cir.2014)⁶⁹

Circuit Judge Barrington D. Parker

⁶⁷ This distinction matters because the search engine could only be held directly liable for copyright infringement for images sourced from its own servers; directing a user to someone else's computer system could still qualify as copyright infringement, but only with specific knowledge of the underlying infringement. In United States copyright law, this distinction is referred to as the "server test". See *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007).

⁶⁸ *Perfect 10 v. Amazon.com* 508 F. 3d 1146, 1165-1167 (9th Cir. 2007); See also *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818-22 (9th Cir.2003).

⁶⁹ Disclosure: Along with Jason Schultz, I was Amici Curiae for Digital Humanities and Law Scholars in this case.

Beginning in 2004, several research universities including the University of Michigan, the University of California at Berkeley, Cornell University, and the University of Indiana agreed to allow Google to electronically scan the books in their collections. In October 2008, thirteen universities announced plans to create a repository for the digital copies and founded an organization called HathiTrust to set up and operate the HathiTrust Digital Library (or “HDL”). Colleges, universities, and other nonprofit institutions became members of HathiTrust and made the books in their collections available for inclusion in the HDL. HathiTrust currently has 80 member institutions and the HDL contains digital copies of more than ten million works, published over many centuries, written in a multitude of languages, covering almost every subject imaginable. This appeal requires us to decide whether the HDL’s use of copyrighted material is protected against a claim of copyright infringement under the doctrine of fair use. See 17 U.S.C. § 107.

BACKGROUND

A. The HathiTrust Digital Library

HathiTrust permits three uses of the copyrighted works in the HDL repository. First, HathiTrust allows the general public to search for particular terms across all digital copies in the repository. Unless the copyright holder authorizes broader use, the search results show only the page numbers on which the search term is found within the work and the number of times the term appears on each page. The HDL does not display to the user any text from the underlying copyrighted work (either in “snippet” form or otherwise). Consequently, the user is not able to view either the page on which the term appears or any other portion of the book.

Second, the HDL allows member libraries to provide patrons with certified print disabilities access to the full text of copyrighted works. A “print disability” is any disability that prevents a person from effectively reading printed material. Blindness is one example, but print disabilities also include those that prevent a person from physically holding a book or turning pages. To use this service, a patron must obtain certification of his disability from a qualified expert. Through the HDL, a print-disabled user can obtain access to the contents of works in the digital library using adaptive technologies such as software that converts the text into spoken words, or that magnifies the text. Currently, the University of Michigan’s library is the only HDL member that permits such access, although other member libraries intend to provide it in the future.

Third, by preserving the copyrighted books in digital form, the HDL permits members to create a replacement copy of the work, if the member already owned an original copy, the member’s original copy is lost, destroyed, or stolen, and a replacement copy is unobtainable at a “fair” price elsewhere.

The HDL stores digital copies of the works in four different locations. One copy is stored on its primary server in Michigan, one on its secondary server in Indiana, and two on separate backup tapes at the University of Michigan. Each copy contains the full text of the work, in a machine readable format, as well as the images of each page in the work as they appear in the print version.

B. The Orphan Works Project

Separate and apart from the HDL, in May 2011, the University of Michigan developed a project known as the Orphan Works Project (or “OWP”). An “orphan work” is an out-of-print work that is still in copyright, but whose copyright holder cannot be readily identified or located. See US Copyright Office, Notice of Inquiry, Orphan Works and Mass Digitization (2012).

The University of Michigan conceived of the OWP in two stages: First, the project would attempt to identify out-of-print works, try to find their copyright holders, and, if no copyright holder could be found, publish a list of orphan works candidates to enable the copyright holders to come forward or be otherwise located. If no copyright holder came forward, the work was to be designated as an orphan work. Second, those works identified as orphan works would be made accessible in digital format to the OWP’s library patrons (with simultaneous viewers limited to the number of hard copies owned by the library).

The University evidently became concerned that its screening process was not adequately distinguishing between orphan works (which were to be included in the OWP) and in-print works (which were not). As a result, before the OWP was brought online, but after the complaint was filed in this case, the University indefinitely suspended the project. No copyrighted work has been distributed or displayed through the project and it remains suspended as of this writing.

C. Proceedings in the District Court

This case began when twenty authors and authors’ associations (collectively, the “Authors”) sued HathiTrust, one of its member universities, and the presidents of four other member universities (collectively, the “Libraries”) for copyright infringement seeking declaratory and injunctive relief. The National Federation of the Blind and three print-disabled students (the “Intervenors”) were permitted to intervene to defend their ability to continue using the HDL.

The Libraries initially moved for partial judgment on the pleadings on the ground that the authors’ associations lacked standing to assert claims on behalf of their members and that the claims related to the OWP were not ripe. See Fed.R.Civ.P. 12(c). The Libraries then moved for summary judgment on the remaining claims on the ground that their uses of copyrighted material were protected by the doctrine of fair use, see 17 U.S.C. § 107, and also by the Chafee Amendment, see *id.* § 121. The Intervenors moved for summary judgment on substantially the same grounds as the Libraries and, finally, the Authors cross-moved for summary judgment.

...

I. Fair Use⁴

Footnote 4: Plaintiffs argue that the fair use defense is inapplicable to the activities at issue here, because the Copyright Act includes another section, 108, which governs “Reproduction [of copyrighted works] by Libraries ...” 17 U.S.C. § 108. However, section 108 also includes a “savings clause,” which states, “Nothing in this section in any way affects the right of fair use as provided by section 107...” § 108(f)(4). Thus, we do not construe § 108 as foreclosing our analysis of the Libraries’ activities under fair use, and we proceed with that analysis.

A.

As the Supreme Court has explained, the overriding purpose of copyright is “[t]o promote the Progress of Science and useful Arts....”⁴ *Campbell v. Acuff-Rose Music, Inc.*,

510 US 569, 574 (1994); see also *Twentieth Century Music Corp. v. Aiken*, 422 US 151, 156 (1975). This goal has animated copyright law in Anglo-American history, beginning with the first copyright statute, the Statute of Anne of 1709,⁷⁰ which declared itself to be “[a]n Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Authors ... during the Times therein mentioned.” Act for the Encouragement of Learning, 8 Anne, ch. 19. In short, our law recognizes that copyright is “not an inevitable, divine, or natural right that confers on authors the absolute ownership of their creations. It is designed rather to stimulate activity and progress in the arts for the intellectual enrichment of the public.” Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1107 (1990).

The Copyright Act furthers this core purpose by granting authors a limited monopoly over (and thus the opportunity to profit from) the dissemination of their original works of authorship. ... At the same time, there are important limits to an author’s rights to control original and derivative works. One such limit is the doctrine of “fair use,” which allows the public to draw upon copyrighted materials without the permission of the copyright holder in certain circumstances. See *id.* § 107 (“[T]he fair use of a copyrighted work ... is not an infringement of copyright.”). “From the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright’s very purpose, ‘[t]o promote the Progress of Science and useful Arts....’” *Campbell*, 510 US at 574.

Under the fair-use doctrine, a book reviewer may, for example, quote from an original work in order to illustrate a point and substantiate criticisms, see *Folsom v. Marsh*, 9 F. Cas. 342, 344 (C.C.D.Mass. 1841) (No. 4901), and a biographer may quote from unpublished journals and letters for similar purposes, see *Wright v. Warner Books, Inc.*, 953 F.2d 731 (2d Cir. 1991). An artist may employ copyrighted photographs in a new work that uses a fundamentally different artistic approach, aesthetic, and character from the original. See *Carion v. Prince*, 714 F.3d 694, 706 (2d Cir.2013). An internet search engine can display low-resolution versions of copyrighted images in order to direct the user to the website where the original could be found. See *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir.2007); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818-22 (9th Cir.2003). A newspaper can publish a copyrighted photograph (taken for a modeling portfolio) in order to inform and entertain the newspaper’s readership about a news story. See *Nunez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 25 (1st Cir.2000). A viewer can create a recording of a broadcast television show in order to view it at a later time. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 US 417, 447-450 (1984). And a competitor may create copies of copyrighted software for the purpose of analyzing that software and discovering how it functions (a process called “reverse engineering”). See *Sony Comp. Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596, 599-601 (9th Cir.2000).

The doctrine is generally subject to an important proviso: A fair use must not excessively damage the market for the original by providing the public with a substitute for that original work. Thus, a book review may fairly quote a copyrighted

⁷⁰ 1710 is the correct date. The confusion has something to do with the fact that Great Britain shifted from the Julian to Gregorian calendar in 1752. Until that time, the New Year began on 25 March.

book “for the purposes of fair and reasonable criticism,” *Folsom*, 9 F. Cas. at 344, but the review may not quote extensively from the “heart” of a forthcoming memoir in a manner that usurps the right of first publication and serves as a substitute for purchasing the memoir, *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 US 539 (1985).

In 1976, as part of a wholesale revision of the Copyright Act, Congress codified the judicially created fair-use doctrine at 17 U.S.C. § 107. Section 107 requires a court to consider four nonexclusive factors which are to be weighed together to assess whether a particular use is fair:

- (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.

17 U.S.C. § 107.

An important focus of the first factor is whether the use is “transformative.” A use is transformative if it does something more than repackage or republish the original copyrighted work. The inquiry is whether the work “adds something new, with a further purpose or different character, altering the first with new expression, meaning or message...” *Campbell*, 510 US at 579 (citing *Leval* at 1111). “[T]he more transformative the new work, the less will be the significance of other factors... that may weigh against a finding of fair use.” *Id.* Contrary to what the district court implied, a use does not become transformative by making an “invaluable contribution to the progress of science and cultivation of the arts.” *HathiTrust*, 902 F.Supp.2d at 464. Added value or utility is not the test: a transformative work is one that serves a new and different function from the original work and is not a substitute for it.

The second factor considers whether the copyrighted work is “of the creative or instructive type that the copyright laws value and seek to foster.” *Leval*, at 1117; see also *Folsom*, 9 F. Cas. at 348 (“[W]e must often ... look to the nature and objects of the selections made...”). For example, the law of fair use “recognizes a greater need to disseminate factual works than works of fiction or fantasy.” *Harper & Row*, 471 US at 563.

The third factor asks whether the secondary use employs more of the copyrighted work than is necessary, and whether the copying was excessive in relation to any valid purposes asserted under the first factor. *Campbell*, 510 US at 586-87. In weighing this factor, we assess the quantity and value of the materials used and whether the amount copied is reasonable in relation to the purported justifications for the use under the first factor. *Leval* at 1123.

Finally, the fourth factor requires us to assess the impact of the use on the traditional market for the copyrighted work. This is the “single most important element of fair use.” *Harper & Row*, 471 US at 566. To defeat a claim of fair use, the copyright

holder must point to market harm that results because the secondary use serves as a substitute for the original work. See *Campbell*, 510 US at 591 (“cognizable market harm” is limited to “market substitution”); see also *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 481-82 (2d Cir.2004).

B.

As discussed above, the Libraries permit three uses of the digital copies deposited in the HDL. We now consider whether these uses are “fair” within the meaning of our copyright law.

1. Full-Text Search

It is not disputed that, in order to perform a full-text search of books, the Libraries must first create digital copies of the entire books. Importantly, as we have seen, the HDL does not allow users to view any portion of the books they are searching. Consequently, in providing this service, the HDL does not add into circulation any new, human-readable copies of any books. Instead, the HDL simply permits users to “word search” — that is, to locate where specific words or phrases appear in the digitized books. Applying the relevant factors, we conclude that this use is a fair use.

i.

Turning to the first factor, we conclude that the creation of a full-text searchable database is a quintessentially transformative use. As the example on page 7, *supra*, demonstrates, the result of a word search is different in purpose, character, expression, meaning, and message from the page (and the book) from which it is drawn. Indeed, we can discern little or no resemblance between the original text and the results of the HDL full-text search.

There is no evidence that the Authors write with the purpose of enabling text searches of their books. Consequently, the full-text search function does not “supersede the objects [or purposes] of the original creation,” *Campbell*, 510 US at 579 (internal quotation marks omitted). The HDL does not “merely repackage[] or republish[] the original[s],” *Leval*, at 1111, or merely recast “an original work into a new mode of presentation,” *Castle Rock Entm’t, Inc. v. Carol Publ’g Grp., Inc.*, 150 F.3d 132, 143 (2d Cir.1998). Instead, by enabling full-text search, the HDL adds to the original something new with a different purpose and a different character.

Full-text search adds a great deal more to the copyrighted works at issue than did the transformative uses we approved in several other cases. For example, in *Cariou v. Prince*, we found that certain photograph collages were transformative, even though the collages were cast in the same medium as the copyrighted photographs. 714 F.3d at 706. Similarly, in *Bill Graham Archives v. Dorling Kindersley Ltd.*, we held that it was a transformative use to include in a biography copyrighted concert photos, even though the photos were unaltered (except for being reduced in size). 448 F.3d 605, 609-11 (2d Cir.2006); see also *Blanch v. Koons*, 467 F.3d 244, 252-53 (2d Cir.2006) (transformative use of copyrighted photographs in collage painting); *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109, 114 (2d Cir.1998) (transformative use of copyrighted photograph in advertisement).

Cases from other Circuits reinforce this conclusion. In *Perfect 10, Inc.*, the Ninth Circuit held that the use of copyrighted thumbnail images in internet search results

was transformative because the thumbnail copies served a different function from the original copyrighted images. 508 F.3d at 1165; accord *Arriba Soft Corp.*, 336 F.3d at 819. And in *A.V. ex rel. Vanderbye v. iParadigms, LLC*, a company created electronic copies of unaltered student papers for use in connection with a computer program that detects plagiarism. Even though the electronic copies made no “substantive alteration to” the copyrighted student essays, the Fourth Circuit held that plagiarism detection constituted a transformative use of the copyrighted works. 562 F.3d 630, 639-40.

ii.

The second fair-use factor — the nature of the copyrighted work — is not dispositive. The HDL permits the full-text search of every type of work imaginable. Consequently, there is no dispute that the works at issue are of the type that the copyright laws value and seek to protect. However, “this factor ‘may be of limited usefulness where,’ as here, ‘the creative work ... is being used for a transformative purpose.’” *Carion*, 714 F.3d at 710 (quoting *Bill Graham Archives*, 448 F.3d at 612). Accordingly, our fair-use analysis hinges on the other three factors.

iii.

The third factor asks whether the copying used more of the copyrighted work than necessary and whether the copying was excessive. As we have noted, “[t]here are no absolute rules as to how much of a copyrighted work may be copied and still be considered a fair use.” *Maxtone-Graham v. Burtchell*, 803 F.2d 1253, 1263 (2d Cir.1986). “The extent of permissible copying varies with the purpose and character of the use.” *Campbell*, 510 US at 586-87. The crux of the inquiry is whether “no more was taken than necessary.” *Id.* at 589. For some purposes, it may be necessary to copy the entire copyrighted work, in which case Factor Three does not weigh against a finding of fair use. See *Bill Graham Archives*, 448 F.3d at 613 (entire image copied); *Arriba Soft*, 336 F.3d at 821 (“If Arriba only copied part of the image, it would be more difficult to identify it, thereby reducing the usefulness of the visual search engine.”).

In order to enable the full-text search function, the Libraries, as we have seen, created digital copies of all the books in their collections.⁵

Footnote 5: The HDL also creates digital copies of the images of each page of the books. As the Libraries acknowledge, the HDL does not need to retain these copies to enable the full-text search use. We discuss the fair-use justification for these copies in the context of the disability-access use.

Because it was reasonably necessary for the HDL to make use of the entirety of the works in order to enable the full-text search function, we do not believe the copying was excessive.

The Authors also contend that the copying is excessive because the HDL creates and maintains copies of the works at four different locations. But the record demonstrates that these copies are also reasonably necessary in order to facilitate the HDL’s legitimate uses. In particular, the HDL’s services are offered to patrons through two servers, one at the University of Michigan (the primary server) and an identical one at the University of Indiana (the “mirror” server). Both servers contain copies of the digital works at issue. According to the HDL executive director, the “existence of an identical mirror site allows for balancing the load of user web traffic

to avoid overburdening a single site, and each site acts as a back-up of the HDL collection in the event that one site were to cease operation (for example, due to failure caused by a disaster, or even as a result of routine maintenance).” To further guard against the risk of data loss, the HDL stores copies of the works on two encrypted backup tapes, which are disconnected from the internet and are placed in separate secure locations on the University of Michigan campus. The HDL creates these backup tapes so that the data could be restored in “the event of a disaster causing large-scale data loss” to the primary and mirror servers.

We have no reason to think that these copies are excessive or unreasonable in relation to the purposes identified by the Libraries and permitted by the law of copyright. In sum, even viewing the evidence in the light most favorable to the Authors, the record demonstrates that these copies are reasonably necessary to facilitate the services HDL provides to the public and to mitigate the risk of disaster or data loss. Accordingly, we conclude that this factor favors the Libraries.

iv.

The fourth factor requires us to consider “the effect of the use upon the potential market for or value of the copyrighted work,” 17 U.S.C. § 107(4), and, in particular, whether the secondary use “usurps the market of the original work,” *NXIVM Corp.*, 364 F.3d at 482.

The Libraries contend that the full-text-search use poses no harm to any existing or potential traditional market and point to the fact that, in discovery, the Authors admitted that they were unable to identify “any specific, quantifiable past harm, or any documents relating to any such past harm,” resulting from any of the Libraries’ uses of their works (including full-text search). The district court agreed with this contention, as do we.

At the outset, it is important to recall that the Factor Four analysis is concerned with only one type of economic injury to a copyright holder: the harm that results because the secondary use serves as a substitute for the original work. See *Campbell*, 510 US at 591 (“cognizable market harm” is limited to “market substitution”). In other words, under Factor Four, any economic “harm” caused by transformative uses does not count because such uses, by definition, do not serve as substitutes for the original work. See *Bill Graham Archives*, 448 F.3d at 614.

To illustrate why this is so, consider how copyright law treats book reviews. Book reviews often contain quotations of copyrighted material to illustrate the reviewer’s points and substantiate his criticisms; this is a paradigmatic fair use. And a negative book review can cause a degree of economic injury to the author by dissuading readers from purchasing copies of her book, even when the review does not serve as a substitute for the original. But, obviously, in that case, the author has no cause for complaint under Factor Four: The only market harms that count are the ones that are caused because the secondary use serves as a substitute for the original, not when the secondary use is transformative (as in quotations in a book review). See *Campbell*, 510 US at 591-92 (“When a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act.”).

The Authors assert two reasons why the full-text-search function harms their traditional markets. The first is a “lost sale” theory which posits that a market for licensing books for digital search could possibly develop in the future, and the HDL impairs the emergence of such a market because it allows patrons to search books without any need for a license. Thus, according to the Authors, every copy employed by the HDL in generating full-text searches represents a lost opportunity to license the book for search.

This theory of market harm does not work under Factor Four, because the full-text search function does not serve as a substitute for the books that are being searched. See *Campbell*, 510 US at 591-92; *Bill Graham Archives*, 448 F.3d at 614. Thus, it is irrelevant that the Libraries might be willing to purchase licenses in order to engage in this transformative use (if the use were deemed unfair). Lost licensing revenue counts under Factor Four only when the use serves as a substitute for the original and the full-text-search use does not.

Next, the Authors assert that the HDL creates the risk of a security breach which might impose irreparable damage on the Authors and their works. In particular, the Authors speculate that, if hackers were able to obtain unauthorized access to the books stored at the HDL, the full text of these tens of millions of books might be distributed worldwide without restriction, “decimating” the traditional market for those works.

The record before us documents the extensive security measures the Libraries have undertaken to safeguard against the risk of a data breach. Some of those measures were described by the HDL executive director as follows:

First, [HDL] maintains ... rigorous physical security controls. HDL servers, storage, and networking equipment at Michigan and Indiana University are mounted in locked racks, and only six individuals at Michigan and three at Indiana University have keys. The data centers housing HDL servers, storage, and networking equipment at each site location are monitored by video surveillance, and entry requires use of both a keycard and a biometric sensor.

Second, network access to the HDL corpus is highly restricted, even for the staff of the data centers housing HDL equipment at Michigan and Indiana University. For example, two levels of network firewalls are in place at each site, and Indiana University data center staff do not have network access to the HDL corpus, only access to the physical equipment. For the backup tapes, network access is limited to the administrators of the backup system, and these individuals are not provided the encryption key that would be required to access the encrypted files on the backup tapes.

Web access to the HDL corpus is also highly restricted. Access by users of the HDL service is governed by primarily by [sic] the HDL rights database, which classifies each work by presumed copyright status, and also by a user’s authentication to the system (e.g., as an individual certified to have a print disability by Michigan’s Office of Services for Students with Disabilities).

...

Even where we do permit a work to be read online, such as a work in the public domain, we make efforts to ensure that inappropriate levels of access do not take place. For example, a mass download prevention system called “choke” is used to

measure the rate of activity (such as the rate a user is reading pages) by each individual user. If a user's rate of activity exceeds certain thresholds, the system assumes that the user is mechanized (e.g., a web robot) and blocks that user's access for a set period of time.

(Wilkins Declaration).

This showing of the security measures taken by the Libraries is essentially un rebutted. Consequently, we see no basis in the record on which to conclude that a security breach is likely to occur, much less one that would result in the public release of the specific copyrighted works belonging to any of the plaintiffs in this case. Cf. *Clapper v. Amnesty Int'l USA*, 133 S.Ct. 1138, 1143 (2013) (risk of future harm must be "certainly impending," rather than merely "conjectural" or "hypothetical," to constitute a cognizable injury-in-fact); *Sony Corp.*, 464 US at 453-54 (concluding that time-shifting using a Betamax is fair use because the copyright owners' "prediction that live television or movie audiences will decrease" was merely "speculative"). Factor Four thus favors a finding of fair use.

Without foreclosing a future claim based on circumstances not now predictable, and based on a different record, we hold that the balance of relevant factors in this case favors the Libraries. In sum, we conclude that the doctrine of fair use allows the Libraries to digitize copyrighted works for the purpose of permitting full-text searches.

CONCLUSION

The judgment of the district court is **AFFIRMED**, in part, insofar as the district court concluded that that the doctrine of "fair use" allows defendants-appellees to create a full-text searchable database of copyrighted works and to provide those works in formats accessible to those with disabilities; and that claims predicated upon the Orphan Works Project are not ripe for adjudication. We **VACATE** the judgment, in part, insofar as it rests on the district court's holding related to the claim of infringement predicated upon defendants-appellees' preservation of copyrighted works, and we **REMAND** for further proceedings consistent with this opinion.

Notes and questions

(1) Other issues in the HathiTrust case: Portions of the decision dealing with associational standing have been omitted from this extract. The court of appeals agreed with the district court that the issues raised by the orphan works program were not ripe for adjudication because the project had been abandoned as a result of the litigation. The court also vacated the district court's ruling that preservation copies were fair use on standing grounds. The court also held (at 103) that "the doctrine of fair use allows the Libraries to provide full digital access to copyrighted works to their print-disabled patrons."

Authors Guild v. Google, Inc., 804 F. 3d 202 (2d Cir. 2015)⁷¹

Circuit Judge Leval

This copyright dispute tests the boundaries of fair use. Plaintiffs, who are authors of published books under copyright, sued Google, Inc. (“Google”) for copyright infringement in the United States District Court for the Southern District of New York (Chin, J.). They appeal from the grant of summary judgment in Google’s favor. Through its Library Project and its Google Books project, acting without permission of rights holders, Google has made digital copies of tens of millions of books, including Plaintiffs’, that were submitted to it for that purpose by major libraries. Google has scanned the digital copies and established a publicly available search function. An Internet user can use this function to search without charge to determine whether the book contains a specified word or term and also see “snippets” of text containing the searched-for terms. In addition, Google has allowed the participating libraries to download and retain digital copies of the books they submit, under agreements which commit the libraries not to use their digital copies in violation of the copyright laws. These activities of Google are alleged to constitute infringement of Plaintiffs’ copyrights. Plaintiffs sought injunctive and declaratory relief as well as damages.

Google defended on the ground that its actions constitute “fair use,” which, under 17 U.S.C. § 107, is “not an infringement.” The district court agreed. *Authors Guild, Inc. v. Google Inc.*, 954 F.Supp.2d 282, 294 (S.D.N.Y.2013). Plaintiffs brought this appeal.

Google Books and the Google Library Project

Google’s Library Project, which began in 2004, involves bi-lateral agreements between Google and a number of the world’s major research libraries. Under these agreements, the participating libraries select books from their collections to submit to Google for inclusion in the project. Google makes a digital scan of each book, extracts a machine-readable text, and creates an index of the machine-readable text of each book. Google retains the original scanned image of each book, in part so as to improve the accuracy of the machine-readable texts and indices as image-to-text conversion technologies improve.

Since 2004, Google has scanned, rendered machine-readable, and indexed more than 20 million books, including both copyrighted works and works in the public domain. The vast majority of the books are non-fiction, and most are out of print. All of the digital information created by Google in the process is stored on servers protected by the same security systems Google uses to shield its own confidential information.

The digital corpus created by the scanning of these millions of books enables the Google Books search engine. Members of the public who access the Google Books website can enter search words or terms of their own choice, receiving in response a list of all books in the database in which those terms appear, as well as the number of times the term appears in each book. A brief description of each book, entitled

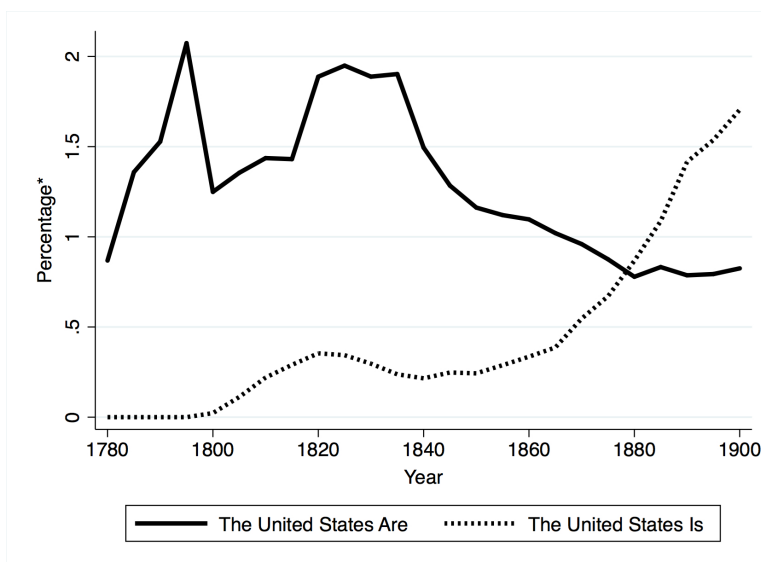
⁷¹ Disclosure: Along with Jason Schultz I was Amici Curiae for Digital Humanities and Law Scholars in this case.

“About the Book,” gives some rudimentary additional information, including a list of the words and terms that appear with most frequency in the book. It sometimes provides links to buy the book online and identifies libraries where the book can be found. The search tool permits a researcher to identify those books, out of millions, that do, as well as those that do not, use the terms selected by the researcher. Google notes that this identifying information instantaneously supplied would otherwise not be obtainable in lifetimes of searching.

No advertising is displayed to a user of the search function. Nor does Google receive payment by reason of the searcher’s use of Google’s link to purchase the book.

The search engine also makes possible new forms of research, known as “text mining” and “data mining.” Google’s “ngrams” research tool draws on the Google Library Project corpus to furnish statistical information to Internet users about the frequency of word and phrase usage over centuries. This tool permits users to discern fluctuations of interest in a particular subject over time and space by showing increases and decreases in the frequency of reference and usage in different periods and different linguistic regions. It also allows researchers to comb over the tens of millions of books Google has scanned in order to examine “word frequencies, syntactic patterns, and thematic markers” and to derive information on how nomenclature, linguistic usage, and literary style have changed over time. *Authors Guild, Inc.*, 954 F.Supp.2d at 287. The district court gave as an example “tracking the frequency of references to the United States as a single entity (‘the United States is’) versus references to the United States in the plural (‘the United States are’) and how that usage has changed over time.”

Editor’s Illustration (not part of judgment)⁷²



⁷² Judge Leval is referring to an example in the amicus brief filed on behalf of Digital Humanities Researchers. See Brief of Digital Humanities and Law Scholars in Support of Defendants’ Motion For Summary Judgment in *Authors Guild v. Google* (1:05-cv-08136-DC) (August 3, 2012).

The Google Books search function also allows the user a limited viewing of text. In addition to telling the number of times the word or term selected by the searcher appears in the book, the search function will display a maximum of three “snippets” containing it. A snippet is a horizontal segment comprising ordinarily an eighth of a page. Each page of a conventionally formatted book in the Google Books database is divided into eight non-overlapping horizontal segments, each such horizontal segment being a snippet. (Thus, for such a book with 24 lines to a page, each snippet is comprised of three lines of text.) Each search for a particular word or term within a book will reveal the same three snippets, regardless of the number of computers from which the search is launched. Only the first usage of the term on a given page is displayed. Thus, if the top snippet of a page contains two (or more) words for which the user searches, and Google’s program is fixed to reveal that particular snippet in response to a search for either term, the second search will duplicate the snippet already revealed by the first search, rather than moving to reveal a different snippet containing the word because the first snippet was already revealed. Google’s program does not allow a searcher to increase the number of snippets revealed by repeated entry of the same search term or by entering searches from different computers. A searcher can view more than three snippets of a book by entering additional searches for different terms. However, Google makes permanently unavailable for snippet view one snippet on each page and one complete page out of every ten — a process Google calls “blacklisting.”

Google also disables snippet view entirely for types of books for which a single snippet is likely to satisfy the searcher’s present need for the book, such as dictionaries, cookbooks, and books of short poems. Finally, since 2005, Google will exclude any book altogether from snippet view at the request of the rights holder by the submission of an online form.

Under its contracts with the participating libraries, Google allows each library to download copies — of both the digital image and machine-readable versions — of the books that library submitted to Google for scanning (but not of books submitted by other libraries). The agreements between Google and the libraries, although not in all respects uniform, require the libraries to abide by copyright law in utilizing the digital copies they download and to take precautions to prevent dissemination of their digital copies to the public at large. Participant libraries have downloaded at least 2.7 million digital copies of their own volumes.

The Law of Fair Use

The ultimate goal of copyright is to expand public knowledge and understanding, which copyright seeks to achieve by giving potential creators exclusive control over copying of their works, thus giving them a financial incentive to create informative, intellectually enriching works for public consumption. This objective is clearly reflected in the Constitution’s empowerment of Congress “*To promote the Progress of Science ... by securing for limited Times to Authors ... the exclusive Right to their respective Writings.*” US Const., Art. I, § 8, cl. 8 (emphasis added). Thus, while authors are undoubtedly important intended beneficiaries of copyright, the ultimate, primary intended beneficiary is the public, whose access to knowledge copyright seeks to advance by providing rewards for authorship.

For nearly three hundred years, since shortly after the birth of copyright in England in 1710, courts have recognized that, in certain circumstances, giving authors absolute control over all copying from their works would tend in some circumstances to limit, rather than expand, public knowledge. In the words of Lord Ellenborough, “While I shall think myself bound to secure every man in the enjoyment of his copy-right, one must not put manacles upon science.” *Cary v. Kearsley*, 170 Eng. Rep. 679, 681(1802). Courts thus developed the doctrine, eventually named fair use, which permits unauthorized copying in some circumstances, so as to further “copyright’s very purpose, to promote the Progress of Science and useful Arts.” *Campbell v. Acuff-Rose Music, Inc.*, 510 US 569, 575 (1994). Although well established in the common law development of copyright, fair use was not recognized in the terms of our statute until the adoption of § 107 in the Copyright Act of 1976.

Section 107, in its present form, provides:

[T]he fair use of a copyrighted work ... for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. 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 finding is made upon consideration of all the above factors.

17 U.S.C. § 107. As the Supreme Court has designated fair use an affirmative defense, see *Campbell*, 510 US at 590, the party asserting fair use bears the burden of proof, *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 918 (2d Cir.1994).

The statute’s wording, derived from a brief observation of Justice Joseph Story in *Folsom v. Marsh*, does not furnish standards for recognition of fair use. Its instruction to consider the “purpose and character” of the secondary use and the “nature” of the copyrighted work does not explain what types of “purpose and character” or “nature” favor a finding of fair use and which do not. In fact, as the Supreme Court observed in *Campbell*, the House Report makes clear that, in passing the statute, Congress had no intention of normatively dictating fair use policy. The purpose of the enactment was to give recognition in the statute itself to such an important part of copyright law developed by the courts through the common law process. “Congress meant § 107 to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way, and intended that courts continue the common-law tradition of fair use adjudication.” *Campbell*, 510 US at 577. Furthermore, notwithstanding fair use’s long common-law history, not until the

Campbell ruling in 1994 did courts undertake to explain the standards for finding fair use.

The *Campbell* Court undertook a comprehensive analysis of fair use's requirements, discussing every segment of § 107. Beginning with the examples of purposes set forth in the statute's preamble, the Court made clear that they are "illustrative and not limitative" and "provide only general guidance about the sorts of copying that courts and Congress most commonly have found to be fair uses." 510 US at 577-578. The statute "calls for case-by-case analysis" and "is not to be simplified with bright-line rules." *Id.* at 577. Section 107's four factors are not to "be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright." *Id.* at 578. Each factor thus stands as part of a multifaceted assessment of the crucial question: how to define the boundary limit of the original author's exclusive rights in order to best serve the overall objectives of the copyright law to expand public learning while protecting the incentives of authors to create for the public good.

At the same time, the Supreme Court has made clear that some of the statute's four listed factors are more significant than others. The Court observed in *Harper & Row* that the fourth factor, which assesses the harm the secondary use can cause to the market for, or the value of, the copyright for the original, "is undoubtedly the single most important element of fair use." 471 US 539, 566 (1985). This is consistent with the fact that the copyright is a commercial right, intended to protect the ability of authors to profit from the exclusive right to merchandise their own work.

In *Campbell*, the Court stressed also the importance of the first factor, the "purpose and character of the secondary use." 17 U.S.C. § 107(1). The more the appropriator is using the copied material for new, transformative purposes, the more it serves copyright's goal of enriching public knowledge and the less likely it is that the appropriation will serve as a substitute for the original or its plausible derivatives, shrinking the protected market opportunities of the copyrighted work. 510 US at 591 (noting that, when the secondary use is transformative, "market substitution is at least less certain, and market harm may not be so readily inferred.").

With this background, we proceed to discuss each of the statutory factors, as illuminated by *Campbell* and subsequent case law, in relation to the issues here in dispute.

The Search and Snippet View Functions

A. Factor One

(1) Transformative purpose. *Campbell's* explanation of the first factor's inquiry into the "purpose and character" of the secondary use focuses on whether the new work, "in Justice Story's words, merely supersedes the objects' of the original creation, or instead adds something new, with a further purpose. It asks, in other words, whether and to what extent the new work is transformative." 510 US at 578-579 (citations omitted).⁷³ While recognizing that a transformative use is "not absolutely necessary

⁷³Judge Leval is quite modest in not citing the Supreme Court's extensive citation of the judge's own law review article advocating transformativeness as the basis of fair use. See Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990).

for a finding of fair use,” the opinion further explains that the “goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works” and that “such works thus lie at the heart of the fair use doctrine’s guarantee of breathing space within the confines of copyright.” *Id.* at 579. In other words, transformative uses tend to favor a fair use finding because a transformative use is one that communicates something new and different from the original or expands its utility, thus serving copyright’s overall objective of contributing to public knowledge.

The word “transformative” cannot be taken too literally as a sufficient key to understanding the elements of fair use. It is rather a suggestive symbol for a complex thought, and does not mean that any and all changes made to an author’s original text will necessarily support a finding of fair use. The Supreme Court’s discussion in *Campbell* gave important guidance on assessing when a transformative use tends to support a conclusion of fair use. The defendant in that case defended on the ground that its work was a parody of the original and that parody is a time-honored category of fair use. Explaining why parody makes a stronger, or in any event more obvious, claim of fair use than satire, the Court stated,

[T]he heart of any parodist’s claim to quote from existing material ... is the use of ... a prior author’s composition to ... *comment* on that author’s works.... If, on the contrary, the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another’s work diminishes accordingly (if it does not vanish).... Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim’s ... imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.

Id. at 580-81 (emphasis added). In other words, the would-be fair user of another’s work must have justification for the taking. A secondary author is not necessarily at liberty to make wholesale takings of the original author’s expression merely because of how well the original author’s expression would convey the secondary author’s different message. Among the best recognized justifications for copying from another’s work is to provide comment on it or criticism of it. A taking from another author’s work for the purpose of making points that have no bearing on the original may well be fair use, but the taker would need to show a justification. This part of the Supreme Court’s discussion is significant in assessing Google’s claim of fair use because, as discussed extensively below, Google’s claim of transformative purpose for copying from the works of others is to provide otherwise unavailable information about the originals.

A further complication that can result from oversimplified reliance on whether the copying involves transformation is that the word “transform” also plays a role in defining “derivative works,” over which the original rights holder retains exclusive control. Section 106 of the Act specifies the exclusive right of the copyright owner “(2) to prepare derivative works based upon the copyrighted work.” See 17 U.S.C. § 106. The statute defines derivative works largely by example, rather than explanation. The examples include “translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation,” to which list the statute adds “any other form in which

a work may be ... transformed.” 17 U.S.C. § 101 (emphasis added). As we noted in *Authors Guild, Inc. v. HathiTrust*, “paradigmatic examples of derivative works include the translation of a novel into another language, the adaptation of a novel into a movie or play, or the recasting of a novel as an e-book or an audiobook.” 755 F.3d 87, 95 (2d Cir.2014). While such changes can be described as transformations, they do not involve the kind of transformative purpose that favors a fair use finding. The statutory definition suggests that derivative works generally involve transformations in the nature of changes of form. 17 U.S.C. § 101. By contrast, copying from an original for the purpose of criticism or commentary on the original or provision of information about it,¹⁷ tends most clearly to satisfy Campbell’s notion of the “transformative” purpose involved in the analysis of Factor One.¹⁸

Footnote 17: See, e.g., *HathiTrust*, 755 F.3d at 97-98 (justifying as transformative fair use purpose the digital copying of original for purpose of permitting searchers to determine whether its text employs particular words); *A.V. ex rel. Vanderbye v. iParadigms, LLC*, 562 F.3d 630, 638-640 (4th Cir.2009) (justifying as transformative fair use purpose the complete digital copying of a manuscript to determine whether the original included matter plagiarized from other works); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (justifying as transformative fair use purpose the use of a digital, thumbnail copy of the original to provide an Internet pathway to the original); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818-819 (9th Cir.2003) (same); *Bond v. Blum*, 317 F.3d 385 (4th Cir.2003) (justifying as fair use purpose the copying of author’s original unpublished autobiographical manuscript for the purpose of showing that he murdered his father and was an unfit custodian of his children); *Núñez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 21-23 (1st Cir.2000) (justifying as transformative fair use purpose a newspaper’s copying of a photo of winner of beauty pageant in a revealing pose for the purpose of informing the public of the reason the winner’s title was withdrawn).

Footnote 18: The Seventh Circuit takes the position that the kind of secondary use that favors satisfaction of the fair use test is better described as a “complementary” use, referring to how a hammer and nail complement one another in that together they achieve results that neither can accomplish on its own. *Ty, Inc. v. Publications International, Ltd.*, 292 F.3d 512, 517-518 (7th Cir.2002); see also *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir.2014). We do not find the term “complementary” particularly helpful in explaining fair use. The term would encompass changes of form that are generally understood to produce derivative works, rather than fair uses, and, at the same time, would fail to encompass copying for purposes that are generally and properly viewed as creating fair uses. When a novel is converted into film, for example, the original novel and the film ideally complement one another in that each contributes to achieving results that neither can accomplish on its own. The invention of the original author combines with the cinematographic interpretive skills of the filmmaker to produce something that neither could have produced independently. Nonetheless, at least when the intention of the film is to make a “motion picture version” of the novel, 17 U.S.C. § 101, without undertaking to parody it or to comment on it, the film is generally understood to be a derivative work, which under § 106, falls within the exclusive rights of the copyright owner. Although they complement one another, the film is not a fair use. At the same time, when a secondary work quotes an original for the purpose of parodying it, or discrediting it by exposing its inaccuracies, illogic, or dishonesty, such an undertaking is not within the exclusive prerogatives of the rights holder; it produces a fair use. Yet, when the purpose of the second is essentially to destroy the first, the two are not comfortably described as complementaries that combine to produce together something that neither could have produced independently of the other. We recognize, as just noted above, that the word “transformative,” if interpreted too broadly, can also seem to authorize copying that should fall within the scope of an author’s derivative rights. Attempts to find a circumspect shorthand for a complex concept are best understood as suggestive of a general direction, rather than as definitive descriptions.

With these considerations in mind, we first consider whether Google’s search and snippet views functions satisfy the first fair use factor with respect to Plaintiffs’ rights in their books. (The question whether these functions might infringe upon Plaintiffs’ derivative rights is discussed in the next Part.)

(2) Search Function. We have no difficulty concluding that Google’s making of a digital copy of Plaintiffs’ books for the purpose of enabling a search for identification of books containing a term of interest to the searcher involves a highly transformative purpose, in the sense intended by Campbell. Our court’s exemplary

discussion in *HathiTrust* informs our ruling. That case involved a dispute that is closely related, although not identical, to this one. Authors brought claims of copyright infringement against HathiTrust, an entity formed by libraries participating in the Google Library Project to pool the digital copies of their books created for them by Google. The suit challenged various usages HathiTrust made of the digital copies. Among the challenged uses was HathiTrust's offer to its patrons of "full-text searches," which, very much like the search offered by Google Books to Internet users, permitted patrons of the libraries to locate in which of the digitized books specific words or phrases appeared. 755 F.3d at 98. (HathiTrust's search facility did not include the snippet view function, or any other display of text.) We concluded that both the making of the digital copies and the use of those copies to offer the search tool were fair uses. *Id.* at 105.

Notwithstanding that the libraries had downloaded and stored complete digital copies of entire books, we noted that such copying was essential to permit searchers to identify and locate the books in which words or phrases of interest to them appeared. *Id.* at 97. We concluded "that the creation of a full-text searchable database is a quintessentially transformative use ... [as] the result of a word search is different in purpose, character, expression, meaning, and message from the page (and the book) from which it is drawn." *Id.* We cited *A.V. ex rel. Vanderbye v. iParadigms, LLC*, 562 F.3d 630, 639-40 (4th Cir.2009), *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir.2007), and *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir.2003) as examples of cases in which courts had similarly found the creation of complete digital copies of copyrighted works to be transformative fair uses when the copies "served a different function from the original." *HathiTrust*, 755 F.3d at 97.

As with *HathiTrust* (and *iParadigms*), the purpose of Google's copying of the original copyrighted books is to make available significant information about those books, permitting a searcher to identify those that contain a word or term of interest, as well as those that do not include reference to it. In addition, through the ngrams tool, Google allows readers to learn the frequency of usage of selected words in the aggregate corpus of published books in different historical periods. We have no doubt that the purpose of this copying is the sort of transformative purpose described in *Campbell* as strongly favoring satisfaction of the first factor.

We recognize that our case differs from *HathiTrust* in two potentially significant respects. First, HathiTrust did not "display to the user any text from the underlying copyrighted work," 755 F.3d at 91, whereas Google Books provides the searcher with snippets containing the word that is the subject of the search. Second, HathiTrust was a nonprofit educational entity, while Google is a profit-motivated commercial corporation. We discuss those differences below.

(3) Snippet View. Plaintiffs correctly point out that this case is significantly different from *HathiTrust* in that the Google Books search function allows searchers to read snippets from the book searched, whereas HathiTrust did not allow searchers to view any part of the book. Snippet view adds important value to the basic transformative search function, which tells only whether and how often the searched term appears in the book. Merely knowing that a term of interest appears in a book does not necessarily tell the searcher whether she needs to obtain the book, because

it does not reveal whether the term is discussed in a manner or context falling within the scope of the searcher's interest. For example, a searcher seeking books that explore Einstein's theories, who finds that a particular book includes 39 usages of "Einstein," will nonetheless conclude she can skip that book if the snippets reveal that the book speaks of "Einstein" because that is the name of the author's cat. In contrast, the snippet will tell the searcher that this is a book she needs to obtain if the snippet shows that the author is engaging with Einstein's theories.

Google's division of the page into tiny snippets is designed to show the searcher just enough context surrounding the searched term to help her evaluate whether the book falls within the scope of her interest (without revealing so much as to threaten the author's copyright interests). Snippet view thus adds importantly to the highly transformative purpose of identifying books of interest to the searcher. With respect to the first factor test, it favors a finding of fair use (unless the value of its transformative purpose is overcome by its providing text in a manner that offers a competing substitute for Plaintiffs' books, which we discuss under factors three and four below).

(4) Google's Commercial Motivation. Plaintiffs also contend that Google's commercial motivation weighs in their favor under the first factor. Google's commercial motivation distinguishes this case from *HathiTrust*, as the defendant in that case was a non-profit entity founded by, and acting as the representative of, libraries. Although Google has no revenues flowing directly from its operation of the Google Books functions, Plaintiffs stress that Google is profit-motivated and seeks to use its dominance of book search to fortify its overall dominance of the Internet search market, and that thereby Google indirectly reaps profits from the Google Books functions.

For these arguments Plaintiffs rely primarily on two sources. First is Congress's specification in spelling out the first fair use factor in the text of § 107 that consideration of the "purpose and character of the [secondary] use" should "include whether such use is of a commercial nature or is for nonprofit educational purposes." Second is the Supreme Court's assertion in dictum in *Sony Corporation of America v. Universal City Studios* that "every commercial use of copyrighted material is presumptively ... unfair." 464 US 417, 451 (1984). If that were the extent of precedential authority on the relevance of commercial motivation, Plaintiffs' arguments would muster impressive support. However, while the commercial motivation of the secondary use can undoubtedly weigh against a finding of fair use in some circumstances, the Supreme Court, our court, and others have eventually recognized that the Sony dictum was enormously overstated.¹⁹

Footnote 19: *Campbell*, 510 US at 583-84; *Carion v. Prince*, 714 F.3d 694, 708 (2d Cir.2013); *Castle Rock Entm't, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 141-42 (2d Cir.1998); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir.2007); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9th Cir.2003); see also *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1172 (9th Cir.2012) (noting that *Campbell* "debunked the notion that *Sony* called for a 'hard evidentiary presumption' that commercial use is presumptively unfair.")

The Sixth Circuit took the *Sony* dictum at its word in *Acuff-Rose Music, Inc. v. Campbell*, concluding that, because the defendant rap music group's spoof of the plaintiff's ballad was done for profit, it could not be fair use. 972 F.2d 1429, 1436-1437 (6th Cir.1992). The Supreme Court reversed on this very point, observing that "Congress could not have intended" such a broad presumption against commercial fair uses, as

“nearly all of the illustrative uses listed in the preamble paragraph of § 107 ... are generally conducted for profit in this country.” *Campbell*, 510 US at 584 (internal quotation marks and citations omitted). The Court emphasized Congress’s statement in the House Report to the effect that the commercial or nonprofit character of a work is “not conclusive” but merely “a fact to be weighed along with other[s] in fair use decisions.” *Id.* at 585. In explaining the first fair use factor, the Court clarified that “the more transformative the [secondary] work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.” *Id.* at 579.

Our court has since repeatedly rejected the contention that commercial motivation should outweigh a convincing transformative purpose and absence of significant substitutive competition with the original. See *Cariou v. Prince*, 714 F.3d 694, 708 (2d Cir.2013); *Castle Rock Entertainment, Inc. v. Carol Publication Group, Inc.*, 150 F.3d 132, 141-42 (2d Cir.1998).

While we recognize that in some circumstances, a commercial motivation on the part of the secondary user will weigh against her, especially, as the Supreme Court suggested, when a persuasive transformative purpose is lacking, *Campbell*, 510 US at 579, we see no reason in this case why Google’s overall profit motivation should prevail as a reason for denying fair use over its highly convincing transformative purpose, together with the absence of significant substitutive competition, as reasons for granting fair use. Many of the most universally accepted forms of fair use, such as news reporting and commentary, quotation in historical or analytic books, reviews of books, and performances, as well as parody, are all normally done commercially for profit.²⁰

Footnote 20: Just as there is no reason for presuming that a commercial use is not a fair use, which would defeat the most widely accepted and logically justified areas of fair use, there is likewise no reason to presume categorically that a nonprofit educational purpose should qualify as a fair use. Authors who write for educational purposes, and publishers who invest substantial funds to publish educational materials, would lose the ability to earn revenues if users were permitted to copy the materials freely merely because such copying was in the service of a nonprofit educational mission. The publication of educational materials would be substantially curtailed if such publications could be freely copied for non-profit educational purposes.

B. Factor Two

The second fair use factor directs consideration of the “nature of the copyrighted work.” While the “transformative purpose” inquiry discussed above is conventionally treated as a part of first factor analysis, it inevitably involves the second factor as well. One cannot assess whether the copying work has an objective that differs from the original without considering both works, and their respective objectives.

The second factor has rarely played a significant role in the determination of a fair use dispute. The Supreme Court in *Harper & Row* made a passing observation in dictum that, “[t]he law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.” 471 US 539, 563 (1985). Courts have sometimes speculated that this might mean that a finding of fair use is more favored when the copying is of factual works than when copying is from works of fiction. However, while the copyright does not protect facts or ideas set forth in a work, it does protect that author’s manner of expressing those facts and ideas. At least unless a persuasive fair use justification is involved, authors of factual works, like authors of fiction, should be entitled to copyright protection of their protected expression. The

mere fact that the original is a factual work therefore should not imply that others may freely copy it. Those who report the news undoubtedly create factual works. It cannot seriously be argued that, for that reason, others may freely copy and re-disseminate news reports.²¹

Footnote 21: We think it unlikely that the Supreme Court meant in its concise dictum that secondary authors are at liberty to copy extensively from the protected expression of the original author merely because the material is factual. What the *Harper & Row* dictum may well have meant is that, because in the case of factual writings, there is often occasion to test the accuracy of, to rely on, or to repeat their factual propositions, and such testing and reliance may reasonably require quotation (lest a change of expression unwittingly alter the facts), factual works often present well justified fair uses, even if the mere fact that the work is factual does not necessarily justify copying of its protected expression.

In considering the second factor in *HathiTrust*, we concluded that it was “not dispositive,” 755 F.3d at 98, commenting that courts have hardly ever found that the second factor in isolation played a large role in explaining a fair use decision. The same is true here. While each of the three Plaintiffs’ books in this case is factual, we do not consider that as a boost to Google’s claim of fair use. If one (or all) of the plaintiff works were fiction, we do not think that would change in any way our appraisal. Nothing in this case influences us one way or the other with respect to the second factor considered in isolation. To the extent that the “nature” of the original copyrighted work necessarily combines with the “purpose and character” of the secondary work to permit assessment of whether the secondary work uses the original in a “transformative” manner, as the term is used in *Campbell*, the second factor favors fair use not because Plaintiffs’ works are factual, but because the secondary use transformatively provides valuable information about the original, rather than replicating protected expression in a manner that provides a meaningful substitute for the original.

C. Factor Three

The third statutory factor instructs us to consider “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.” The clear implication of the third factor is that a finding of fair use is more likely when small amounts, or less important passages, are copied than when the copying is extensive, or encompasses the most important parts of the original. The obvious reason for this lies in the relationship between the third and the fourth factors. The larger the amount, or the more important the part, of the original that is copied, the greater the likelihood that the secondary work might serve as an effectively competing substitute for the original, and might therefore diminish the original rights holder’s sales and profits.

(1) Search Function. The Google Books program has made a digital copy of the entirety of each of Plaintiffs’ books. Notwithstanding the reasonable implication of Factor Three that fair use is more likely to be favored by the copying of smaller, rather than larger, portions of the original, courts have rejected any categorical rule that a copying of the entirety cannot be a fair use. Complete unchanged copying has repeatedly been found justified as fair use when the copying was reasonably appropriate to achieve the copier’s transformative purpose and was done in such a manner that it did not offer a competing substitute for the original.²⁴

Footnote 24: See cases cited supra note 17; see also *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 613 (2d Cir.2006) (Copying the entirety of a work is sometimes necessary to make a fair use of the work).

The Supreme Court said in *Campbell* that “the extent of permissible copying varies with the purpose and character of the use” and characterized the relevant questions as whether “the amount and substantiality of the portion used ... are reasonable in relation to the purpose of the copying,” *Campbell*, 510 US at 586-587, noting that the answer to that question will be affected by “the degree to which the [copying work] may serve as a market substitute for the original or potentially licensed derivatives,” *id.* at 587-588 (finding that, in the case of a parodic song, “how much ... is reasonable will depend, say, on the extent to which the song’s overriding purpose and character is to parody the original or, in contrast, the likelihood that the parody may serve as a market substitute for the original”).

In *HathiTrust*, our court concluded in its discussion of the third factor that “because it was reasonably necessary for the [HathiTrust Digital Library] to make use of the entirety of the works in order to enable the full-text search function, we do not believe the copying was excessive.” 755 F.3d at 98. As with *HathiTrust*, not only is the copying of the totality of the original reasonably appropriate to Google’s transformative purpose, it is literally necessary to achieve that purpose. If Google copied less than the totality of the originals, its search function could not advise searchers reliably whether their searched term appears in a book (or how many times).

While Google makes an unauthorized digital copy of the entire book, it does not reveal that digital copy to the public. The copy is made to enable the search functions to reveal limited, important information about the books. With respect to the search function, Google satisfies the third factor test, as illuminated by the Supreme Court in *Campbell*.

(2) Snippet View. Google’s provision of snippet view makes our third factor inquiry different from that inquiry in *HathiTrust*. What matters in such cases is not so much “the amount and substantiality of the portion used” in making a copy, but rather the amount and substantiality of what is thereby made accessible to a public for which it may serve as a competing substitute. In *HathiTrust*, notwithstanding the defendant’s full-text copying, the search function revealed virtually nothing of the text of the originals to the public. Here, through the snippet view, more is revealed to searchers than in *HathiTrust*.

Without doubt, enabling searchers to see portions of the copied texts could have determinative effect on the fair use analysis. The larger the quantity of the copyrighted text the searcher can see and the more control the searcher can exercise over what part of the text she sees, the greater the likelihood that those revelations could serve her as an effective, free substitute for the purchase of the plaintiff’s book. We nonetheless conclude that, at least as presently structured by Google, the snippet view does not reveal matter that offers the marketplace a significantly competing substitute for the copyrighted work.

Google has constructed the snippet feature in a manner that substantially protects against its serving as an effectively competing substitute for Plaintiffs’ books. In the Background section of this opinion, we describe a variety of limitations Google imposes on the snippet function. These include the small size of the snippets (normally one eighth of a page), the blacklisting of one snippet per page and of one

page in every ten, the fact that no more than three snippets are shown — and no more than one per page — for each term searched, and the fact that the same snippets are shown for a searched term no matter how many times, or from how many different computers, the term is searched. In addition, Google does not provide snippet view for types of books, such as dictionaries and cookbooks, for which viewing a small segment is likely to satisfy the searcher's need. The result of these restrictions is, so far as the record demonstrates, that a searcher cannot succeed, even after long extended effort to multiply what can be revealed, in revealing through a snippet search what could usefully serve as a competing substitute for the original.

The blacklisting, which permanently blocks about 22% of a book's text from snippet view, is by no means the most important of the obstacles Google has designed. While it is true that the blacklisting of 22% leaves 78% of a book theoretically accessible to a searcher, it does not follow that any large part of that 78% is in fact accessible. The other restrictions built into the program work together to ensure that, even after protracted effort over a substantial period of time, only small and randomly scattered portions of a book will be accessible. In an effort to show what large portions of text searchers can read through persistently augmented snippet searches, Plaintiffs' counsel employed researchers over a period of weeks to do multiple word searches on Plaintiffs' books. In no case were they able to access as much as 16% of the text, and the snippets collected were usually not sequential but scattered randomly throughout the book. Because Google's snippets are arbitrarily and uniformly divided by lines of text, and not by complete sentences, paragraphs, or any measure dictated by content, a searcher would have great difficulty constructing a search so as to provide any extensive information about the book's use of that term. As snippet view never reveals more than one snippet per page in response to repeated searches for the same term, it is at least difficult, and often impossible, for a searcher to gain access to more than a single snippet's worth of an extended, continuous discussion of the term.

The fact that Plaintiffs' searchers managed to reveal nearly 16% of the text of Plaintiffs' books overstates the degree to which snippet view can provide a meaningful substitute. At least as important as the percentage of words of a book that are revealed is the manner and order in which they are revealed. Even if the search function revealed 100% of the words of the copyrighted book, this would be of little substitutive value if the words were revealed in alphabetical order, or any order other than the order they follow in the original book. It cannot be said that a revelation is "substantial" in the sense intended by the statute's third factor if the revelation is in a form that communicates little of the sense of the original. The fragmentary and scattered nature of the snippets revealed, even after a determined, assiduous, time-consuming search, results in a revelation that is not "substantial," even if it includes an aggregate 16% of the text of the book. If snippet view could be used to reveal a coherent block amounting to 16% of a book, that would raise a very different question beyond the scope of our inquiry.

D. Factor Four

The fourth fair use factor, "the effect of the [copying] use upon the potential market for or value of the copyrighted work," focuses on whether the copy brings to the

marketplace a competing substitute for the original, or its derivative, so as to deprive the rights holder of significant revenues because of the likelihood that potential purchasers may opt to acquire the copy in preference to the original. Because copyright is a commercial doctrine whose objective is to stimulate creativity among potential authors by enabling them to earn money from their creations, the fourth factor is of great importance in making a fair use assessment. See *Harper & Row*, 471 US at 566 (describing the fourth factor as “undoubtedly the single most important element of fair use”).

Campbell stressed the close linkage between the first and fourth factors, in that the more the copying is done to achieve a purpose that differs from the purpose of the original, the less likely it is that the copy will serve as a satisfactory substitute for the original. 510 US at 591. Consistent with that observation, the HathiTrust court found that the fourth factor favored the defendant and supported a finding of fair use because the ability to search the text of the book to determine whether it includes selected words “does not serve as a substitute for the books that are being searched.” 755 F.3d at 100.

However, *Campbell's* observation as to the likelihood of a secondary use serving as an effective substitute goes only so far. Even if the purpose of the copying is for a valuably transformative purpose, such copying might nonetheless harm the value of the copyrighted original if done in a manner that results in widespread revelation of sufficiently significant portions of the original as to make available a significantly competing substitute. The question for us is whether snippet view, notwithstanding its transformative purpose, does that. We conclude that, at least as snippet view is presently constructed, it does not.

Especially in view of the fact that the normal purchase price of a book is relatively low in relation to the cost of manpower needed to secure an arbitrary assortment of randomly scattered snippets, we conclude that the snippet function does not give searchers access to effectively competing substitutes. Snippet view, at best and after a large commitment of manpower, produces discontinuous, tiny fragments, amounting in the aggregate to no more than 16% of a book. This does not threaten the rights holders with any significant harm to the value of their copyrights or diminish their harvest of copyright revenue.

We recognize that the snippet function can cause some loss of sales. There are surely instances in which a searcher's need for access to a text will be satisfied by the snippet view, resulting in either the loss of a sale to that searcher, or reduction of demand on libraries for that title, which might have resulted in libraries purchasing additional copies. But the possibility, or even the probability or certainty, of some loss of sales does not suffice to make the copy an effectively competing substitute that would tilt the weighty fourth factor in favor of the rights holder in the original. There must be a meaningful or significant effect “upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4).

Furthermore, the type of loss of sale envisioned above will generally occur in relation to interests that are not protected by the copyright. A snippet's capacity to satisfy a searcher's need for access to a copyrighted book will at times be because the snippet conveys a historical fact that the searcher needs to ascertain. For example, a student

writing a paper on Franklin D. Roosevelt might need to learn the year Roosevelt was stricken with polio. By entering “Roosevelt polio” in a Google Books search, the student would be taken to (among numerous sites) a snippet from page 31 of Richard Thayer Goldberg’s *The Making of Franklin D. Roosevelt* (1981), telling that the polio attack occurred in 1921. This would satisfy the searcher’s need for the book, eliminating any need to purchase it or acquire it from a library. But what the searcher derived from the snippet was a historical fact. Author Goldberg’s copyright does not extend to the facts communicated by his book. It protects only the author’s manner of expression. *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 974 (2d Cir.1980) (“A grant of copyright in a published work secures for its author a limited monopoly over the *expression* it contains.”) (emphasis added). Google would be entitled, without infringement of Goldberg’s copyright, to answer the student’s query about the year Roosevelt was afflicted, taking the information from Goldberg’s book. The fact that, in the case of the student’s snippet search, the information came embedded in three lines of Goldberg’s writing, which were superfluous to the searcher’s needs, would not change the taking of an unprotected fact into a copyright infringement.

Even if the snippet reveals some authorial expression, because of the brevity of a single snippet and the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view, we think it would be a rare case in which the searcher’s interest in the protected aspect of the author’s work would be satisfied by what is available from snippet view, and rarer still — because of the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view — that snippet view could provide a significant substitute for the purchase of the author’s book.

Accordingly, considering the four fair use factors in light of the goals of copyright, we conclude that Google’s making of a complete digital copy of Plaintiffs’ works for the purpose of providing the public with its search and snippet view functions (at least as snippet view is presently designed) is a fair use and does not infringe Plaintiffs’ copyrights in their books.

III. Derivative Rights in Search and Snippet View

Plaintiffs next contend that, under Section 106(2), they have a derivative right in the application of search and snippet view functions to their works, and that Google has usurped their exclusive market for such derivatives.

There is no merit to this argument. As explained above, Google does not infringe Plaintiffs’ copyright in their works by making digital copies of them, where the copies are used to enable the public to get information about the works, such as whether, and how often they use specified words or terms (together with peripheral snippets of text, sufficient to show the context in which the word is used but too small to provide a meaningful substitute for the work’s copyrighted expression). The copyright resulting from the Plaintiffs’ authorship of their works does not include an exclusive right to furnish the kind of information about the works that Google’s programs provide to the public. For substantially the same reasons, the copyright that protects Plaintiffs’ works does not include an exclusive derivative right to supply such information through query of a digitized copy.

The extension of copyright protection beyond the copying of the work in its original form to cover also the copying of a derivative reflects a clear and logical policy choice. An author's right to control and profit from the dissemination of her work ought not to be evaded by conversion of the work into a different form. The author of a book written in English should be entitled to control also the dissemination of the same book translated into other languages, or a conversion of the book into a film. The copyright of a composer of a symphony or song should cover also conversions of the piece into scores for different instrumentation, as well as into recordings of performances.

This policy is reflected in the statutory definition, which explains the scope of the "derivative" largely by examples — including "a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, [or] condensation" — before adding, "or any other form in which a work may be recast, transformed, or adapted." 17 U.S.C. § 101. As noted above, this definition, while imprecise, strongly implies that derivative works over which the author of the original enjoys exclusive rights ordinarily are those that represent the protected aspects of the original work, i.e., its expressive content, converted into an altered form, such as the conversion of a novel into a film, the translation of a writing into a different language, the reproduction of a painting in the form of a poster or post card, recreation of a cartoon character in the form of a three-dimensional plush toy, adaptation of a musical composition for different instruments, or other similar conversions. If Plaintiffs' claim were based on Google's converting their books into a digitized form and making that digitized version accessible to the public, their claim would be strong. But as noted above, Google safeguards from public view the digitized copies it makes and allows access only to the extent of permitting the public to search for the very limited information accessible through the search function and snippet view. The program does not allow access in any substantial way to a book's expressive content. Nothing in the statutory definition of a derivative work, or of the logic that underlies it, suggests that the author of an original work enjoys an exclusive derivative right to supply information about that work of the sort communicated by Google's search functions.

Plaintiffs seek to support their derivative claim by a showing that there exist, or would have existed, paid licensing markets in digitized works, such as those provided by the Copyright Clearance Center or the previous, revenue-generating version of the Google Partners Program. Plaintiffs also point to the proposed settlement agreement rejected by the district court in this case, according to which Google would have paid authors for its use of digitized copies of their works. The existence or potential existence of such paid licensing schemes does not support Plaintiffs' derivative argument. The access to the expressive content of the original that is or would have been provided by the paid licensing arrangements Plaintiffs cite is far more extensive than that which Google's search and snippet view functions provide. Those arrangements allow or would have allowed public users to read substantial portions of the book. Such access would most likely constitute copyright infringement if not licensed by the rights holders. Accordingly, such arrangements have no bearing on Google's present programs, which, in a non-infringing manner, allow the public to obtain limited data about the contents of the book, without allowing any substantial reading of its text.

Plaintiffs also seek to support their derivative claim by a showing that there is a current unpaid market in licenses for partial viewing of digitized books, such as the licenses that publishers currently grant to the Google Partners program and Amazon's Search Inside the Book program to display substantial portions of their books. Plaintiffs rely on *Infinity Broadcast Corporation v. Kirkwood*, 150 F.3d 104 (2nd Cir.1998) and *United States v. American Society of Composers, Authors and Publishers (ASCAP)*, 599 F.Supp.2d 415 (S.D.N.Y.2009) for the proposition that "a secondary use that replaces a comparable service licensed by the copyright holder, even without charge, may cause market harm." In the cases cited, however, the purpose of the challenged secondary uses was not the dissemination of information about the original works, which falls outside the protection of the copyright, but was rather the re-transmission, or re-dissemination, of their expressive content. Those precedents do not support the proposition Plaintiffs assert — namely that the availability of licenses for providing unprotected information about a copyrighted work, or supplying unprotected services related to it, gives the copyright holder the right to exclude others from providing such information or services.

While the telephone ringtones at issue in the ASCAP case Plaintiffs cite are superficially comparable to Google's snippets in that both consist of brief segments of the copyrighted work, in a more significant way they are fundamentally different. While it is true that Google's snippets display a fragment of expressive content, the fragments it displays result from the appearance of the term selected by the searcher in an otherwise arbitrarily selected snippet of text. Unlike the reading experience that the Google Partners program or the Amazon Search Inside the Book program provides, the snippet function does not provide searchers with any meaningful experience of the expressive content of the book. Its purpose is not to communicate copyrighted expression, but rather, by revealing to the searcher a tiny segment surrounding the searched term, to give some minimal contextual information to help the searcher learn whether the book's use of that term will be of interest to her. The segments taken from copyrighted music as ringtones, in contrast, are selected precisely because they play the most famous, beloved passages of the particular piece — the expressive content that members of the public want to hear when their phone rings. The value of the ringtone to the purchaser is not that it provides information but that it provides a mini-performance of the most appealing segment of the author's expressive content. There is no reason to think the courts in the cited cases would have come to the same conclusion if the service being provided by the secondary user had been simply to identify to a subscriber in what key a selected composition was written, the year it was written, or the name of the composer. These cases, and the existence of unpaid licensing schemes for substantial viewing of digitized works, do not support Plaintiffs' derivative works argument.

IV. Plaintiffs' Exposure to Risks of Hacking of Google's Files

Plaintiffs argue that Google's storage of its digitized copies of Plaintiffs' books exposes them to the risk that hackers might gain access and make the books widely available, thus destroying the value of their copyrights. Unlike the Plaintiffs' argument just considered based on a supposed derivative right to supply information about their books, this claim has a reasonable theoretical basis. If, in the course of making an arguable fair use of a copyrighted work, a secondary user unreasonably

exposed the rights holder to destruction of the value of the copyright resulting from the public's opportunity to employ the secondary use as a substitute for purchase of the original (even though this was not the intent of the secondary user), this might well furnish a substantial rebuttal to the secondary user's claim of fair use. For this reason, the *Arriba Soft* and *Perfect 10* courts, in upholding the secondary user's claim of fair use, observed that thumbnail images, which transformatively provided an Internet pathway to the original images, were of sufficiently low resolution that they were not usable as effective substitutes for the originals. *Arriba Soft*, 336 F.3d 811 at 819; *Perfect 10*, 508 F.3d at 1165.

While Plaintiffs' claim is theoretically sound, it is not supported by the evidence. In *HathiTrust*, we faced substantially the same exposure-to-piracy argument. The record in *HathiTrust*, however, "documented the extensive security measures [the secondary user] had undertaken to safeguard against the risk of a data breach," evidence which was unrebutted. 755 F.3d at 100. The *HathiTrust* court thus found "no basis ... on which to conclude that a security breach is likely to occur, much less one that would result in the public release of the specific copyrighted works belonging to any of the plaintiffs in this case." *Id.* at 100-101 (citing *Clapper v. Amnesty Int'l USA*, 133 S.Ct. 1138, 1143 (2013) (finding that risk of future harm must be "certainly impending," rather than merely "conjectural" or "hypothetical," to constitute a cognizable injury-in-fact), and *Sony Corp.*, 464 US at 453-454 (concluding that time-shifting using a Betamax is fair use because the copyright owners' "prediction that live television or movie audiences will decrease" was merely "speculative")).

Google has documented that Google Books' digital scans are stored on computers walled off from public Internet access and protected by the same impressive security measures used by Google to guard its own confidential information. As Google notes, Plaintiffs' own security expert praised these security systems, remarking that "Google is fortunate to have ample resources and top-notch technical talents" that enable it to protect its data. Nor have Plaintiffs identified any thefts from Google Books (or from the Google Library Project). Google has made a sufficient showing of protection of its digitized copies of Plaintiffs' works to carry its burden on this aspect of its claim of fair use and thus to shift to Plaintiffs the burden of rebutting Google's showing. Plaintiffs' effort to do so falls far short.

V. Google's Distribution of Digital Copies to Participant Libraries

Finally, Plaintiffs contend that Google's distribution to a participating library of a digital copy of Plaintiffs' books is not a fair use and exposes the Plaintiffs to risks of loss if the library uses its digital copy in an infringing manner, or if the library fails to maintain security over its digital copy with the consequence that the book may become freely available as a result of the incursions of hackers. The claim fails.

Although Plaintiffs describe the arrangement between Google and the libraries in more nefarious terms, those arrangements are essentially that each participant library has contracted with Google that Google will create for it a digital copy of each book the library submits to Google, so as to permit the library to use its digital copy in a non-infringing fair use manner. The libraries propose to use their digital copies to enable the very kinds of searches that we here hold to be fair uses in connection with Google's offer of such searches to the Internet public, and which we held in

HathiTrust to be fair uses when offered by HathiTrust to its users. The contract between Google and each of the participating libraries commits the library to use its digital copy only in a manner consistent with the copyright law, and to take precautions to prevent dissemination of their digital copies to the public at large.

In these circumstances, Google's creation for each library of a digital copy of that library's already owned book in order to permit that library to make fair use through provision of digital searches is not an infringement. If the library had created its own digital copy to enable its provision of fair use digital searches, the making of the digital copy would not have been infringement. Nor does it become an infringement because, instead of making its own digital copy, the library contracted with Google that Google would use its expertise and resources to make the digital conversion for the library's benefit.

We recognize the possibility that libraries may use the digital copies Google created for them in an infringing manner. If they do, such libraries may be liable to Plaintiffs for their infringement. It is also possible that, in such a suit, Plaintiffs might adduce evidence that Google was aware of or encouraged such infringing practices, in which case Google could be liable as a contributory infringer. But on the present record, the possibility that libraries may misuse their digital copies is sheer speculation. Nor is there any basis on the present record to hold Google liable as a contributory infringer based on the mere speculative possibility that libraries, in addition to, or instead of, using their digital copies of Plaintiffs' books in a non-infringing manner, may use them in an infringing manner.

We recognize the additional possibility that the libraries might incur liability by negligent mishandling of, and failure to protect, their digital copies, leaving them unreasonably vulnerable to hacking. That also, however, is nothing more than a speculative possibility. There is no basis in the record to impose liability on Google for having lawfully made a digital copy for a participating library so as to enable that library to make non-infringing use of its copy, merely because of the speculative possibility that the library may fail to guard sufficiently against the dangers of hacking, as it is contractually obligated to do. Plaintiffs have failed to establish any basis for holding Google liable for its creation of a digital copy of a book submitted to it by a participating library so as to enable that library to make fair use of it.

In sum, we conclude that: (1) Google's unauthorized digitizing of copyright-protected works, creation of a search functionality, and display of snippets from those works are non-infringing fair uses. The purpose of the copying is highly transformative, the public display of text is limited, and the revelations do not provide a significant market substitute for the protected aspects of the originals. Google's commercial nature and profit motivation do not justify denial of fair use. (2) Google's provision of digitized copies to the libraries that supplied the books, on the understanding that the libraries will use the copies in a manner consistent with the copyright law, also does not constitute infringement. Nor, on this record, is Google a contributory infringer.

Notes and questions

(1) In both *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87 (2d Cir. 2014) and *Authors Guild v. Google, Inc.*, 804 F.3d 202 (2d Cir. 2015), the Second Circuit held that library digitization for search related purposes was transformative and ultimately fair use. How does the defendants' use in these cases compare to *Campbell v. Acuff-Rose*?

The relationship between transformative use and non-expressive use

Matthew Sag, *The New Legal Landscape for Text Mining and Machine Learning*, (Available at <https://ssrn.com/abstract=3331606>)

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Copyright law is fundamentally concerned with the communication of original expression to the public and not with the mechanical act of copying *per se*. To see that this is so, one need only reflect on the fact that the exclusive rights of the copyright owner are defined in terms of public communication of original expression. It follows as a corollary that limiting them to such communication does not undermine the basic logic of copyright. I propose, in short, a principle of non-expressive use: that the use of copyrighted work for a purpose that does not ultimately (or substantially) convey the original expression encoded within the work should not infringe copyright.

Another way of saying the same thing to observe that such uses pose no threat of expressive substitution: information *about* a work may be useful, it may be valuable, it may even effect the demand for that work, but it does not in any way fulfill the public demand for the author's original expression.

Reframing the argument in favor of non-expressive use in terms of expressive substitution provides a bridge to the concept of transformative use. Focusing on expressive substitution makes sense of both transformative use in general and non-expressive use specifically. Classic transformative uses are generally fair uses because, in spite of communicating some of the author's original expression, they do not substitute for it. Parody, commentary, criticism, illustration and explanation may include large portions of the author's original expression, but these expressive transformative uses do not usually pose any risk of expressive substitution. Non-expressive use is also justified in terms of expressive substitution, but even more emphatically so. By definition a non-expressive use does not usurp the copyright owner's communication of her original expression to the public because the expression is not communicated. The key difference between the two categories is that non-expressive uses pose no threat of expressive substitution whatsoever, whereas expressive-transformative uses don't generally threaten expressive substitution, but they might in particular circumstances. As a result, expressive-transformative use cases will continue to require courts to pay careful attention to the third and fourth fair use factors—the amount used and the market effect of that use. In contrast, because non-expressive uses are by definition acts of copying that do not communicate the author's original expression to the public, the amount copied will almost never be instructive and there will be no cognizable market effect.

Understanding transformative use and non-expressive use in terms of expressive substitution should also help courts to evaluate the significance of minor expressive

uses embedded within a broader text mining or machine learning project. Most researchers using text mining tools will need to compare their metadata to selections of the actual text from time to time to evaluate the reliability of an algorithm or some other aspect of their methodology. Whether we label these uses as intermediate or not is largely beside the point. The important point is that, such uses are orthogonal to the work's ordinary expressive purpose and that they do not pose any threat of expressive substitution. Limited expressive uses for purposes such as presenting search results in context, or verifying the accuracy of results fit easily within the traditional transformative use paradigm. Such uses are likely to be fair but need to be evaluated to confirm that they are unlikely to pose any risk of expressive substitution. The Second Circuit's discussion of snippets in the *Google Books* case is an excellent example of this approach.

Now we come to issues of terminology. First, the relative merits of the terms “non-expressive use” and “non-consumptive use.” The ill-fated settlement agreement between Google and the Authors Guild defined “Non-Consumptive Research” as “research in which computational analysis is performed on one or more Books, but not research in which a researcher reads or displays substantial portions of a Book to understand the intellectual content presented within the Book.”⁷⁴ Since that time, many in the library community have continued to use the term non-consumptive use in place of non-expressive use. This is unfortunate for several reasons. First, non-consumptive use is already a term of art in the water rights literature with a substantially different meaning.⁷⁵ Second, the term non-consumptive research is too closely tied to the controversial settlement agreement. The term makes sense as used in the settlement agreement between Google and the Authors Guild, but outside that context of the definition in the agreement is too narrow. Third, the term non-expressive use directs the reader's attention to the fundamental copyright distinction between ideas and their expression and between facts and their expression. In contrast, some people may well see the digitization of works as a form of consumption in the sense that the underlying works are consumed as inputs to the text mining process.

The second issue of terminology to address is the relationship between “transformative use” and “non-expressive use.” In *Copyright and Copy-Reliant Technology* (2009) I suggested that it might be better to recognize the transformative use and non-expressive use as distinct categories emanating from a deeper copyright principle relating to expressive substitution. However, at the end of the day, whether one uses the term non-consumptive use over non-expressive use, and whether one regards non-expressive use as just one more manifestation of transformative use as opposed to a separate category should not matter, except to the extent that clear terminology facilitates clear thinking. Given the influence of *Campbell v. Acuff-Rose*, courts will probably continue to equate non-expressive use with transformative use, a

⁷⁴ Amended Settlement Agreement § 1.93., Authors Guild et al. v. Google Inc., 770 F. Supp. 2d 666 (S.D.N.Y. 2011) (No. 05 Civ. 8136).

⁷⁵ See e.g., § 5:25. Waters subject to appropriation—Non-consumptive use of consumptive rights, L. OF WATER RIGHTS AND RESOURCES § 5:25.

fact that makes it all the more important to understand how the two concepts are linked to the deeper animating principle of expressive substitution.

Text data mining in the European Union

In April 2019, the European Union adopted the Digital Single Market Directive (“DSM Directive”) featuring two mandatory exceptions for text and data mining along with a raft of other measures relating to online activity and platform regulation.

Article 3 of the European Union Digital Single Market Directive

Copyright in the Digital Single Market Directive of 2019

Article 3: Text and data mining for the purposes of scientific research

1. Member States shall provide for an exception to the rights provided for in Article 5(a) and Article 7(1) of Directive 96/9/EC [the Database Directive of 1996], Article 2 of Directive 2001/29/EC [the reproduction right of the Copyright Directive in the Information Society Directive of 2001], and Article 15(1) of this Directive [the press publications right] for reproductions and extractions made by research organisations and cultural heritage institutions in order to carry out, for the purposes of scientific research, text and data mining of works or other subject matter to which they have lawful access.

2. Copies of works or other subject matter made in compliance with paragraph 1 shall be stored with an appropriate level of security and may be retained for the purposes of scientific research, including for the verification of research results.

3. Rightholders shall be allowed to apply measures to ensure the security and integrity of the networks and databases where the works or other subject matter are hosted. Such measures shall not go beyond what is necessary to achieve that objective.

4. Member States shall encourage rightholders, research organisations and cultural heritage institutions to define commonly agreed best practices concerning the application of the obligation and of the measures referred to in paragraphs 2 and 3 respectively.

Article 4: Exception or limitation for text and data mining

1. Member States shall provide for an exception or limitation to the rights provided for in Article 5(a) and Article 7(1) of Directive 96/9/EC [the Database Directive of 1996], Article 2 of Directive 2001/29/EC [the reproduction right of the Copyright Directive in the Information Society Directive of 2001], Article 4(1)(a) and (b) of Directive 2009/24/EC [the Computer Programs Directive] and Article 15(1) of this Directive [the press publications right] for reproductions and extractions of lawfully accessible works and other subject matter for the purposes of text and data mining.

2. Reproductions and extractions made pursuant to paragraph 1 may be retained for as long as is necessary for the purposes of text and data mining.

3. The exception or limitation provided for in paragraph 1 shall apply on condition that the use of works and other subject matter referred to in that paragraph has not

been expressly reserved by their rightholders in an appropriate manner, such as machine readable means in the case of content made publicly available online.

4. This Article shall not affect the application of Article 3 of this Directive.

Article 2: Definitions

(1) ‘research organisation’ means a university, including its libraries, a research institute or any other entity, the primary goal of which is to conduct scientific research or to carry out educational activities involving also the conduct of scientific research:

- (a) on a not-for-profit basis or by reinvesting all the profits in its scientific research; or
- (b) pursuant to a public interest mission recognised by a Member State;

in such a way that the access to the results generated by such scientific research cannot be enjoyed on a preferential basis by an undertaking that exercises a decisive influence upon such organisation;

(2) ‘text and data mining’ means any automated analytical technique aimed at analysing text and data in digital form in order to generate information which includes but is not limited to patterns, trends and correlations;

(3) ‘cultural heritage institution’ means a publicly accessible library or museum, an archive or a film or audio heritage institution;

Article 7 Common provisions

1. Any contractual provision contrary to the exceptions provided for in Articles 3, 5 and 6 shall be unenforceable.

2. Article 5(5) of Directive 2001/29/EC [The Copyright in the Information Society Directive] shall apply to the exceptions and limitations provided for under this Title. The first, third and fifth subparagraphs of Article 6(4) of Directive 2001/29/EC shall apply to Articles 3 to 6 of this Directive.

Article 3 of the DSM Directive requires all members of the European Union to implement a broad copyright exception for TDM in the not-for-profit research sector. Specifically, members must allow research organizations and cultural heritage institutions to make reproductions and extractions of copyrighted works “for the purposes of scientific research, text and data mining.” The exemption is premised on the user’s lawful access to the works being mined. The Article 3 exemption is intended to be robust. Thanks to Article 7(1) of the DSM Directive, the Article 3 exemption is immune from contractual override. Furthermore, Article 3(3) provides that rightholders may adopt measures to secure their networks and databases, but that “such measures shall not go beyond what is necessary to achieve that objective.” It is hard to imagine any theory of the fair use doctrine that would impose a similar non-obstruction requirement on copyright owners in the United States.

Article 4 of the DSM Directive contains a second mandatory exemption that is more inclusive, but narrower in scope. The Article 4 exemption is open to all would-be data miners (commercial and non-commercial alike), but it is focused more narrowly on reproductions and extractions for the purpose of “text and data mining.” i.e., it lacks the

broader “scientific research” purpose of Article 3. Consistent with Article 3, the Article 4 exemption is premised on lawful access to the works in question. Unlike Article 3, the Article 4 exemption is not protected from contractual override or technological roadblocks. Moreover, the Article 4 exemption is subject to an express reservation by the rightsholders. This means that although the right to apply TDM methods to a text will soon be the new default throughout the EU, rightsholders will be able to opt out of that default by simply reserving their rights “in an appropriate manner, such as machine readable means in the case of content made publicly available online.” We should expect to see a lot of boilerplate no-text mining notices on public facing websites, e-books, and broadcasts in the very near future.

Another significant difference between Article 3 and Article 4 relates to retention of works copied as part of a text mining process. Under the Article 3 exemption, the covered organization must adopt an “appropriate level of security” and may retain the works “for the purposes of scientific research, including for the verification of research results.” Whereas, under Article 4 the works may be retained only “for as long as is necessary for the purposes of text and data mining.” This stricter retention requirement could prove to be significantly more restrictive for commercial text miners than what is required under United States law.

Notes and questions

(1) How do the exemptions in Article 3 and 4 of the DSM Directive differ from rulings in *HathiTrust* and *Google Books*?

(2) Sci-Hub provides free access to millions of research papers and books, without regard to and essentially in defiance of copyright law. Sci-Hub was founded by Alexandra Elbakyan in 2011 in Kazakhstan. For some, Sci-Hub is a solution to the high cost of research papers secured behind publisher paywalls, for others it is nothing more than theft. Would a researcher violate copyright in the United States by downloading academic articles from Sci-Hub to conduct text data mining? Would the result be any different in the European Union once Article 3 of the DSM Directive has been implemented by member states?

9. COPYRIGHT SUBJECT MATTER AND THE BOUNDARIES OF THE WORK

Locating the threshold of copyrightability

Categories of work recognized by the Copyright Act.

It is important to understand the way the 1976 Act categorizes copyrightable subject matter.

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

(a) Copyright protection subsists, in accordance with this title, 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. 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.

Section 102(a) lists eight categories of copyrightable subject matter. This list is not definitive; subject matter falling outside of any of the eight categories could potentially be copyrightable so long as it is “an original work of authorship fixed in a tangible medium of expression.” This seems clear from the structure of the section and from the legislative history.⁷⁶ However, the Copyright Office takes the view that neither it, nor the federal courts, has the authority to establish new categories of copyright subject matter.⁷⁷ Nonetheless, there is sufficient elasticity within categories such as “literary works” to allow notions of copyrightability to expand and adjust over time.

Originality

Under Section 102(a), even works that fit within the eight categories of potentially copyrightable subject matter must also meet two additional requirements: they must be “*original* works of authorship” and they must be “*fixed* in any tangible medium of expression.” § 102(a) (emphasis added). In *Feist Publications, Inc. v. Rural Telephone Service, Co.*, 499 U.S. 340, 346 (1991), the Supreme Court held that, “originality is a constitutional requirement.” And it explained (at 345):

⁷⁶ “The use of the word “include,” as defined in section 101, makes clear that the listing is “illustrative and not limitative,” and that the seven categories do not necessarily exhaust the scope of “original works of authorship” that the bill is intended to protect.” *House Report*, at 53.

⁷⁷ “Congress did not delegate authority to the courts to create new categories of authorship. Congress reserved this option to itself. If the federal courts do not have authority to establish new categories of subject matter, it necessarily follows that the Copyright Office also has no such authority...” 77 Fed. Reg. 37,605 (2012)

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*. (emphasis added)

In theory, every copyrightable work embodies “*at least some minimal degree of creativity*,” but courts rarely have cause to define what that quantum of creativity is, although they often observe its absence in particular contexts. Usually we don’t need to know much more than that fact that telephone books lack creativity entirely and novels possess it in abundance. However, the originality requirement has some important implications for the minimum size of copyrightable works and the copyright office has a long established practice of refusing registration to words and short phrases on this basis.

37 C.F.R. § 202.1(a) Material not subject to copyright.

The following are examples of works not subject to copyright and applications for registration of such works cannot be entertained:

(a) Words and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents; ...

The requirement of originality is a good enough reason to preclude copyright for most words and short phrases, but perhaps not all. Words and short phrases that are novel (in the patent law sense of being entirely new) arguably are original in that they owe their existence to the author, but they should probably be denied independent copyright status by virtue of the merger doctrine and the idea-expression distinction, rather than a lack of creativity as such.⁷⁸ For example, the word “*Quidditch*” was new and creative when JK Rowling invented it. She apparently selected it from five notebook pages of words beginning with “Q”. The word Quidditch could not be copyrighted without depriving the public of only plausible way of referring to the popular contact sport played on flying broomsticks in the Harry Potter fantasy series. Quidditch is uncopyrightable because the word is merged with the much more complicate set of ideas the word represents.

On the other hand, “*supercalifragilisticexpialidocious*” in Mary Poppins is also creative, and more importantly, because it is nonsense it is hard to see that merger and idea-expression distinction would bar it from copyright protection. But even if it could have been registered as a one-word literary work, the fact that it wasn’t should mean something for copyright analysis.⁷⁹

Notes and questions

(1) Is the warning on the Starbucks cup copyrightable? Are other aspects of the cup’s design copyrightable?

⁷⁸ See e.g. *Perma Greetings, Inc. v. Russ Berrie & Co.*, 598 F. Supp 445, 448-49 (E.D. Mo. 1984) (finding that phrases such as “hang in there,” “message,” and “along the way take time to smell the flowers” are unprotected and considering ideas of images and simple design characteristics to be uncopyrightable). See also, *Matthews v. Freedman*, 157 F.3d 25, 26 (1st Cir.1998).

⁷⁹ *Life Music, Inc. v. Wonderland Music Co.* 241 F. Supp. 653 (S.D.N.Y.1965).



Fixation

The Copyright Clause gives Congress 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.” The Supreme Court has given the word “writings” a broad interpretation—see e.g. *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884)(photographs copyrightable as writings)—but always subject to the limitation of a fixed material form.

The fixation requirement for copyright protection is both Constitutional and statutory. Congress has enacted anti-bootlegging laws which prohibit the unauthorized recording of live performances. The right to prevent bootlegging may look like a copyright right, but it isn’t because it protects unfixed performances. The Constitutional solution was to pass the anti-bootlegging laws under the authority of the commerce clause to circumvent the fixation requirement.⁸⁰ As noted above, Section 102(a) provides that for something to be eligible for copyright protection it must be an original work of authorship and it must be “*fixed*” in some “tangible medium of expression”.

17 U.S. Code § 102(a)

Copyright protection subsists, in accordance with this title, 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.

17 U.S. Code § 101

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

⁸⁰ See 17 U.S.C. § 1101 (prohibiting the unauthorized fixation and trafficking in sound recordings and music videos), constitutionality upheld in *Kiss Catalog, Ltd. v. Passport Int’l Prods.* 350 F. Supp. 2d 823 (C.D. Cal. 2004). See also the criminal anti-bootlegging provision in 18 U.S.C. § 2319A, constitutionality upheld in *United States v. Moghadam* 175 F.3d 1269 (11th Cir. 1999), *United States v. Martignon* 492 F.3d 140 (2d Cir. 2007).

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.

“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.

“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.

The definition of when a work is “fixed in a tangible medium of expression” in Section 101 refers specifically to reduction to material form in a “copy” or a “phonorecord.” The terms “copies” and “phonorecords” are also defined in Section 101. For most purposes we can think of phonorecords as a subset of copies, although technically each term is defined in exclusion to the other. A “copy” in this broader sense is the physical embodiment of the work and it includes the first or original copy. The term is meant to be technologically neutral, so it does not matter if the work is fixed in computer memory or papyrus, the only limitation is that one must be able to “perceive,” “reproduce,” or “otherwise communicate” the work from the copy. There is no requirement that a copy is directly human readable (obviously anything digital is not), so long as it can be “perceived, reproduced, or otherwise communicated ... with the aid of a machine or device.”

Notice that to be “fixed in a tangible medium of expression” requires a bit more than identifying a copy/phonorecord, the work must be fixed “by or under the authority of the author” and it must be “sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.” The permanence requirement has some interesting implications when it comes to infringement and the cases on that issue are discussed elsewhere in these materials.

Challenging cases

Garcia v. Google, Inc., 786 F. 3d 733 (9th Circuit 2015) (en banc)

Opinion by Circuit Judge McKeown

In this case, a heartfelt plea for personal protection is juxtaposed with the limits of copyright law and fundamental principles of free speech. The appeal teaches a simple lesson — a weak copyright claim cannot justify censorship in the guise of authorship.

By all accounts, Cindy Lee Garcia was bamboozled when a movie producer transformed her five-second acting performance into part of a blasphemous video proclamation against the Prophet Mohammed. The producer — now in jail on unrelated matters — uploaded a trailer of the film, *Innocence of Muslims*, to YouTube. Millions of viewers soon watched it online, according to Garcia. News outlets credited the film as a source of violence in the Middle East. Garcia received death threats.

Asserting that she holds a copyright interest in her fleeting performance, Garcia sought a preliminary injunction requiring Google to remove the film from all of its platforms, including YouTube. The district court denied the injunction, finding that Garcia did not establish likely success on the merits for her copyright claim. Nor did she demonstrate that the injunction would prevent any alleged harm in light of the film's five-month presence on the Internet. A divided panel of our court reversed, labeled her copyright claim as "fairly debatable," but then entered a mandatory injunction requiring Google to remove the film. That injunction was later limited to versions of the film featuring Garcia's performance.

As Garcia characterizes it, "the main issue in this case involves the vicious frenzy against Ms. Garcia that the Film caused among certain radical elements of the Muslim community." We are sympathetic to her plight. Nonetheless, the claim against Google is grounded in copyright law, not privacy, emotional distress, or tort law, and Garcia seeks to impose speech restrictions under copyright laws meant to foster rather than repress free expression. Garcia's theory can be likened to "copyright cherry picking," which would enable any contributor from a costume designer down to an extra or best boy to claim copyright in random bits and pieces of a unitary motion picture without satisfying the requirements of the Copyright Act. Putting aside the rhetoric of Hollywood hijinks and the dissent's dramatics, this case must be decided on the law.

In light of the Copyright Act's requirements of an "original work of authorship fixed in any tangible medium," 17 U.S.C. § 102(a), the mismatch between Garcia's copyright claim and the relief sought, and the Copyright Office's rejection of Garcia's application for a copyright in her brief performance, we conclude that the district court did not abuse its discretion in denying Garcia's request for the preliminary injunction. As a consequence, the panel's mandatory injunction against Google was unjustified and is dissolved upon publication of this opinion.

BACKGROUND AND PROCEDURAL HISTORY

In July 2011, Cindy Lee Garcia responded to a casting call for a film titled *Desert Warrior*, an action-adventure thriller set in ancient Arabia. Garcia was cast in a cameo role, for which she earned \$500. She received and reviewed a few pages of script. Acting under a professional director hired to oversee production, Garcia spoke two sentences: "Is George crazy? Our daughter is but a child?" Her role was to deliver those lines and to "seem concerned."

Garcia later discovered that writer-director Mark Basseley Youssef (a.k.a. Nakoula Basseley Nakoula or Sam Bacile) had a different film in mind: an anti-Islam polemic renamed *Innocence of Muslims*. The film, featuring a crude production, depicts the Prophet Mohammed as, among other things, a murderer, pedophile, and homosexual. Film producers dubbed over Garcia's lines and replaced them with a voice asking, "Is your Mohammed a child molester?" Garcia appears on screen for only five seconds.

Almost a year after the casting call, in June 2012, Youssef uploaded a 13-minute-and-51-second trailer of *Innocence of Muslims* to YouTube, the video-sharing website owned by Google, Inc., which boasts a global audience of more than one billion visitors per month. After it was translated into Arabic, the film fomented outrage

across the Middle East, and media reports linked it to numerous violent protests. The film also has been a subject of political controversy over its purported connection to the September 11, 2012, attack on the United States Consulate in Benghazi, Libya.

Shortly after the Benghazi attack, an Egyptian cleric issued a fatwa against anyone associated with *Innocence of Muslims*, calling upon the “Muslim Youth in America and Europe” to “kill the director, the producer, and the actors and everyone who helped and promoted this film.” Garcia received multiple death threats.

Legal wrangling ensued. Garcia asked Google to remove the film, asserting it was hate speech and violated her state law rights to privacy and to control her likeness. Garcia also sent Google five takedown notices under the Digital Millennium Copyright Act, 17 U.S.C. § 512, claiming that YouTube’s broadcast of *Innocence of Muslims* infringed her copyright in her “audio-visual dramatic performance.” Google declined to remove the film.

On September 19, 2012, Garcia first sued Google, Youssef, and other unnamed production assistants in Los Angeles Superior Court. Her complaint alleged a compendium of torts and assorted wrongdoing under California law. As against Google, Garcia made claims for invasion of privacy, false light, and violating her right to publicity. She brought the same claims against Youssef and added fraud, unfair business practices, slander, and intentional infliction of emotional distress. The state court denied Garcia’s motion for a “temporary restraining order and for an order to show cause re preliminary injunction,” because she had “not shown a likelihood of success on the merits.” On September 25, 2012, Garcia voluntarily dismissed her state court suit.

One day later, Garcia turned to federal court. She filed suit in the United States District Court for the Central District of California and again named Google and Youssef as codefendants. Garcia alleged copyright infringement against both defendants and revived her state law claims against Youssef for fraud, unfair business practices, libel, and intentional infliction of emotional distress.

Garcia then moved for a temporary restraining order and for an order to show cause on a preliminary injunction — but only on the copyright claim. She sought to bar Google from hosting *Innocence of Muslims* on YouTube or any other Google-run website.

On November 30, 2012, the district court denied Garcia’s motion for a preliminary injunction. As an initial matter, the court concluded that “Garcia had not demonstrated that the requested relief would prevent any alleged harm,” because, by that point, the film trailer had been on the Internet for five months. Nor did Garcia establish a likelihood of success on the merits. In particular, the district court found that the nature of Garcia’s copyright interest was unclear, and even if she could establish such a copyright, she granted the film directors an implied license to “distribute her performance as a contribution incorporated into the indivisible whole of the Film.”

A divided panel of our court reversed. More than a year and a half after the film was first uploaded, the panel majority first issued a secret takedown order, giving Google

twenty-four hours to remove all copies of *Innocence of Muslims* from YouTube and other Google-controlled platforms. The panel embargoed disclosure of the order until it issued its opinion. The panel later amended the order to allow YouTube to post any version of the film that did not include Garcia's performance.

In its later-issued opinion, the panel majority reversed the district court and granted Garcia's preliminary injunction. *Garcia v. Google, Inc.*, 743 F.3d 1258, amended by *Garcia v. Google, Inc.*, 766 F.3d 929 (9th Cir.2014). Despite characterizing Garcia's copyright claim as "fairly debatable," the panel majority nonetheless concluded that Garcia was likely to prevail on her copyright claim as to her individual performance in *Innocence of Muslims*. 766 F.3d at 935. In contrast to the district court's factual finding of an implied license from Garcia to Youssef, the panel opinion held that the license ran in the opposite direction: "Youssef implicitly granted [Garcia] a license to perform his screenplay," and that Garcia did not grant Youssef an implied license to incorporate her performance into the film. *Id.* at 935-38. Finally, the panel majority held that, because of the death threats against her, Garcia had established irreparable harm and the equities and public interest favored an injunction. *Id.* at 938-40. The opinion did not address the First Amendment consequences of the mandatory takedown injunction, beyond stating that the First Amendment does not protect copyright infringement.

Judge N.R. Smith dissented. He wrote that Garcia had not met the high burden required for a mandatory preliminary injunction because she was unlikely to succeed on her copyright claim. *Id.* at 941 (N.R. Smith, J., dissenting). Specifically, Garcia was not likely to prove her performance was a "work," nor would she likely meet the copyright requirements of authorship and fixation, among other shortcomings with her claim. *Id.* at 946. In sum, "because the facts and law do not 'clearly favor' issuing a preliminary injunction to Garcia, the district court did not abuse its discretion in denying Garcia's requested relief." *Id.* at 940.

We granted rehearing en banc.

The central question is whether the law and facts clearly favor Garcia's claim to a copyright in her five-second acting performance as it appears in *Innocence of Muslims*. The answer is no. This conclusion does not mean that a plaintiff like Garcia is without options or that she couldn't have sought an injunction against different parties or on other legal theories, like the right of publicity and defamation.

Under the Copyright Act, "copyright protection subsists ... in original works of authorship fixed in any tangible medium of expression ... [including] motion pictures." 17 U.S.C. § 102(a). That fixation must be done "by or under the authority of the author." 17 U.S.C. § 101. Benchmarked against this statutory standard, the law does not clearly favor Garcia's position.

The statute purposefully left "works of authorship" undefined to provide for some flexibility. Nevertheless, several other provisions provide useful guidance. An audiovisual work is one that consists of "a series of related images which are intrinsically intended to be shown" by machines or other electronic equipment, plus "accompanying sounds." 17 U.S.C. § 101. In turn, a "motion picture" is an "audiovisual work[] consisting of a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if

any.” Id. These two definitions embody the work here: Innocence of Muslims is an audiovisual work that is categorized as a motion picture and is derivative of the script. Garcia is the author of none of this and makes no copyright claim to the film or to the script. Instead, Garcia claims that her five-second performance itself merits copyright protection.

In the face of this statutory scheme, it comes as no surprise that during this litigation, the Copyright Office found that Garcia’s performance was not a copyrightable work when it rejected her copyright application. The Copyright Office explained that its “longstanding practices do not allow a copyright claim by an individual actor or actress in his or her performance contained within a motion picture.” Thus, “for copyright registration purposes, a motion picture is a single integrated work.... Assuming Ms. Garcia’s contribution was limited to her acting performance, we cannot register her performance apart from the motion picture.”

We credit this expert opinion of the Copyright Office — the office charged with administration and enforcement of the copyright laws and registration. The Copyright Office’s well-reasoned position reflects a body of experience and informed judgment to which courts and litigants may properly resort for guidance.

In analyzing whether the law clearly favors Garcia, *Aalmuhammed v. Lee*, 202 F.3d 1227 (9th Cir.2000), provides a useful foundation. There, we examined the meaning of “work” as the first step in analyzing joint authorship of the movie Malcolm X. The Copyright Act provides that when a work is “prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole,” the work becomes a “joint work” with two or more authors. 17 U.S.C. § 101 (emphasis added). Garcia unequivocally disclaims joint authorship of the film.

In *Aalmuhammed*, we concluded that defining a “work” based upon “some minimal level of creativity or originality ... would be too broad and indeterminate to be useful.” 202 F.3d at 1233 (internal quotation marks omitted).⁹

Footnote 9: Although the ultimate issue in *Aalmuhammed* pertained to joint authorship, the definition of “work” was essential, just as in our case, to the analysis. 202 F.3d at 1233-34; see also *Richlin v. Metro-Goldwyn-Mayer Pictures, Inc.*, 531 F.3d 962, 968 (9th Cir. 2008) (relying on *Aalmuhammed* in reasoning that to determine authorship, the court must first determine the “work” to be examined).

Our animating concern was that this definition of “work” would fragment copyright protection for the unitary film Malcolm X into many little pieces:

So many people might qualify as an “author” if the question were limited to whether they made a substantial creative contribution that that test would not distinguish one from another. Everyone from the producer and director to casting director, costumer, hairstylist, and “best boy” gets listed in the movie credits because all of their creative contributions really do matter.

Id.

Garcia’s theory of copyright law would result in the legal morass we warned against in *Aalmuhammed* — splintering a movie into many different “works,” even in the absence of an independent fixation. Simply put, as Google claimed, it makes Swiss cheese of copyrights.

Take, for example, films with a large cast — the proverbial “cast of thousands” — such as Ben-Hur or Lord of the Rings. The silent epic Ben-Hur advertised a cast of 125,000 people. In the Lord of the Rings trilogy, 20,000 extras tramped around Middle-Earth alongside Frodo Baggins (played by Elijah Wood). Treating every acting performance as an independent work would not only be a logistical and financial nightmare, it would turn cast of thousands into a new mantra: copyright of thousands.

The dissent spins speculative hypotheticals about copyright protection for book chapters, movie outtakes, baseball games, and Jimi Hendrix concerts. This hyperbole sounds a false alarm. Substituting moral outrage and colorful language for legal analysis, the dissent mixes and matches copyright concepts such as collective works, derivative works, the requirement of fixation, and sound recordings. The statutory definitions and their application counsel precision, not convolution. See, e.g., 17 U.S.C. §§ 101, 103, 114, 201. The citation to *Effects Associates, Inc. v. Cohen*, 908 F.2d 555 (9th Cir.1990) (Kozinski, J.), is particularly puzzling. There, neither party disputed the plaintiff’s copyright, and the plaintiff independently fixed the special-effects footage and licensed it to the filmmakers.

The reality is that contracts and the work-made-for-hire doctrine govern much of the big-budget Hollywood performance and production world. Absent these formalities, courts have looked to implied licenses. Indeed, the district court found that Garcia granted Youssef just such an implied license to incorporate her performance into the film. But these legal niceties do not necessarily dictate whether something is protected by copyright, and licensing has its limitations. As filmmakers warn, low-budget films rarely use licenses. Even if filmmakers diligently obtain licenses for everyone on set, the contracts are not a panacea. Third-party content distributors, like YouTube and Netflix, won’t have easy access to the licenses; litigants may dispute their terms and scope; and actors and other content contributors can terminate licenses after thirty five years. See 17 U.S.C. § 203(a)(3). Untangling the complex, difficult-to-access, and often phantom chain of title to tens, hundreds, or even thousands of standalone copyrights is a task that could tie the distribution chain in knots. And filming group scenes like a public parade, or the 1963 March on Washington, would pose a huge burden if each of the thousands of marchers could claim an independent copyright.

Garcia’s copyright claim faces yet another statutory barrier: She never fixed her acting performance in a tangible medium, as required by 17 U.S.C. § 101 (“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.”) (emphasis added). According to the Supreme Court, “the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection.” *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 737 (1989). Garcia did nothing of the sort.

For better or for worse, Youssef and his crew “fixed” Garcia’s performance in the tangible medium, whether in physical film or in digital form. However one might characterize Garcia’s performance, she played no role in fixation. On top of this,

Garcia claims that she never agreed to the film's ultimate rendition or how she was portrayed in *Innocence of Muslims*, so she can hardly argue that the film or her cameo in it was fixed "by or under [her] authority." 17 U.S.C. § 101.

In sum, the district court committed no error in its copyright analysis. Issuance of the mandatory preliminary injunction requires more than a possible or fairly debatable claim; it requires a showing that the law clearly favors Garcia. Because neither the Copyright Act nor the Copyright Office's interpretation supports Garcia's claim, this is a hurdle she cannot clear. ...

At this stage of the proceedings, we have no reason to question Garcia's claims that she was duped by an unscrupulous filmmaker and has suffered greatly from her disastrous association with the *Innocence of Muslims* film. Nonetheless, the district court did not abuse its discretion when it denied Garcia's motion for a preliminary injunction under the copyright laws.

Circuit Judge Kozinski, dissenting:

Garcia's dramatic performance met all of the requirements for copyright protection: It was copyrightable subject matter, it was original and it was fixed at the moment it was recorded. So what happened to the copyright? At times, the majority says that Garcia's performance was not copyrightable at all. And at other times, it seems to say that Garcia just didn't do enough to gain a copyright in the scene. Either way, the majority is wrong and makes a total mess of copyright law, right here in the Hollywood Circuit. In its haste to take Internet service providers off the hook for infringement, the court today robs performers and other creative talent of rights Congress gave them. I won't be a party to it.

I

Youssef handed Garcia a script. Garcia performed it. Youssef recorded Garcia's performance on video and saved the clip. Until today, I understood that the rights in such a performance are determined according to elementary copyright principles: An "original work[] of authorship," 17 U.S.C. § 102(a), requires only copyrightable subject matter and a "minimal degree of creativity." *Feist Publications v. Rural Telephone*, 499 U.S. 340, 345, (1991). The work is "fixed" when it is "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." 17 U.S.C. § 101. And at that moment, the "author or authors of the work" instantly and automatically acquire a copyright interest in it. 17 U.S.C. § 201(a). This isn't exactly String Theory; more like Copyright 101.

Garcia's performance met these minimal requirements; the majority doesn't contend otherwise. The majority nevertheless holds that Garcia's performance isn't a "work," apparently because it was created during the production of a later-assembled film, *Innocence of Muslims*. But if you say something is not a work, it means that it isn't copyrightable by anyone. Under the majority's definition of "work," no one (not even Youssef) can claim a copyright in any part of Garcia's performance, even though it was recorded several months before *Innocence of Muslims* was assembled. Instead, *Innocence of Muslims* — the ultimate film — is the only thing that can be a

“work.” If this is what my colleagues are saying, they are casting doubt on the copyrightability of vast swaths of material created during production of a film or other composite work.

The implications are daunting. If Garcia’s scene is not a work, then every take of every scene of, say, *Lord of the Rings* is not a work, and thus not protected by copyright, unless and until the clips become part of the final movie. If some dastardly crew member were to run off with a copy of the Battle of Morannon, the dastard would be free to display it for profit until it was made part of the final movie. And, of course, the take-outs, the alternative scenes, the special effects never used, all of those things would be fair game because none of these things would be “works” under the majority’s definition. And what about a draft chapter of a novel? Is there no copyright in the draft chapter unless it gets included in the published book? Or if part of the draft gets included, is there no copyright in the rest of it?

This is a remarkable proposition, for which the majority provides remarkably little authority. *Aalmuhammed v. Lee*, 202 F.3d 1227 (9th Cir.2000), the only case that the majority cites, says just the opposite. In *Aalmuhammed*, we considered a claim by a contributor to the movie *Malcolm X* that he was a joint author of the entire movie. Everyone in *Aalmuhammed* agreed that the relevant “work” was *Malcolm X*. The only question was whether the contributor was a joint author of that work. We went out of our way to emphasize that joint authorship of a movie is a “different question” from whether a contribution to the movie can be a “work” under section 102(a). *Id.* at 1233. And we clearly stated that a contribution to a movie can be copyrightable (and thus can be a “work”). *Id.* at 1232.

The majority’s newfangled definition of “work” is directly contrary to a quarter-century-old precedent that has never been questioned, *Effects Associates, Inc. v. Cohen*, 908 F.2d 555 (9th Cir.1990). There, we held that a company that created special effects footage during film production retained a copyright interest in the footage even though it became part of the film. The majority tries to distinguish *Effects Associates* by arguing that the footage there was a standalone work that was separately fixed and incorporated into a film. But Garcia’s performance was also “separately fixed and incorporated into” *Innocence of Muslims*. Why then are the seven shots “featuring great gobs of alien yogurt oozing out of a defunct factory” interspersed in *The Stuff*, any more a “standalone work” than Garcia’s performance? Youssef wasn’t required to use any part of Garcia’s performance in the film; he could have sold the video clip to someone else. The clip might not have had much commercial value, but neither did the special effects scenes in *Effects Associates*. Nothing in the Copyright Act says that special effects scenes are “works” entitled to copyright protection but other scenes are not. And what about scenes that have actors and special effects? Are those scenes entitled to copyright protection (as in *Effects Associates*), or are they denied copyright protection like Garcia’s scene?

II

A.

The majority also seems to hold that Garcia is not entitled to copyright protection because she is not an author of the recorded scene. According to the majority,

Garcia can't be an author of her own scene because she played no role in her performance's fixation.

But a performer need not operate the recording equipment to be an author of his own performance. See *House Report* at 56 (1976); *Senate Report* at 53-54 (1975). Without Garcia's performance, all that existed was a script. To convert the script into a video, there needed to be both an actor physically performing it and filmmakers recording the performance. Both kinds of activities can result in copyrightable expression. Garcia's performance had at least "some minimal degree of creativity" apart from the script and Youssef's direction. See *Feist*, 499 U.S. at 345. One's "personality always contains something unique. It expresses its singularity even in handwriting, and a very modest grade of art has in it something which is one man's alone." *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 250 (1903). To dispute this is to claim that *Gone With the Wind* would be the same movie if Rhett Butler were played by Peter Lorre.

Actors usually sign away their rights when contracting to do a movie, but Garcia didn't and she wasn't Youssef's employee. I'd therefore find that Garcia acquired a copyright in her performance the moment it was fixed. When dealing with material created during production of a film or other composite work, the absence of a contract always complicates things. See *Effects Associates*, 908 F.2d at 556 ("Moviemakers do lunch, not contracts."). Without a contract the parties are left with whatever rights the copyright law gives them. It's not our job to take away from performers rights Congress gave them. Did Jimi Hendrix acquire no copyright in the recordings of his concerts because he didn't run the recorder in addition to playing the guitar? Garcia may not be as talented as Hendrix — who is? — but she's no less entitled to the protections of the Copyright Act.

B.

While the Copyright Office claims that its "longstanding practices" don't recognize Garcia's copyright interest, it doesn't seem that the Register of Copyrights got the memo. The Register was a member of the U.S. delegation that signed the Beijing Treaty on Audiovisual Performances. See U.S. Copyright Office, Annual Report of the Register of Copyrights 8 (2012). The Treaty would recognize Garcia's rights in her performance. It provides that "performers" have the "exclusive right of authorizing ... the fixation of their unfixed performances," and "reproduction of their performances fixed in audiovisual fixations, in any manner or form." *World Intellectual Property Organization, Beijing Treaty on Audiovisual Performances*, Art. 6(ii), 7 (2012).

The Patent Office, which led the delegation, states that U.S. law is "generally compatible" with the Treaty, as "actors and musicians are considered to be 'authors' of their performances providing them with copyright rights." U.S. Patent & Trademark Office, Background and Summary of the 2012 WIPO Audiovisual Performances Treaty 2 (2012). Although the Copyright Office hasn't issued a statement of compatibility, it's hard to believe that it would sign on if it believed that the Treaty's key provisions are inconsistent with U.S. copyright law. In fact, the Copyright Office praised the Treaty as "an important step forward in protecting the

performances of television and film actors throughout the world.” Except in the Ninth Circuit.

The Copyright Office’s position is thus inconsistent at best. And, in any event, neither the Copyright Office’s reasoning nor the authority it relies on in its letter to Garcia fare any better than the majority’s. The Copyright Office would refuse copyright registration to an actor like Garcia because “an actor or an actress in a motion picture is either a joint author in the entire work or, as most often is the case, is not an author at all by virtue of a work made for hire agreement.” However, Garcia isn’t a joint author of the entire movie and didn’t sign any agreements. She doesn’t fit into either category. Like the majority, the Copyright Office would wish this problem away by refusing registration unless the copyright claimant personally recorded his performance. But nothing in the legislative history relied on by the Copyright Office (which concerned joint authorship of an entire film) suggests that a non-employee doesn’t retain any copyright interest in a video clip of his acting performance because it’s recorded by the film’s producer. See House Report at 120.

III

The harm the majority fears would result from recognizing performers’ copyright claims in their fixed, original expression is overstated. The vast majority of copyright claims by performers in their contributions are defeated by a contract and the work for hire doctrine. And most of the performers that fall through the cracks would be found to have given an implied license to the film’s producers to use the contribution in the ultimate film. See *Effects Associates*, 908 F.2d at 558. Very few performers would be left to sue at all, and the ones that remain would have to find suing worth their while. They wouldn’t be able to claim the valuable rights of joint authorship of the movie, such as an undivided share in the movie or the right to exploit the movie for themselves. Rather, their copyright claims would be limited to the original expression they created. See *Aalmubammed*, 202 F.3d at 1232; *Effects Associates*, 908 F.2d at 559. Which is why filmmaking hasn’t ground to a halt even though we held a quarter-century ago that “where a non-employee contributes to a book or movie, ... the exclusive rights of copyright ownership vest in the creator of the contribution, unless there is a written agreement to the contrary.” *Effects Associates*, 908 F.2d at 557.

Regardless, the Supreme Court has reminded us that “speculation about future harms is no basis for [courts] to shrink authorial rights.” *N.Y. Times Co. v. Tasini*, 533 U.S. 483, 505-06 (2001). In *Tasini*, freelance authors argued that the inclusion in databases of their articles that originally appeared in periodicals infringed their copyrights in the works. Publishers warned that “‘devastating’ consequences,” including massive damages awards, would result if the Court were to hold for the freelancers. The Court nonetheless held for the freelancers, turning back the parade of horrors deployed by the publishers. The Court explained that there are “numerous models for distributing copyrighted works and remunerating authors for their distribution.” *Tasini* is a powerful reminder that movie producers, publishers and distributors will always claim that the sky is falling in cases that might recognize an individual contributor’s copyright interest in material he created. They will always say, as Google says here, that holding in the contributor’s favor will make “Swiss cheese” of copyrights.

But under our copyright law, the creators of original, copyrightable material automatically acquire a copyright interest in the material as soon as it is fixed. There's no exception for material created during production of a film or other composite work. When modern works, such as films or plays, are produced, contributors will often create separate, copyrightable works as part of the process. Our copyright law says that the copyright interests in this material vest initially with its creators, who will then have leverage to obtain compensation by contract. The answer to the "Swiss cheese" bugbear isn't for courts to limit who can acquire copyrights in order to make life simpler for producers and internet service providers. It's for the parties to allocate their rights by contract. See *Effects Associates*, 908 F.2d at 557. Google makes oodles of dollars by enabling its users to upload almost any video without pre-screening for potential copyright infringement. Google's business model, like that of the database owners in *Tasini*, assumes the risk that a user's upload infringes someone else's copyright, and that it may have to take corrective action if a copyright holder comes forward.

The majority credits the doomsday claims at the expense of property rights that Congress created. Its new standard artificially shrinks authorial rights by holding that a performer must personally record his creative expression in order to retain any copyright interest in it, speculating that a contrary rule might curb filmmaking and burden the internet. But our injunction has been in place for over a year; reports of the Internet's demise have been greatly exaggerated. For the reasons stated here and in the majority opinion in *Garcia v. Google, Inc.*, 766 F.3d 929, 933-36 (9th Cir.2014), I conclude that Garcia's copyright claim is likely to succeed. I'd also find that Garcia has made an ample showing of irreparable harm. It's her life that's at stake.

Notes and questions

(1) In *Garcia v. Google, Inc.*, 786 F. 3d 733 (9th Cir. 2015) (en banc), the Ninth Circuit en banc agreed with the position of the Copyright Office that a motion picture is a single integrated work and that there is no scope for a separately copyrighted simultaneously created sub-work consisting of an actor's performance. The Ninth Circuit majority argued that to hold otherwise would encumber the ordinary motion picture in a tangle of hundreds if not thousands of fractured ownership claims. The essence of majority opinion was its analysis (at 742) that:

Garcia's theory of copyright law would result in a legal morass, making Swiss cheese of copyrights.

The court did not consider the work made for hire doctrine or implied license to be a sufficient solution to the problem of fractured ownership in this context.

(2) Consider an iconic moment in cinema such as the scene in *Dirty Harry* where Clint Eastwood says "So you gotta ask yourself this question: 'Do I feel lucky?' Well, do ya, punk?" The scene is memorable, and Eastwood's performance is original to him, even if he did not write the dialogue, and quite arguably displays a modicum of creativity. Does it make sense to think of this isolated fragment as a distinct copyrighted work within a larger copyrighted work?

(3) The Ninth Circuit also held that even if Garcia's performance was potentially a separate copyright work, she never fixed her acting performance in a tangible medium, as required by

§ 102(a) and defined in § 101. In the majority’s view, although her performance was fixed, it was not fixed *under her authority* because she had no control over that part of the process. Is the majority stretching when it says that Garcia’s performance was not fixed under her authority? She voluntarily performed for the camera, why isn’t that enough?

(4) In dissent, Judge Kozinski noted that under the *Beijing Treaty on Audiovisual Performances* “performers” have the “exclusive right of authorizing the fixation of their unfixed performances,” and “reproduction of their performances fixed in audiovisual fixations, in any manner or form.” See World Intellectual Property Organization, *Beijing Treaty on Audiovisual Performances*, Art. 6(ii), 7 (2012). Such international treaties do not have direct effect under United States law, but Judge Kozinski argued that the court should have given some weight to representations by the U.S. Patent and Trademark Office that United States law is “generally compatible” with the Treaty, as “actors and musicians are considered to be ‘authors’ of their performances providing them with copyright rights.” See U.S. Patent & Trademark Office, *Background and Summary of the 2012 WIPO Audiovisual Performances Treaty 2* (2012). Is this argument convincing?

(5) In his dissent, Judge Kozinski asks a series of questions about the disappearing copyright under the majority’s theory. At 749, he says:

Garcia’s dramatic performance met all of the requirements for copyright protection: It was copyrightable subject matter, it was original and it was fixed at the moment it was recorded. So what happened to the copyright?

And later at 750, he continued:

And what about a draft chapter of a novel? Is there no copyright in the draft chapter unless it gets included in the published book? Or if part of the draft gets included, is there no copyright in the rest of it?

Does he have a point?

(6) Judge Kozinski’s embrace of pop culture, relaxed writing style, and punchy rhetoric make his decisions great fodder for textbooks. Kozinski is the author of many excellent and quotable opinions. However, we should be wary of lionizing judges and Supreme Court justices simply because we appreciate their writing, or their politics. Judge Kozinski announced his retirement on December 18, 2017, after a growing number of allegations of improper sexual conduct and abusive practices toward law clerks.⁸¹ For all his swaggering opinions, that is his legacy.

16 Casa Duse, LLC v. Merkin, 791 F. 3d 247 (2nd Cir. 2015)

In September 2010, Robert Krakovski, acting at all relevant times as the principal of the a film-production company 16 Casa Duse, purchased the rights to a screenplay entitled *Heads Up* from the work’s author, Ben Carlin. Krakovski hired Alex Merkn to direct a short film shot over three days of filming. Merkn, the director was not an employee and, in spite of long negotiations, the parties ultimately never agreed to a work for hire contract. The parties agreed that the director was not a co-author of the final film, but the director claimed both a copyright interest in his directorial contributions to the finished film and a separate copyright interest in the entire local footage shot under his direction. The relationship ended poorly.

Opinion by Circuit Judge Sack

BACKGROUND

⁸¹ The details are set out in a [Wikipedia entry](#), among other places.

... In January 2012, as the dispute continued to simmer, Merkin registered a copyright in the film with the United States Copyright Office. The title of the registration was “Raw footage for film ‘Heads Up’ Disks 1-4,” reflecting the fact that Merkin had copied the footage from the hard drive onto four DVDs. The registration listed the type of work as “Motion Picture” and asserted that Merkin was its sole author. Merkin did not obtain Casa Duse’s permission to register the copyright, and Krakovski was unaware of the registration.

In March 2012, Krakovski began submitting Heads Up to film festivals and making plans to publicize the film. To that end, he scheduled an invitation-only screening for approximately seventy persons at the New York Film Academy (“NYFA”) on April 18, 2012. Krakovski also organized a reception to follow at a nearby restaurant, City Crab, for which he paid a non-refundable deposit of \$1,956.58.

On the date of the event, the NYFA chairperson contacted Krakovski to tell him that Merkin’s attorney (Reichman) had threatened the NYFA with a cease-and-desist order to prevent the screening from proceeding. According to Reichman, it was Merkin — not Reichman — who contacted the NYFA and mentioned a cease and desist “notice,” not an order, at which point the NYFA contacted Reichman. In any event, the NYFA cancelled the screening in response to these threats, and Casa Duse lost its restaurant deposit. Casa Duse subsequently missed at least four film festival submission deadlines as a result of the dispute. Merkin did not return the hard drive, the DVDs, or the raw footage in any form.

Casa Duse brought suit against Merkin and his limited liability company, A. Merkin Entertainment, LLC, (“AME”) in May 2012 seeking, inter alia, a temporary restraining order and injunction enjoining Merkin from interfering with its use of the film.

DISCUSSION

This case requires us to answer a question of first impression in this Circuit: May a contributor to a creative work whose contributions are inseparable from, and integrated into, the work maintain a copyright interest in his or her contributions alone? We conclude that, at least on the facts of the present case, he or she may not.

Merkin argues that the district court erred in concluding, first, that Merkin could not copyright his creative contributions to the film, and, second, that he lacks copyright ownership of the “raw film footage.” Casa Duse responds that individual contributions to a film, such as direction, are not themselves subject to copyright protection and that Casa Duse retains sole copyright ownership of the film and the “raw footage,” to the extent the two are distinguishable for copyright purposes.

Two points merit mention at the outset.

First, the parties agree that Merkin is not a “joint author” or “co-author” of the film under the 1976 Copyright Act. See 17 U.S.C. § 101 (“A ‘joint work’ is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”). If he were, that fact would likely prohibit his interference with Casa Duse’s use and display of the film, because one joint owner cannot be liable for copyright infringement to another joint owner. A co-authorship claimant in our Circuit generally must show

that “each of the putative co-authors (1) made independently copyrightable contributions to the work; and (2) fully intended to be co-authors.” *Thomson v. Larson*, 147 F.3d 195, 200 (2d Cir.1998) (citing *Childress v. Taylor*, 945 F.2d 500, 507-08 (2d Cir.1991)). Even assuming the first prong³ is met here, we agree with the district court that the record uniformly establishes that Casa Duse, through its principal, Krakovski, never intended to share authorship of the film with Merkin or anyone else, and there is also considerable evidence that Merkin never intended to be Casa Duse’s co-author.”⁴

Footnote 3: It seems likely that by “copyrightable” the *Childress* court meant only to say that the coauthor’s contribution must be the product of authorship, i.e., expression. The court did not mean that in order to be a coauthor one must be able to obtain a copyright on his or her separate contribution, or even that such would be possible. See 2 *Patry on Copyright* § 5:15

Footnote 4: We noted in *Thomson* that “the test of co-authorship intent will vary depending on the specific factual circumstances.” *Thomson*, 147 F.3d at 201 n. 16. We need not determine the ways in which the test might vary in the circumstances presented by this case, because the parties disclaim joint authorship.

Second, the parties also agree that Merkin’s efforts cannot be deemed a “work made for hire.” See 17 U.S.C. § 201(b) (“The ... person for whom the work[-for-hire] was prepared is considered the author ... and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.”). A work-for-hire arrangement requires:

- (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 for other specified purposes] ... if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

Id. § 101. Merkin was not Casa Duse’s employee and the parties failed to execute a written agreement.

A. Copyright in Creative Contributions to a Work

“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.” 17 U.S.C. § 102(a). We have never decided whether an individual’s non-de minimis creative contributions to a work in which copyright protection subsists, such as a film, fall within the subject matter of copyright, when the contributions are inseparable from the work and the individual is neither the sole nor a joint author of the work and is not a party to a work-for-hire arrangement. See *Thomson*, 147 F.3d at 206 (acknowledging open question and resolving case on alternative grounds). We answer that question in the negative on the facts of the present case, finding that the Copyright Act’s terms, structure, and history support the conclusion that Merkin’s contributions to the film do not themselves constitute a “work of authorship” amenable to copyright protection.

The Copyright Act does not define the term “works of authorship.” Section 102 of the Act, however, lists examples of categories of “works of authorship,” including “literary works,” 17 U.S.C. § 102(a)(1), “musical works,” *id.* § 102(a)(2), and — most relevant here — “motion pictures and other audiovisual works,” *id.* § 102(a)(6). This list is not exhaustive, but as we have previously observed, categories of creative efforts that are not “similar [] or analogous to any of the listed categories” are

unlikely to fall within the subject matter of federal copyright protection. *National Basketball Association v. Motorola, Inc.*, 105 F.3d 841, 846 (2d Cir.1997) (concluding that “basketball games do not fall within the subject matter of federal copyright protection because they do not constitute ‘original works of authorship’ under 17 U.S.C. § 102(a).”). Motion pictures, like “pantomimes,” 17 U.S.C. § 102(a)(4), and “dramatic works,” *id.* § 102(a)(3), are works that may be expected to contain contributions from multiple individuals. See *Richlin v. Metro-Goldwyn-Mayer Pictures, Inc.*, 531 F.3d 962, 975 (9th Cir.2008) (“A motion picture is a work to which many contribute; however, those contributions ultimately merge to create a unitary whole.”). But the Act lists none of the constituent parts of any of these kinds of works as “works of authorship.” This uniform absence of explicit protection suggests that non-freestanding contributions to works of authorship are not ordinarily themselves works of authorship.

Other provisions of the Act support this conclusion. The Act’s definition of “joint work,” a work prepared by multiple authors “with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole,” 17 U.S.C. § 101 (emphasis added), suggests that such inseparable contributions are not themselves “works of authorship.” Copyright may subsist in contributions to a collective work, see *id.* § 201(c) (“Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole.”), but only when such contributions constitute “separate and independent” works. *Id.* § 101 (“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.” (emphasis added)). The requirement that contributions be “separate and independent” in order to obtain their own copyright protection also indicates that inseparable contributions integrated into a single work cannot separately obtain such protection.

The legislative history of the Copyright Act further supports this reading. According to the House Report on the 1976 Act:

[A] motion picture would normally be a joint rather than a collective work with respect to those authors who actually work on the film, although their usual status as employees for hire would keep the question of coownership from coming up. On the other hand, although a novelist, playwright, or songwriter may write a work with the hope or expectation that it will be used in a motion picture, this is clearly a case of separate or independent authorship rather than one where the basic intention behind the writing of the work was for motion picture use.

House Report at 120 (1976). While issues of “coownership” of a copyright may arise in the motion picture context, the question of separate contributions meriting separate copyrights as “works” ordinarily would not, unless the motion picture incorporates separate, freestanding pieces that independently constitute “works of authorship.” In a joint work, “the separate elements [comprising the work] merge into a unified whole,” whereas in a collective work, individuals’ contributions “remain unintegrated and disparate.” *Id.*

As Casa Duse observes, the Copyright Office has, in an unrelated case, suggested a similar interpretation of the Act. The Office has stated that an individual who lacks a work-for-hire agreement but who “intend[s] her contribution or performance to ‘be

merged into inseparable or interdependent parts of a unitary whole[.]’ 17 U.S.C. § 101[.] ... may assert a claim in joint authorship in the motion picture, but not sole authorship of her performance in a portion of the work.”⁸² We need not defer to the Copyright Office’s interpretation as a general matter, see *Carol Barnhart Inc. v. Econ. Cover Corp.*, 773 F.2d 411, 414 (2d Cir.1985), or under the factually distinct circumstances of the present case. We find its analysis persuasive nonetheless.

There was, until recently, some authority apparently to the contrary. The majority of a three-judge panel of the Ninth Circuit concluded that copyright protection may subsist in an actor’s performance in a motion picture. See *Garcia v. Google, Inc.*, 766 F.3d 929, 933-36 (9th Cir.), reversed en banc, 786 F.3d 733 (9th Cir.2015) (“*Garcia* (en banc)”). In *Garcia*, as in the present case, an individual who made a contribution to a finished film — in that case, an actor — claimed ownership of a copyright interest in her contribution. The court reasoned that the actor’s performance exhibited at least a “minimal degree of creativity” such that the actor had probably engaged in an original act of authorship. *Id.* at 934 (quoting *Feist*). And the performance was, in the court’s view, “fixed” in a tangible medium as part of the finished film. *Id.*

An en banc panel reversed, however, adhering to the Copyright Office’s view and, based thereon, concluding that the actor’s “theory of copyright law would result in a legal morass, making Swiss cheese of copyrights.” *Garcia* (en banc), 786 F.3d at 742. We agree. Filmmaking is a collaborative process typically involving artistic contributions from large numbers of people, including — in addition to producers, directors, and screenwriters — actors, designers, cinematographers, camera operators, and a host of skilled technical contributors. If copyright subsisted separately in each of their contributions to the completed film, the copyright in the film itself, which is recognized by statute as a work of authorship, could be undermined by any number of individual claims. These various contributors may make original artistic expressions, which are arguably fixed in the medium of film footage. But while originality and fixation are necessary prerequisites to obtaining copyright protection, see 17 U.S.C. § 102(a), they are not alone sufficient: Authors are not entitled to copyright protection except for the “works of authorship” they create and fix. See *id.*; see also *Garcia*, 766 F.3d at 941 (N.R. Smith, J., dissenting).

Our conclusion in the present case does not suggest that motion picture directors such as Merkin may never achieve copyright protection for their creative efforts. The director of a film may, of course, be the sole or joint author of that film, such that she or he can secure copyright protection for the work. See *Community for Creative Non-Violence*, 490 U.S. at 737 (“As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection.”); see also F. Jay Dougherty, *Not A Spike Lee Joint? Issues in the Authorship of Motion Pictures Under U.S. Copyright Law*, 49 UCLA L.Rev. 225, 312 (2001) (“The director of the film is certainly potentially one of its

⁸² Letter from Robert J. Kasunic, Assoc. Register of Copyrights and Dir. of Registration Policy and Practices, U.S. Copyright Office, 11 to M. Cris Armenta, The Armenta Law Firm (Mar. 6, 2014) (attached as appendix 12 to Brief in Response to Suggestion of Rehearing En Banc [Dkt. 54] at ADD47, *Garcia v. Google*, No. 12-57302 (9th Cir. Mar. 12, 2014)).

most important authors.”). And authors of freestanding works that are incorporated into a film, such as dance performances or songs, may copyright these “separate and independent works.” 17 U.S.C. § 101 (defining “collective work”). But a director’s contribution to an integrated “work of authorship” such as a film is not itself a “work of authorship” subject to its own copyright protection.

A final observation: A conclusion other than the one we adopt would grant contributors like Merkin greater rights than joint authors, who, as we have noted, have no right to interfere with a co-author’s use of the copyrighted work. See *Childress*, 945 F.2d at 508 (“Joint authorship entitles the co-authors to equal undivided interests in the work.”). We doubt that Congress intended for contributors who are not joint authors to have greater rights enabling them to hamstring authors’ use of copyrighted works, as apparently occurred in the case at bar. We agree with the en banc Ninth Circuit, then, that the creation of “thousands of standalone copyrights” in a given work was likely not intended. *Garcia* (en banc), 786 F.3d at 743.

We conclude that Merkin did not obtain and does not possess a copyright in his directorial contributions to the finished film.

B. Copyright in Raw Film Footage

Merkin also contends that he and not Casa Duse owns all copyright interests in the “raw film footage” which was contained on the hard drive and DVDs and from which the final film *Heads Up* was or will be produced.

Unlike Merkin’s creative contributions to the film, the film footage is subject to copyright protection. An original motion picture is surely a “work of authorship” in which copyright protection “subsists” under the Copyright Act. See 17 U.S.C. § 102(a)(6). And “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.” *Id.* § 101. The unedited film footage at issue in this case seems to us to be an early version of the finished product, constituting the film “as of that time.” Because “the Copyright Act [] affords protection to each work at the moment of its creation,” *Weissmann v. Freeman*, 868 F.2d 1313, 1317 (2d Cir.1989), copyright subsists even in such an unfinished work.[6]

With respect to the ownership of any such copyright, “[c]opyright in a work protected under this title vests initially in the author or authors of the work.” 17 U.S.C. § 201(a). The Copyright Act contemplates instances in which multiple authors of a single work may maintain some form of copyright ownership in that work, but the parties agree that *Heads Up* fits into none of those categories.[7] In cases in which none of the multiple-author scenarios specifically identified by the Copyright Act applies, but multiple individuals lay claim to the copyright in a single work, the dispositive inquiry is which of the putative authors is the “dominant author.” See *Childress*, 945 F.2d at 508.

The district court concluded, and we agree, that Casa Duse was that 4 “dominant author.” See 16 Casa Duse, 2013 WL 5510770 at *10, 2013 U.S. Dist. LEXIS 143958 at *29. Our Circuit has not proffered rules for determining which of multiple authors is “dominant.” See *Childress*, 945 F.2d at 508 (discussing joint authorship inquiry “where one person [] is indisputably the dominant author of the work and the only

issue is whether that person is the sole author or she and another [] are joint authors”). We have, however, identified “factual indicia of ownership and authorship” relevant to the joint-author inquiry. Thomson, 147 F.3d at 202. These factors — including decisionmaking authority, billing, and written agreements with third parties, see *id.* at 202-04 — are also relevant to our dominant-author inquiry.

As to decisionmaking authority, which refers to the parties’ relative control “over what changes are made and what is included in a work,” *id.* at 202, the parties agree that Merkin exercised a significant degree of control over many of the creative decisions underlying both the raw film footage and the finished product. As director, Merkin made a variety of creative decisions related to camera work, lighting, blocking, and actors’ wardrobe, makeup, and dialogue delivery, particularly during the three days of filming. But in the context of the project as a whole, Casa Duse exercised far more decisionmaking authority. Cf. *id.* at 198 n. 10 (putative co-author’s claim to have “developed [a play’s] plot and theme, contributed extensively to the story, created many character elements, [and written] a significant portion of the dialogue and song lyrics” did not render her a joint, let alone dominant, author of play). Casa Duse initiated the project; acquired the rights to the screenplay; selected the cast, crew and director; controlled the production schedule; and coordinated (or attempted to coordinate) the film’s publicity and release. Cf. *Aalmuhammed v. Lee*, 202 F.3d 1227, 1234 (9th Cir.2000) (“[A]n author superintend[s] the work by exercising control. This will likely be ... the inventive or master mind who creates, or gives effect to the idea.” (second alteration in original) (footnotes and internal quotation marks omitted)).

The second factor is “the way in which the parties bill or credit themselves,” which provides evidence of intent of authorship. Thomson, 147 F.3d at 203. Although Merkin evidently sought to retain the right to remove his name from the finished film, both parties initially intended to take some credit for the final product. The billing inquiry as to the raw footage, then, appears to us to be essentially neutral, as we understand will often be the case in the context of a motion picture. See Dougherty, *supra* at 264 (explaining that this factor “is less helpful in evidencing the contributors’ intent for works such as motion pictures”).

The third factor, “the parties’ agreements with outsiders,” Thomson, 147 F.3d at 204, points decisively in Casa Duse’s favor. Casa Duse obtained written work-for-hire agreements from every cast and crew member other than Merkin. Merkin did not, so far as the record shows, enter into any third party agreements. Indeed, nothing in the record suggests he had any intention to do so. Casa Duse also entered into an agreement with the screenwriter, authorizing the very creation of the film as a derivative work. See 17 U.S.C. § 101 (“A ‘derivative work’ is a work based upon one or more preexisting works...”). Thus Casa Duse executed all of the relevant third-party agreements.

We agree with the district court that in this case, Casa Duse was the dominant author of the film. The record does not reflect any developments that occurred between the creation of the raw film footage and Casa Duse’s attempts to create a finished product that would alter this analysis as to the raw footage. We thus conclude that Casa Duse, not Merkin, owns the copyright in the finished film and its prior versions, including the disputed “raw film footage.”

...

For the foregoing reasons, we AFFIRM the district court's grant of summary judgment to Casa Duse on its copyright claims and thus the court's entry of a permanent injunction against Merkin, REVERSE the district court's grant of summary judgment to Casa Duse on its tortious interference with business relations claim, and REMAND to the district court with instructions to enter summary judgment in favor of Merkin on that claim, based thereon to reexamine its award of costs and attorney's fees, and for such other proceedings as are warranted.

Notes and questions

(1) In *16 Casa Duse, LLC v. Merkin*, 791 F. 3d 247 (2nd Cir. 2015), the Second Circuit held a film director did not have a copyright interest in either his directorial contributions to the finished film or the raw film footage shot under his direction. The director was not an employee and had not signed a work for hire agreement.

(2) Note that the director in *16 Casa Duse* did not claim to be a joint author of the final film, he claimed to be the sole author of his directorial contributions.

(3) The Second Circuit seemed to take a dim view of Merkin's conduct and that may have colored its assessment of his claim to be at least a joint author of the raw film footage. In a portion of the opinion not extracted above, the court held that "in the context of the project as a whole, Casa Duse exercised far more decisionmaking authority [than the director]." And thus Merkin was not a joint author of the raw footage. This is dubious. Merkin apparently exercised a significant degree of control over many of the creative decisions underlying both the raw film footage and the finished product. As director, Merkin made a variety of creative decisions related to camera work, lighting, blocking, and actors' wardrobe, makeup, and dialogue delivery, particularly during the three days of filming. The court notes "Casa Duse initiated the project; acquired the rights to the screenplay; selected the cast, crew and director; controlled the production schedule; and coordinated (or attempted to coordinate) the film's publicity and release." But it does not seem to stop and consider whether these are authorial activities or simply activities that set the stage for authorship. The court also relies on the fact that Casa Duse obtained work for hire agreements from every other member of the cast and crew whereas Merkin did not to be relevant.

10. OWNERSHIP, AUTHORSHIP AND TRANSFER

Initial ownership of copyright interests: International framework

The initial ownership of copyright interests is not addressed by the TRIPs Agreement or the Berne Convention.

Initial ownership of copyright interests under United States copyright law

Ownership of the physical embodiment of the work has no bearing on copyright ownership

Pope v. Curl, 2 Atk. 342 (1741) (Ch. U.K.)

The ownership of any particular physical embodiment of a work, even if it is the original and only copy, has no bearing on the question of who owns the copyright in the work. This long-standing principle of copyright law goes all the way back to a 1741 case decided in the English Court of Chancery, *Pope v. Curl*, 2 Atk. 342 (1741) (Ch. U.K.).

Alexander Pope was a famous and profitable author in an age when professional authorship was considered unworthy of a gentleman.⁸³ In pursuit of fame and profit, Pope very much wanted to publish his correspondence, but as a gentleman he needed a pretext to do so in order to avoid the charge of vanity. At Pope's behest, his friend and correspondent Jonathan Swift (also a famous author) sent an edited collection of their letters to a publisher in Dublin, Ireland to have them printed. Dublin was beyond the reach of English copyright law, or indeed any copyright law at the time.

When the disreputable London bookseller, Edmund Curl, republished the same volume of correspondence (as it seemed Pope hoped he would), Pope sued to protect his honor and reputation as an author. Curl defended the suit, in part, on the basis that the letters, once sold and delivered were the property of the receiver, not the author. Lord Hardwicke noted Curl's argument and rejected it, saying:

It has been objected, that where a man writes a letter, it is in the nature of a gift to the receiver.

But I am of opinion it is only a special property in the receiver; possibly the property in the paper may belong to him; but this does not give a licence to any person whatsoever to publish them to the world, for at most the receiver has only a joint property with the writer.

Pope v. Curl, 2 Atk. 342 (1741) established for the first time the fundamental distinction between ownership of a particular copy of a copyrighted work and the ownership of the copyrighted work. The principle is reflected in Section 202 of the Copyright Act.

⁸³ This account of *Pope v. Curl* is based on MARK ROSE, *AUTHORS IN COURT: SCENES FROM THE THEATER OF COPYRIGHT*, 11-35 (2016).

17 U.S. Code § 202. Ownership of copyright as distinct from ownership of material object

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

Authorship and ownership are inextricably entwined

The concepts of ownership and authorship are inextricably entwined under the Copyright Act of 1976. Copyright ownership vests, at the moment of creation, initially in the author or authors of the work. Under Section 201 of the Act, the creator of a work is, at least presumptively, its author and owner of the copyright.

17 U.S. Code § 201. Ownership of copyright

(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 co-owners of copyright in the work.

Section 201(b) complicates that picture somewhat by introducing the concept of a work made for hire (see below), but putting that question to one side, we can proceed on the assumption that authors are owners. The next natural question is of course, *how do we determine who is the author?*

The Supreme Court implicitly addressed this question in *Burrow-Giles Lithographic Co. v. Sarony* 111 U.S. 53 (1884). The issue in *Burrow-Giles* was whether a staged photograph of Oscar Wilde qualified for copyright protection at all, but in answering that question, the Court also elaborated how one might go about determining who is the author. The Court relied on an English case about the ownership of a photo of the Australian cricket team. In *Nottage v. Jackson*, 11 Q.B.D. 627 (1883), the court had to choose between recognizing as author either the photographer or the enterprise that arranged for the photograph to be taken and sold. In *Burrow-Giles* (at 60-61), the Court quotes various members of the House of Lords in *Nottage v. Jackson* with approval:

Brett, M.R., said, in regard to who was the author: “The nearest I can come to, is that it is the person who effectively is as near as he can be, the cause of the picture which is produced, that is, the person who has superintended the arrangement, who has actually formed the picture by putting the persons in position, and arranging the place where the people are to be — the man who is the effective cause of that.”

Lord Justice Cotton said: “In my opinion, ‘author’ involves originating, making, producing, as the inventive or master mind, the thing which is to be protected, whether it be a drawing, or a painting, or a photograph;” and Lord Justice Bowen says that photography is to be treated for the purposes of the act as an art, and the author is the man who really represents, creates, or gives effect to the idea, fancy, or imagination.

Coauthors are joint owners of the work

In *Burrow-Giles*, the question of whether the work contained enough authorship to be copyrightable also settled the question of who should be seen as the author of the work. There was only one photographer and really no other obvious candidate, except perhaps the subject of the photo himself, Oscar Wilde. The attribution of authorship becomes quite complex where the work in question was produced by some form of collective effort.

As Section 201 (quoted above) states: “The authors of a joint work are co-owners of copyright in the work.” A joint work is defined as follows:

17 U.S. Code § 101

A “joint work” is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.

The authors of a joint work are co-owners of the copyright in the work. Each owns a share of an undivided whole or is entitled to undivided ownership or interest in the entire work, despite any differences in each author’s contribution.

Does the division of the copyright interest into multiple interests mean that these interests must be equal? Certainly, they are equal in their ability to exercise the rights of the copyright owner, but there is a reasonable argument that these undivided shares need not be equal in terms of their right to remuneration in the face of unequal contributions.⁸⁴ How exactly a coauthor would establish her entitlement to a greater than 50% ownership stakes is an interesting question.

The implications of joint-ownership are profound. As co-owners of the copyright, joint authors are treated as tenants in common. Tenancy in common is a common law property concept. If A and B own real property as tenants in common, each has the right to possess the entire property and neither has the right to exclude the other. In copyright law, each co-tenant has the right to use or license some third party to use the work, and each co-tenant can convey nonexclusive rights to the joint work *without the consent of his or her coauthor*, subject to a duty to account to the other co-owners for any profit.

Who qualifies as a joint author?

The Copyright Act does not use the terms “joint author” or “co-author,” but the terms are used interchangeably in the relevant case law to describe the authors of a joint work. To meet the definition of a joint work under Section 101, the relevant co-authors must have “the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”

This deceptively simple sentence raises a number of difficult questions:

- What degree of contribution is required for someone to qualify as an author? Indeed, how should contribution be measured: aesthetic merit, control, audience appeal, ...?
- Does each author need to make the same level of contribution? Are contributions assessed relative to other authors of the work, or only on some absolute scale?

⁸⁴ See Shyam Balganes, et al. Amicus Brief in *Google v. Garcia*.

- Do the contributions of each person claiming to be a co-author need to be something that could have been separately copyrighted?
- How specific must the putative authors' "intention that their contributions be merged" be? I.e., does each co-author need to have a shared vision of the ultimate creation, or is it enough that they make their separate contributions in the expectation that those contributions will be subsumed into a larger work?
- When exactly do the potential co-authors need to form the relevant intention? Can they form it at different times?
- How do we distinguish between separate works, derivative works, and sub-works that are "inseparable or interdependent parts of a unitary whole?"

There are answers to almost all of these questions in the case law, but those answers are not necessarily the same in each circuit.

Before delving into the case law, it is useful to think about what kinds of joint authorship cases end up in court. As Shyam Balganesch explains in his article on *Unplanned Coauthorship*:

In most instances of coauthorship the parties agree with each other in advance, both as to the nature of the collaboration and on their respective ownership claims to the final work, necessitating little judicial interpretation (and validation) of the arrangement. The principal instances that actually reach courts and require their intervention are instead those where there exists no formal agreement between the parties, which in turn necessitate courts' interpretations of the parties' actions and behaviors to determine the existence of a common design or the intention to produce a work of joint authorship. The courts' task in such situations is usually further compounded by the parties' fundamental disagreement about their real intentions while undertaking the collaboration. In these instances, the status of coauthorship is determined ex post and imputed to parties, much like how the objective theory of contract formation interprets the parties' actions to find the existence of a contract ex post.

This ex post nature of the determination introduces an important nuance into the process of determining whether the parties ought to be classified as coauthors. The absence of an advance ownership arrangement between the parties invariably forces courts to rely extensively on objective evidence of cooperative behavior, often to the exclusion of evidence relating to subjective intention on the question of coauthorship from the time of the work's creation.⁸⁵

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

Circuit Judge Kleinfeld

In 1991, Warner Brothers contracted with Spike Lee and his production companies to make the movie *Malcolm X*, to be based on the book, *The Autobiography of Malcolm X*. Lee co-wrote the screenplay, directed, and co-produced the movie, which starred Denzel Washington as Malcolm X. Washington asked Jefri Aalmuhammed to assist him in his preparation for the starring role because Aalmuhammed knew a great deal about Malcolm X and Islam. Aalmuhammed, a devout Muslim, was particularly knowledgeable about the life of Malcolm X, having previously written, directed, and produced a documentary film about Malcolm X.

⁸⁵ Shyamkrishna Balganesch, *Unplanned Coauthorship*, 100 Va. L. Rev. 1683, 1695-1696 (2014).

Aalmuhammed joined Washington on the movie set. The movie was filmed in the New York metropolitan area and Egypt. Aalmuhammed presented evidence that his involvement in making the movie was very extensive. He reviewed the shooting script for Spike Lee and Denzel Washington and suggested extensive script revisions. Some of his script revisions were included in the released version of the film; others were filmed but not included in the released version. Most of the revisions Aalmuhammed made were to ensure the religious and historical accuracy and authenticity of scenes depicting Malcolm X's religious conversion and pilgrimage to Mecca.

Aalmuhammed submitted evidence that he directed Denzel Washington and other actors while on the set, created at least two entire scenes with new characters, translated Arabic into English for subtitles, supplied his own voice for voice-overs, selected the proper prayers and religious practices for the characters, and edited parts of the movie during post production. Washington testified in his deposition that Aalmuhammed's contribution to the movie was "great" because he "helped to rewrite, to make more authentic." Once production ended, Aalmuhammed met with numerous Islamic organizations to persuade them that the movie was an accurate depiction of Malcolm X's life.

Aalmuhammed never had a written contract with Warner Brothers, Lee, or Lee's production companies, but he expected Lee to compensate him for his work. He did not intend to work and bear his expenses in New York and Egypt gratuitously. Aalmuhammed ultimately received a check for \$25,000 from Lee, which he cashed, and a check for \$100,000 from Washington, which he did not cash.

During the summer before Malcolm X's November 1992 release, Aalmuhammed asked for a writing credit as a co-writer of the film, but was turned down. When the film was released, it credited Aalmuhammed only as an "Islamic Technical Consultant," far down the list. In November 1995, Aalmuhammed applied for a copyright with the U.S. Copyright Office, claiming he was a co-creator, co-writer, and co-director of the movie. The Copyright Office issued him a "Certificate of Registration," but advised him in a letter that his "claims conflict with previous registrations" of the film.

On November 17, 1995, Aalmuhammed filed a complaint against Spike Lee, his production companies, and Warner Brothers.

ANALYSIS

A. Copyright claim

Aalmuhammed claimed that the movie Malcolm X was a "joint work" of which he was an author, thus making him a co-owner of the copyright. He sought a declaratory judgment to that effect, and an accounting for profits. He is not claiming copyright merely in what he wrote or contributed, but rather in the whole work, as a co-author of a "joint work." The district court granted defendants summary judgment against Mr. Aalmuhammed's copyright claims. We review *de novo*.

Aalmuhammed argues that he established a genuine issue of fact as to whether he was an author of a "joint work," Malcolm X. The Copyright Act does not define "author," but it does define "joint work":

A “joint work” is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.

“When interpreting a statute, we look first to the language.” The statutory language establishes that for a work to be a “joint work” there must be (1) a copyrightable work, (2) two or more “authors,” and (3) the authors must intend their contributions be merged into inseparable or interdependent parts of a unitary whole. A joint work in this circuit requires each author to make an independently copyrightable contribution to the disputed work.⁹

Footnote 9: *Ashton-Tate Corp. v. Ross*, 916 F.2d 516, 521 (9th Cir.1990).

Malcolm X is a copyrightable work, and it is undisputed that the movie was intended by everyone involved with it to be a unitary whole. It is also undisputed that Aalmuhammed made substantial and valuable contributions to the movie, including technical help, such as speaking Arabic to the persons in charge of the mosque in Egypt, scholarly and creative help, such as teaching the actors how to pray properly as Muslims, and script changes to add verisimilitude to the religious aspects of the movie. Speaking Arabic to persons in charge of the mosque, however, does not result in a copyrightable contribution to the motion picture. Coaching of actors, to be copyrightable, must be turned into an expression in a form subject to copyright. The same may be said for many of Aalmuhammed’s other activities. Aalmuhammed has, however, submitted evidence that he rewrote several specific passages of dialogue that appeared in Malcolm X, and that he wrote scenes relating to Malcolm X’s Hajj pilgrimage that were enacted in the movie. If Aalmuhammed’s evidence is accepted, as it must be on summary judgment, these items would have been independently copyrightable. Aalmuhammed, therefore, has presented a genuine issue of fact as to whether he made a copyrightable contribution. All persons involved intended that Aalmuhammed’s contributions would be merged into interdependent parts of the movie as a unitary whole. Aalmuhammed maintains that he has shown a genuine issue of fact for each element of a “joint work.”

But there is another element to a “joint work.” A “joint work” includes “two or more authors.” Aalmuhammed established that he contributed substantially to the film, but not that he was one of its “authors.” We hold that authorship is required under the statutory definition of a joint work, and that authorship is not the same thing as making a valuable and copyrightable contribution. We recognize that a contributor of an expression may be deemed to be the “author” of that expression for purposes of determining whether it is independently copyrightable. The issue we deal with is a different and larger one: is the contributor an author of the joint work within the meaning of 17 U.S.C. § 101.

By statutory definition, a “joint work” requires “two or more authors.” The word “author” is taken from the traditional activity of one person sitting at a desk with a pen and writing something for publication. It is relatively easy to apply the word “author” to a novel. It is also easy to apply the word to two people who work together in a fairly traditional pen-and-ink way, like, perhaps, Gilbert and Sullivan. In the song, “I Am the Very Model of a Modern Major General,” Gilbert’s words and Sullivan’s tune are inseparable, and anyone who has heard the song knows that it owes its existence to both men, Sir William Gilbert and Sir Arthur Sullivan, as its

creative originator. But as the number of contributors grows and the work itself becomes less the product of one or two individuals who create it without much help, the word is harder to apply.

Who, in the absence of contract, can be considered an author of a movie? The word is traditionally used to mean the originator or the person who causes something to come into being, or even the first cause, as when Chaucer refers to the “Author of Nature.” For a movie, that might be the producer who raises the money. Eisenstein thought the author of a movie was the editor. The “auteur” theory suggests that it might be the director, at least if the director is able to impose his artistic judgments on the film. Traditionally, by analogy to books, the author was regarded as the person who writes the screenplay, but often a movie reflects the work of many screenwriters. Grenier suggests that the person with creative control tends to be the person in whose name the money is raised, perhaps a star, perhaps the director, perhaps the producer, with control gravitating to the star as the financial investment in scenes already shot grows.¹³

Footnote 13: See Richard Grenier, *Capturing the Culture*, 206-07 (1991).

Where the visual aspect of the movie is especially important, the chief cinematographer might be regarded as the author. And for, say, a Disney animated movie like “The Jungle Book,” it might perhaps be the animators and the composers of the music.

The Supreme Court dealt with the problem of defining “author” in new media in *Burrow-Giles Lithographic Co. v. Sarony*. The question there was, who is the author of a photograph: the person who sets it up and snaps the shutter, or the person who makes the lithograph from it. Oscar Wilde, the person whose picture was at issue, doubtless offered some creative advice as well. The Court decided that the photographer was the author, quoting various English authorities: “the person who has superintended the arrangement, who has actually formed the picture by putting the persons in position, and arranging the place where the people are to be—the man who is the effective cause of that”; “‘author’ involves originating, making, producing, as the inventive or master mind, the thing which is to be protected”; “the man who really represents, creates, or gives effect to the idea, fancy, or imagination.” The Court said that an “author,” in the sense that the Founding Fathers used the term in the Constitution, was “he to whom anything owes its origin; originator; maker; one who completes a work of science or literature.”

Answering a different question, what is a copyrightable “work,” as opposed to who is the “author,” the Supreme Court held in *Feist Publications* that “some minimal level of creativity” or “originality” suffices. But that measure of a “work” would be too broad and indeterminate to be useful if applied to determine who are “authors” of a movie. So many people might qualify as an “author” if the question were limited to whether they made a substantial creative contribution that that test would not distinguish one from another. Everyone from the producer and director to casting director, costumer, hairstylist, and “best boy” gets listed in the movie credits because all of their creative contributions really do matter. It is striking in *Malcolm X* how much the person who controlled the hue of the lighting contributed, yet no one would use the word “author” to denote that individual’s relationship to the movie. A creative contribution does not suffice to establish authorship of the movie.

Burrow-Giles, in defining “author,” requires more than a minimal creative or original contribution to the work. *Burrow-Giles* is still good law, and was recently reaffirmed in *Feist Publications*. *Burrow-Giles* and *Feist Publications* answer two distinct questions; who is an author, and what is a copyrightable work. *Burrow-Giles* defines author as the person to whom the work owes its origin and who superintended the whole work, the “master mind.” In a movie this definition, in the absence of a contract to the contrary, would generally limit authorship to someone at the top of the screen credits, sometimes the producer, sometimes the director, possibly the star, or the screenwriter—someone who has artistic control. After all, in *Burrow-Giles* the lithographer made a substantial copyrightable creative contribution, and so did the person who posed, Oscar Wilde, but the Court held that the photographer was the author.

The Second and Seventh Circuits have likewise concluded that contribution of independently copyrightable material to a work intended to be an inseparable whole will not suffice to establish authorship of a joint work.²⁴

Footnote 24: *Thomson v. Larson*, 147 F.3d 195, (2nd Cir. 1998); *Erickson v. Trinity Theatre, Inc.*, 13 F.3d 1061 (7th Cir.1994); *Childress v. Taylor*, 945 F.2d 500 (2d Cir.1991).

Although the Second and Seventh Circuits do not base their decisions on the word “authors” in the statute, the practical results they reach are consistent with ours. These circuits have held that a person claiming to be an author of a joint work must prove that both parties intended each other to be joint authors. In determining whether the parties have the intent to be joint authors, the Second Circuit looks at who has decision making authority, how the parties bill themselves, and other evidence.

In *Thomson v. Larson*, an off-Broadway playwright had created a modern version of *La Boheme*, and had been adamant throughout its creation on being the sole author. He hired a drama professor for “dramaturgical assistance and research,” agreeing to credit her as “dramaturg” but not author, but saying nothing about “joint work” or copyright. The playwright tragically died immediately after the final dress rehearsal, just before his play became the tremendous Broadway hit, *Rent*. The dramaturg then sued his estate for a declaratory judgment that she was an author of *Rent* as a “joint work,” and for an accounting. The Second Circuit noted that the dramaturg had no decision making authority, had neither sought nor was billed as a co-author, and that the defendant entered into contracts as the sole author. On this reasoning, the Second Circuit held that there was no intent to be joint authors by the putative parties and therefore it was not a joint work.

Considering *Burrow-Giles*, the recent cases on joint works³³ (especially the thoughtful opinion in *Thomson v. Larson*), and the Gilbert and Sullivan example, several factors suggest themselves as among the criteria for joint authorship, in the absence of contract.

Footnote 33: See *Thomson v. Larson*, 147 F.3d 195, (2nd Cir.1998); *Erickson v. Trinity Theatre, Inc.*, 13 F.3d 1061 (7th Cir.1994); *Childress v. Taylor*, 945 F.2d 500 (2d Cir.1991).

First, an author “superintends” the work by exercising control. This will likely be a person “who has actually formed the picture by putting the persons in position, and arranging the place where the people are to be—the man who is the effective cause of

that,” or “the inventive or master mind” who “creates, or gives effect to the idea.” Second, putative coauthors make objective manifestations of a shared intent to be coauthors, as by denoting the authorship of *The Pirates of Penzance* as “Gilbert and Sullivan.” We say objective manifestations because, were the mutual intent to be determined by subjective intent, it could become an instrument of fraud, were one coauthor to hide from the other an intention to take sole credit for the work. Third, the audience appeal of the work turns on both contributions and “the share of each in its success cannot be appraised.”⁴⁰

Footnote 40: *Edward B. Marks Music Corp. v. Jerry Vogel Music Co., Inc.*, 140 F.2d 266, 267 (2nd Cir. 1944) (Hand, J.) modified by, 140 F.2d 268 (1944).

Control in many cases will be the most important factor. The best objective manifestation of a shared intent, of course, is a contract saying that the parties intend to be or not to be co-authors. In the absence of a contract, the inquiry must of necessity focus on the facts. The factors articulated in this decision and the Second and Seventh Circuit decisions cannot be reduced to a rigid formula, because the creative relationships to which they apply vary too much. Different people do creative work together in different ways, and even among the same people working together the relationship may change over time as the work proceeds.

Aalmuhammed did not at any time have superintendence of the work. Warner Brothers and Spike Lee controlled it. Aalmuhammed was not the person “who has actually formed the picture by putting the persons in position, and arranging the place” Spike Lee was, so far as we can tell from the record. Aalmuhammed, like Larson’s dramaturg, could make extremely helpful recommendations, but Spike Lee was not bound to accept any of them, and the work would not benefit in the slightest unless Spike Lee chose to accept them. Aalmuhammed lacked control over the work, and absence of control is strong evidence of the absence of co-authorship.

Also, neither Aalmuhammed, nor Spike Lee, nor Warner Brothers, made any objective manifestations of an intent to be coauthors. Warner Brothers required Spike Lee to sign a “work for hire” agreement, so that even Lee would not be a co-author and co-owner with Warner Brothers. It would be illogical to conclude that Warner Brothers, while not wanting to permit Lee to own the copyright, intended to share ownership with individuals like Aalmuhammed who worked under Lee’s control, especially ones who at the time had made known no claim to the role of co-author. No one, including Aalmuhammed, made any indication to anyone prior to litigation that Aalmuhammed was intended to be a co-author and co-owner.

Aalmuhammed offered no evidence that he was the “inventive or master mind” of the movie. He was the author of another less widely known documentary about Malcolm X, but was not the master of this one. What Aalmuhammed’s evidence showed, and all it showed, was that, subject to Spike Lee’s authority to accept them, he made very valuable contributions to the movie. That is not enough for co-authorship of a joint work.

The Constitution establishes the social policy that our construction of the statutory term “authors” carries out. The Founding Fathers gave Congress the power to give authors copyrights in order “to promote the progress of Science and useful arts.” Progress would be retarded rather than promoted, if an author could not consult

with others and adopt their useful suggestions without sacrificing sole ownership of the work. Too open a definition of author would compel authors to insulate themselves and maintain ignorance of the contributions others might make. Spike Lee could not consult a scholarly Muslim to make a movie about a religious conversion to Islam, and the arts would be the poorer for that.

The broader construction that Aalmuhammed proposes would extend joint authorship to many overreaching contributors, like the dramaturg in *Thomson*, and deny sole authors “exclusive authorship status simply because another person rendered some form of assistance.” Claimjumping by research assistants, editors, and former spouses, lovers and friends would endanger authors who talked with people about what they were doing, if creative copyrightable contribution were all that authorship required.

Aalmuhammed also argues that issuance of a copyright registration certificate to him establishes a prima facie case for ownership. A prima facie case could not in any event prevent summary judgment in the presence of all the evidence rebutting his claim of ownership. The presumptive validity of the certificate may be rebutted and defeated on summary judgment. The Copyright Office stated in its response to Aalmuhammed’s application for copyright (during the pendency of this litigation) that his claims “conflict with previous registration claims,” and therefore the Copyright Office had “several questions” for him. One of the questions dealt with the “intent” of “other authors,” i.e., Warner Brothers. The evidence discussed above establishes without genuine issue that the answers to these questions were that Warner Brothers did not intend to share ownership with Aalmuhammed.

Because the record before the district court established no genuine issue of fact as to Aalmuhammed’s co-authorship of Malcolm X as a joint work, the district court correctly granted summary judgment dismissing his claims for declaratory judgment and an accounting resting on co-authorship.

[The judgment of the district court was affirmed as it pertains to this extract.]

Notes and questions

(0) Why didn’t Aalmuhammed cash the \$100,000 check from Denzel Washington?

(1) In *Aalmuhammed v. Lee*, 202 F.3d 1227 (9th Cir. 2000), the Ninth Circuit held that “substantial and valuable contributions” to a film by a technical consultant did not make the consultant an author of the joint work in the film. The court explicitly stated that “authorship is not the same thing as making a valuable and copyrightable contribution.” *Aalmuhammed* clearly differentiates between the modest level of creativity required to make a work copyrightable and the extent of contribution required to claim the status of a co-author of a joint work.

(2) In assessing contested claims of co-authorship, the Ninth Circuit looks to three factors: control over the final form of the work; objective manifestations of a shared intent to be coauthors; and whether the audience appeal of the work turns on the multiple contributions such that “the share of each in its success cannot be appraised.” What exactly the court in *Aalmuhammed* meant by referring to audience appeal is not entirely clear. In any event, *Aalmuhammed* stresses that “control in many cases will be the most important factor.”

(3) Note that the Ninth Circuit does not require a strict requirement of shared intent to be joint authors, only “objective manifestations” of such an intention. Why does the court prefer an objective mutual intent standard to subjective intent?

Arguably the courts are more interested in identifying collaborative processes than whether the parties understood or intended particular legal consequences. See, for example, *Strauss v. Hearst Corp.* 1988 WL 18932 (S.D.N.Y. Feb. 19, 1988) where the court found that the defendant magazine and the professional photographer it hired were coauthors by virtue of the fact that the defendant’s representative had played an active role in positioning the props and selecting the photograph to use, and its editors later retouched the photograph before final publication. As Balganesch explains in *Unplanned Coauthorship*:

The parties never entered into a formal contractual arrangement specifying their relationship and ownership over the photographs. At trial, the court concluded that the parties were indeed coauthors of the photographs. The court’s decision was based entirely on its analysis of the collaboration involved in producing the photograph. Rather interestingly, the court disallowed any reliance on evidence relating to the parties’ subjective state of mind at the time the photographs were taken and before.⁸⁶

(4) If coauthorship is simply one type of authorship, it makes sense that anyone claiming the status of author must add something recognizable as original expression to the joint work. Many circuits, including the Ninth Circuit in *Aalmuhammed*, hold that a putative co-author must go further and make an *independently* copyrightable contribution to the joint work. In *Gaiman v. McFarlane* 360 F.3d 644 (7th Cir. 2004), the Seventh Circuit suggested that this rule should not apply in situations where no single contribution meets the standard, but the work would be copyrightable if attributed to a single author.

(5) The issue of timing: in *Shapiro v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d Cir. 1955), the Second Circuit found that the intention required for joint authorship could be formulated *post hoc*. In *The Twelfth Street Rag* case (as it is commonly known), the musician Euday L. Bowman had composed an instrumental piano solo in 1914, and assigned his rights thereto to the Jenkins Music Company. In 1918 the Jenkins Company retained James S. Sumner to write a lyric for Bowman’s music, but Sumner’s contribution was not a work for hire. The court held that under these circumstances, the combined words and music constituted a joint work.

It seems rather remarkable on these facts that the Second Circuit would allow the assignee of an ownership interest in a musical composition to add new elements to a pre-existing work and thereby create new ownership interests in the resulting “joint work,” and thus extinguishing any other ownership interests in the pre-existing work. In *Batiste v. Island Records, Inc.*, 179 F.3d 217, 222 n.7 (5th Cir. 1999), the Fifth Circuit commented that “Congress overruled this doctrine in 1976 by adopting the current definition for “joint work,” which requires that each author intend the merger *at the time* the author prepares his or her contribution.” (emphasis added)) This doesn’t seem quite right either. In general, there is no reason why the intention to merge couldn’t arise after the author prepares her contribution, after all, the author can change her mind about other aspects of the work without necessarily creating a new version. Works generally have a certain amount of definitional plasticity until they are released to the public and not every change to a work creates a new derivative work

⁸⁶ Shyamkrishna Balganesch, *Unplanned Coauthorship*, 100 VA. L. REV. 1683, 1696-1967 (2014)

layered on top of the old one. However, the *Twelfth Street Rag* case goes too far in holding that *an assignee* of the original author can form that intention. At the moment the work is transferred, it loses the plasticity that allows it to grow and morph into a joint work.

(6) Note that in the United Kingdom joint works are limited to instances “in which the contribution of each author is not distinct from that of the other authors.” Copyright Designs and Patents Act, 20 1988, c. 48, § 10 (UK). In other words, the U.K. position is that a joint work must be “inseparable” and not just “interdependent.” As the Copyright Office Compendium (3d) explains at 505.1:

A contribution to a joint work is considered “inseparable” if the work contains a single form of authorship, such as a novel or painting, and it is considered “interdependent” if the work contains multiple forms of authorship, such as motion picture, opera, or the music and lyrics of a song. (Citing *Senate Report* at 103-104).

Why would the United States and the United Kingdom have a different conception of what constitutes a joint work? Which is preferable?

Joint works and derivative works

Weissmann v. Freeman, 868 F.2d 1313 (2d Cir. 1989)

Circuit Judge Cardamone

This appeal presents the paradigm of the problems that arise when a long relationship between accomplished professor and brilliant assistant comes to an end. Together the two had researched and co-authored scholarly scientific works. When the appellant — the younger assistant — individually wrote what she considered a new work, the appellee — the mentor — believing himself a co-author of the new piece, used his assistant’s work, styling it as his own, and thereby precipitated the instant litigation.

The parties are both accomplished scientists in the field of nuclear medicine. Appellant Heidi S. Weissmann, M.D is an Associate Professor of Radiology and Nuclear Medicine at the Albert Einstein College of Medicine (Einstein), and is an attending physician specializing in nuclear medicine at the Montefiore Medical Center (Montefiore). She has received numerous awards in the area of radionuclide imaging, and published more than 80 scholarly articles. Appellee Leonard M. Freeman, M.D is also a prolific author, and a noted lecturer in the fields of nuclear medicine and diagnostic radiology. He has served as President of the Society of Nuclear Medicine, and currently is a professor of Radiology and of Nuclear Medicine at Einstein, where he has taught since 1964. He is the Director of the Nuclear Medicine Service at Montefiore and Vice-Chairman of the Department of Nuclear Medicine at Einstein.

The parties’ professional association began in 1977 when Dr. Weissmann was in her fourth year of residency at Montefiore and Dr. Freeman was Chief of the Division of Nuclear Medicine at that hospital. In early 1977 appellee was researching the application of the derivatives of a certain radiopharmaceutical, iminodiacetic acid (IDA). IDA is a substance labeled with a radioactive isotope that is injected into the bloodstream and, when picked up by the liver, permits diagnosis of certain liver and biliary disorders. In the late 1970’s drug manufacturers producing IDA analogs

needed scientists to develop a patient data base to obtain approval of their Food and Drug Administration applications in order to market the isotopes in the United States. One selected scientist was Dr. Freeman, who began using the IDA analogs in his research efforts. As a fourth-year resident, appellant worked on these initial studies under Dr. Freeman's tutelage. The parties' first jointly authored article on IDA derivatives was published in January 1979. Over the next several years a series of articles on the use of IDA scanning in diagnosing biliary diseases were published in the names of Freeman, Weissmann, and other scientists.

Beginning in 1980 the parties worked together as researchers and co-authors of a number of papers focusing on various aspects of nuclear medicine, particularly IDA imaging. Prior versions of the work alleged to have been infringed in the instant litigation were first written in 1980 for a nuclear medicine review course sponsored by the Harvard Medical School. The district court found that the work in which appellant claims a copyright (Plaintiff's exhibit 1 or P-1) is a "syllabus," that is, a paper reviewing the state of the art of hepatobiliary imaging techniques, prepared to accompany lectures, and used by medical residents to study for specialty boards. From 1980 to 1985 prior versions of P-1 were constantly revised and updated by the parties in an ongoing cooperative effort.

In 1985 Dr. Weissmann authored the article that precipitated the present copyright suit. It was entitled "Hepatobiliary Imaging" (P-1), and reported on a relatively new diagnostic technique employing radioactive analogs of the agent IDA. The work was prepared as a chapter for the Radiological Society of North America's book entitled "Syllabus: A Categorical Course in Nuclear Medicine," printed and published in 1985. The publication listed Dr. Weissmann as the article's sole author.

Appellant's creation admittedly was derived from previous papers jointly written by the parties during the course of their professional relationship that extended from 1977 to 1984. An examination of the relevant documents reveals that portions of P-1 were taken virtually verbatim from prior jointly authored pieces that had been presented at Einstein and at the Mount Sinai School of Medicine (Mount Sinai) in 1983 and 1984 respectively. Although P-1 appears to restate the central propositions asserted in the prior works, Weissmann's exhibits includes the following new elements: (1) a new selection of photo illustrations and associated captions; (2) references to four recent reports in the pertinent literature; (3) new textual additions; and (4) reorganization of previous material. Appellee conceded at trial that this material in P-1 was created solely by appellant.

In the summer of 1987 Dr. Freeman was invited to give a review course on nuclear medicine at Mount Sinai. He prepared P-1 to use in giving the course by deleting Dr. Weissmann's name from P-1 and replacing it with his own, and by adding three words to the title. Fifty copies of the article were made. Before the date set for the course, appellant obtained one of the copies, and through counsel requested that her revised article not be circulated, and that all those who had received copies be informed that she claimed sole authorship of it. The article was removed from the packet of course materials. Dr. Freeman delivered his lecture without the use of his version of P-1.

After this incident, Weissmann filed the instant suit alleging copyright infringement in violation of 17 U.S.C. § 501. In her prayer for relief she sought a declaration that Freeman had committed actionable infringement, an injunction permanently restraining him from infringing, and an award of actual damages and profits.

After a four-day bench trial, Judge Pollack in a written decision concluded that Dr. Freeman's use of P-1 did not violate the copyright law. In support of its determination that Freeman had not infringed any legally cognizable rights that appellant may have had in P-1, the district court found that appellee was a joint author, and therefore a co-owner of any copyright Weissmann acquired in the article. The trial court also determined that P-1's new matter was too trivial to qualify for protection as a derivative work under the copyright statute.

DISCUSSION

I. Joint Authorship

Before discussing whether P-1 was a joint work, we set forth the standard of review to be applied to the district court's determination that P-1 was such a work. Ordinarily the clearly erroneous standard under Fed.R.Civ.P. 52(a) would govern. But, when a district court makes findings of fact predicated upon an incorrect legal standard such findings are not binding on an appellate court.

Here the district court determined that the entire series of the parties' works on the subject of radionuclide imaging — including the work alleged to have been infringed — constituted a single evolutionary joint work. It discussed the conceded joint authorship in the preexisting works. Without making any specific findings respecting P-1 itself, the court found that Dr. Freeman was a co-owner of P-1 and that P-1 was a joint work. The trial court made this surprising finding despite Dr. Freeman's concession that he had no hand in P-1's preparation. The finding was made based on the district court's mistaken view that joint authorship of the prior existing works automatically makes the two joint authors co-owners of the derivative work. Such a ruling stands copyright law on its head. It flies in the face of the Copyright Act which affords protection to each work at the moment of its creation. Thus, § 101 provides for those works prepared over time that "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."

Of greater significance is that the trial court's view would convert all derivative works based upon jointly authored works into joint works, regardless of whether there had been any joint labor on the subsequent version. If such were the law, it would eviscerate the independent copyright protection that attaches to a derivative work that is wholly independent of the protection afforded the preexisting work. See § 103(b). Hence, it was a plain error for the district court to rule, as a matter of law, that Dr. Freeman's joint authorship of the prior works made him a joint author with appellant in the derivative work.

The district court also made a finding of fact that Dr. Freeman was a joint author with Dr. Weissmann of P-1. Section 201(a) of the Act provides: "Copyright in a work protected under [the Copyright Act] vests initially in the author or co-authors of the work." Section 101 defines a "joint work" as one "prepared by two or more

authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.” In a joint work each author automatically acquires an undivided ownership in the entire work including any portion of it. Thus, an action for infringement between joint owners will not lie because an individual cannot infringe his own copyright. The only duty joint owners have with respect to their joint work is to account for profits from its use.

A review of the meaning of §§ 101 and 103(b) and of their legislative history reveals two basic criteria that must be satisfied before one is a joint author of a derivative work. First, each putative author must have “contributed” to the work. Second, each must intend to contribute to a joint work at the time his or her alleged contribution is made. Because § 103(b) extends independent protection to derivative works, an intent to contribute or an actual contribution to previous works does not serve as proof of ownership in the derivative work. See *House Report* at 120. We consider these two criteria.

A. Contribution to Derivative Work

The statute envisions that each author contribute to a joint work. “Under the [§ 101] definition a work would not be ‘joint’ unless its authors collaborated among themselves or unless each of the authors knew, at the time the work was being written, that his contribution would be integrated as an ‘inseparable’ or ‘interdependent’ part of a ‘unitary whole.’” Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, 89th Cong., 1st Sess., Copyright Law Revision Part 6, at 65 (House Comm. Print 1965), reprinted in 1 Copyright Law Revision (1964-1965).

In enacting the definition of a joint work set forth in § 101, Congress endeavored to “make plain that copyright in a derivative work is independent of, and does not enlarge the scope of rights in, any pre-existing material incorporated in it. There was thus no need to spell this conclusion out in the definition of ‘joint work.’” *House Report* at 120. The legislative history clearly indicates that one cannot be deemed to be a joint author without actually collaborating in the work’s preparation. Critical therefore “is the intention, at the time the writing is done, that the parts be absorbed or combined into an integrated unit.” *Id.* That intention must be with respect to the work in which a copyright is claimed, not with respect to the prior works from which it is derived. See *MCA, Inc. v. Wilson*, 425 F.Supp. 443, 455 (S.D.N.Y.1976) (owner of underlying work obtains no property rights in derivative work), *aff’d*, 677 F.2d 180 (2d Cir.1981).

In the case at hand, because Dr. Freeman conceded that he had not participated in drafting the new matter included in P-1, it follows as a logical corollary, therefore, that he acquired no interest in or right to use P-1 beyond those rights which he had as co-author in the prior joint material incorporated into P-1. Even though one co-author has the right to revise a joint work in order to create an individual derivative work, the other co-author acquires no property rights in the newly created work prepared without his involvement.

B. Intent to Contribute to Derivative Work

The second point upon which inquiry is focused is Dr. Weissmann's intent. The district court made no express finding on this critical issue. It simply stated in conclusory fashion that because the parties had intended P-1's predecessors to be used jointly as a "stock piece" to accompany their review lectures, they had somehow impliedly agreed that all future works on the subject of radioactive analogs of IDA, including P-1, would also be a joint work.

In order for a work to be deemed a joint work, the parties must evince "the intention that their contributions be merged," § 101 (emphasis added), "at the time the writing is done," *House Report* at 120, not at some later date. The law on this point is set forth in *Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 266 (2d Cir.1944) (L. Hand, J.). There it was observed that a finding of joint authorship requires that each author intend his or her contribution, at the time that it is created, to become part of a unitary work to which another will make or already has made a contribution. Or, as Judge Hand stated it, "when both plan an undivided whole ..., their separate interests will be as inextricably involved, as are the threads out of which they have woven the seamless fabric of the work." *Id.* at 267; see also *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, ("Melancholy Baby"), 161 F.2d 406, 409 (2d Cir.1946).

Marks was a case in which one individual had written the lyrics for a song and another had written the music. Neither party knew the other, but both were aware that their individual efforts would not stand alone. In holding that the resulting song was a joint work, the critical fact was that both parties were equally aware that their individual authorship efforts would have to be combined in order to create the final integrated product — a commercially viable song. See *Marks*, 140 F.2d at 267. From this, the rule has evolved that an author who intends to create a joint work must clearly demonstrate his or her intent in that regard. Although such an intent may, as in *Marks*, be inferred from the circumstances surrounding the creation of the work, in the absence of such a showing, the work is presumed to be the product of an individual author and is the sole property of its creator.

In the present case, Drs. Weissmann and Freeman collaborated in the preparation and publication of the works from which P-1 was derived. Yet, there is no evidence that they intended their joint product to be forever indivisible like the finite whole of the completed single song in *Marks*. The facts point to a contrary conclusion. Scientific research is a quest for new discoveries and the preexisting joint works by definition were continually evolving. Dr. Weissmann believed she had a new and better approach and decided to author her research alone. Section 103(b) of the Copyright Act gives her that right when it extends independent protection to derivative works. The joint authorship of the underlying work does not confer any property right in the new work, save those rights which the co-author (here Dr. Freeman) of the previous works retains in the material used as part of the compilation of the derivative work. The district court opinion reveals a fundamental misunderstanding of these principles. This misconception is reflected in its discussion of Dr. Weissmann's intent to merge her efforts with Dr. Freeman based only on P-1's predecessors, and not on P-1 itself.

C. Appellant's Intent to Create a Derivative Work

The remainder of discussion of joint authorship concerns the substantial and uncontroverted evidence that Dr. Weissmann intended P-1 to be her own individual work. As a preliminary matter, it is important to note that of the 88 articles, abstracts, and book chapters listed on her curriculum vitae, 71 credit Dr. Freeman as a co-author. Appellant's having deviated from that pattern in submitting P-1 for publication as a chapter in the Radiological Society of North America's book under the name "Heidi S. Weissmann" is persuasive proof of the fact that she intended this particular piece to represent her own individual authorship. Appellant's use of her own by-line on P-1 constitutes prima facie proof that this work was not intended to be joint. Appellee failed to produce any evidence to rebut appellant's showing. In fact, Dr. Freeman lectured at the same meeting at which P-1 was first presented, and made no objection to the omission of his name from it.

Again, had the trial court separately considered P-1, it would have concluded that appellant's article was the only work with respect to which it was repeatedly conceded that appellee had played no role. Yet, the trial judge found that "plaintiff did almost all of the writing" for the works listed on her resume of which Freeman was a "co-author" and that she routinely "submitted drafts to Dr. Freeman before publication." It also found that "she would always make sure to leave a copy of a manuscript on his desk if he was not in town or busy with other commitments; she did not always get comments back, but often she did." Hence, it is significant on the issue of appellant's intent that P-1 was one of those few works that was not submitted for Dr. Freeman's review and on which she did not receive his comments. These facts — found by the district court — strongly evidence appellant's intent that P-1 be solely her own work.

The district court found that Freeman's participation in the preparation of P-1 was "strikingly illustrated" by Weissmann's inclusion in P-1 of a section entitled "False-Positive Studies for Acute Cholecystitis" which Dr. Freeman had independently composed for a 1984 Harvard review course. The incorporation of this material into P-1 is irrelevant to the question of whether or not the parties intended P-1 to be a joint work. Appellant correctly points out that the inclusion of the "False Positive" section is not proof of any intention on Dr. Freeman's part to make a contribution to P-1 because, prior to 1985, he could not have formed an intent to contribute his efforts to her then nonexistent work.

In sum, the evidence presented at trial fully supports appellant's contention that the work alleged to have been infringed was solely the product of her authorship efforts. Although her work derived from preexisting jointly authored material, appellee played no role in P-1's creation. As a non-contributing party to P-1, Dr. Freeman's intent regarding his contributions to the underlying preexisting work is not relevant to claimed joint authorship of P-1. The district court's conclusion that P-1 was a joint work because the entire series of the parties' articles on IDA, including P-1, was one evolutionary joint work disregards the copyright protection accorded derivative works, independent of the preexisting works under § 103(b). As a consequence of its plain error of law in this regard, the district court's finding of fact that Freeman's co-authorship of the preexisting works also made him a joint author of P-1 is clearly erroneous.

II. Derivative Work

We now turn attention to whether P-1 qualifies for protection as a derivative work as that term is defined by the Copyright Act. To establish a claim of copyright infringement, plaintiff must prove ownership of a valid copyright and copying by the defendant. With Dr. Freeman's copying admitted, the only question is whether Dr. Weissmann owned a valid copyright in a so-called derivative work. Although her certificate of registration constitutes "prima facie evidence of the validity of the copyright and of the facts stated in the certificate," 17 U.S.C. § 410(c), it is not conclusive on the issue of copyrightability; it merely creates a presumption of validity. See, e.g., *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 908 (2d Cir.1980); *Past Pluto Productions Corp. v. Dana*, 627 F.Supp. 1435, 1440 (S.D.N.Y.1986) (certificate shifts burden to defendant to disprove copyright's validity).

Section 101 of the Copyright Act defines a "derivative work" as one that is based on "preexisting works." In addition, § 103(b) provides as follows

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 a work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

Section 101 of the statute further defines a derivative work as "[a] work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship...." Thus, it is clear that "the manner of expression, the author's analysis or interpretation of events, the way he structures his material and marshals facts, his choice of words, and the emphasis he gives to particular developments" are protected under the copyright laws. *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91, 95-96 (2d Cir.1977).

The principle of derivative work protection is subject to two important limitations, both of which were purportedly recognized by the district court. To support a copyright, a derivative work must be more than trivial, and the protection afforded a derivative work must reflect the degree to which the derivative work relies on preexisting material, without diminishing the scope of the latter's copyright protection. *Durham Indus.*, 630 F.2d at 909. This rule is premised on the notion that "the one pervading element prerequisite to copyright protection regardless of the form of work" is the requirement of originality — that the work be the original product of the claimant." *L. Batlin & Son v. Snyder*, 536 F.2d 486, 489-90 (2d Cir.) (en banc). Originality is and always has been rightly prized. Dostoevsky, for example, insisted that the measure of a person's worth in pre-Revolutionary Russia did not depend so much on money or position, as it did on one's originality. F. Dostoevsky, *The Idiot*, Part I (Garrett Trans.1958). Mill wrote that "nothing was ever yet done which someone was not the first to do, and ... all good things which exist are the fruits of originality...." J.S. Mill, *On Liberty* 271 (Harvard Classics, Eliot ed. 1909).

In the law of copyright only an unmistakable dash of originality need be demonstrated, high standards of uniqueness in creativity are dispensed with. In deciding whether the originality of the matter added in P-1 is sufficient to qualify for protection as a derivative work, the standard enunciated in *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir.1951) (Frank, J.), remains the law in this Circuit:

“All that is needed to satisfy both the Constitution and the statute is that the ‘author’ contributed something more than a ‘merely trivial’ variation, something recognizably ‘his own’” Id. at 102-03. The originality requirement for a revised version is a “minimal” or “modest” one. See, e.g., *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 35 (2d Cir.1982); *Durham Indus.*, 630 F.2d at 910.

The district court here concluded that P-1 and its predecessors had evolved over an extended period of time and that Weissmann’s additions were minuscule, demonstrating little originality. Although recognizing that the selection and arrangement of data may merit copyright protection, the trial judge believed that “the update was done as part of the evolution of the stock piece” and that appellant’s modifications of the preexisting joint works did not warrant copyright protection.

It was formerly our rule that where, as here, the originality of a work could be determined entirely by reference to documentary evidence, we were in as good a position as the district court to evaluate originality. In 1985 Rule 52(a) of Fed.R.Civ.P. was amended so that findings of fact based upon documentary — along with oral — evidence are not to be set aside unless clearly erroneous.

In our view the district court implausibly overlooked the fact that appellant’s 1985 selection of subject matter and content drawn from prior works and their rearrangement in P-1 is sufficiently the product of original authorship to warrant copyright protection. It failed to give detailed consideration to the new matter that Weissmann added to the parties’ prior works in her authorship of P-1. Its main discussion of P-1’s content is a passing reference to the addition of “only” four new sources from the relevant scientific literature. Although the credibility of the parties as witnesses was fully discussed, the relevance of such an inquiry is problematic when the evidence upon which the derivative work determination must be based is solely documentary. Credibility might have been relevant, for example, had the question of who actually authored the new material been contested. But it is scarcely pertinent to determining whether the newly-added matter satisfies the statutory requirements for protectability. Research has not revealed a single case in which credibility has been deemed significant — let alone dispositive — on the question of whether there is a sufficient level of originality in a given work to render it copyrightable. While the district court’s findings based on the credibility of witnesses is entitled to deference, the trial judge cannot insulate his findings on originality from appellate review by calling them credibility determinations. *Anderson v. City of Bessemer*, 470 U.S. 564, 575 (1985).

Our examination of the relevant documents reveals that Weissmann’s additions and modifications in P-1 extend well beyond the mere addition of “four sources.” A thorough review of P-1 and of the works from which it is derived demonstrates that Dr. Weissmann added the following new elements to the existing prior joint work: (1) a selection and arrangement of photo illustrations and associated captions; (2) references to recent reports in the pertinent literature; (3) selection, condensation, and description of additional source material; (4) several new textual additions; (5) substantial rearrangement of the manner and order of presentation of material contained in the parties’ prior joint works; and (6) the addition of a section on “congenital disorders,” a revised treatment of “chronic cholecystitis,” and the incorporation of Dr. Freeman’s “false positive” studies.

The district court found that many of the foregoing additions and revisions repeated verbatim portions of prior works and, from that finding, concluded that P-1 was neither new nor copyrightable. This finding wholly ignores the statutory scheme that expressly protects the selection of subject matter and content from underlying works, as well as the rearrangement of preexisting material taken from those works. See 17 U.S.C. § 101 (defining derivative work as an “abridgment, condensation or any other form in which a work may be recast, transformed, or adapted”). Further, a comparison of the parties’ prior works — including P-1’s most recent predecessor — at once demonstrates numerous differences, and highlights the fact that P-1 gave IDA imaging new and original treatment. Moreover, Dr. Freeman’s copying and distributing P-1 as his own work is further evidence of the nontriviality of Dr. Weissmann’s work, since copying without regard to a plaintiff’s rights is probative on the issue of the originality of a work. See *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 252 (1903) (Holmes, J.) (that works have worth is sufficiently shown by desire to copy them “without regard to the plaintiff’s rights”).

We conclude therefore that the district court’s holding that Weissmann could not acquire a copyright in a derivative work based upon a jointly authored work was an error of law that disregarded the provisions of § 103(b) and the protection it extends to derivative works. Moreover, Dr. Freeman failed to rebut the prima facie showing of copyrightability appellant obtained by her certificate of copyright registration. As a consequence, we hold that Dr. Weissmann’s additions and modifications to the preexisting joint work satisfy the modest requirements set forth in § 103(b) and in the relevant case law sufficiently to make P-1 entitled to copyright protection as a derivative work. The district court’s findings — upon which it reached a contrary legal conclusion — were clearly erroneous because they have left us, after a thorough review of all the evidence, with a firm conviction that the district court was mistaken.

For the reasons stated, we hold that P-1 was an individually-authored, copyrightable, derivative work created by appellant. Accordingly, we reverse the judgment of the district court and remand the case to it with directions that judgment be entered in favor of appellant Weissmann.

Circuit Judge Pierce, concurring

I agree that we must reverse and remand because Dr. Freeman failed to rebut appellant’s claim (evidenced by her registration of P-1 as a derivative work) that she did not intend the new material to be “merged” with the prior joint work. Appellant’s certificate of registration served as “prima facie evidence of the validity of the copyright and of the facts stated in the certificate.” 17 U.S.C. § 410(c) (1982). For Dr. Freeman to claim that his use was not an infringement, but rather that the work was “joint,” was a defense much like any other under the Copyright Act. Therefore, it was incumbent upon Dr. Freeman to rebut appellant’s prima facie evidence that the work (P-1) was derivative, not joint. Appellee failed to meet his burden, however, for he failed to present sufficient evidence to demonstrate appellant’s intent to create a joint work.

The district court appears to have applied the opposite presumption. Rather than focusing on the appellant’s intent at the time of creating the derivative work, the court dwelt primarily on the parties’ long-standing and close professional relationship.

From that, it seems to have presumed that P-1 — a by-product of that professional collaboration — was a “joint” work. That presumption, however, in effect placed the burden on the putative author to show that the work was derivative, rather than on the putative infringer to show that the work was joint. The district court’s approach was therefore at odds with the statutory scheme of burdens of proof, and must be reversed as a matter of law.

I differ, though, with Judge Cardamone’s reasoning in Part I. The fact that Dr. Freeman was not the author of any of the new material that went into P-1 did not, of itself, preclude that work from being “joint.” Of course, as Judge Cardamone notes, one cannot be found to be a joint author of a work without actually having contributed to that work. However, that does not mean that an author, to be a “joint” author, must have contributed to each incremental addition to the work. Thus, in this case, had Dr. Weissmann’s intent been otherwise — had she intended the work to be joint — Dr. Freeman could have been deemed a joint author simply by virtue of his contributions to the earlier work, into which Dr. Weissmann’s material would have been “merged.” See, e.g., *Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 266, 267 (2d Cir.1944).

Further, I do not agree that the earlier incorporation of Dr. Freeman’s “False Positives” study into the evolving syllabus was irrelevant. Though not dispositive, the parties’ past willingness to have their works absorbed into the syllabus was relevant to the question of appellant’s intent when she reshaped the syllabus into P-1.

On balance, however, I agree with the court that the evidence relied upon by appellee was not sufficient to show that appellant intended to create a joint work. Therefore, I join the conclusion of the court, and would reverse and remand, with judgment to be entered for appellant.

Circuit Judge Lumbard, dissenting:

I dissent, and vote to affirm the judgment of the district court in all respects, for the reasons stated in Judge Pollack’s thorough and reasoned opinion. 684 F.Supp. 1248 (1988).

Ownership of employee works and commissioned works

The United States has long recognized employer ownership of works created by employees within the scope of their employment. Exactly where the boundary between the status of employee and independent contractor should be drawn is a fact specific question. Likewise, the equally important question of which activities are within the scope of employment.

17 U.S. Code § 201 - Ownership of copyright

(b) Works Made for Hire.— 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.

17 U.S. Code § 101

A “work made for hire” is—(1) a work prepared by an employee within the scope of his or her employment;

Under the 1976 Act, ‘work made for hire’ is defined as either “a work prepared by an employee within the scope of his or her employment” or as a work specially ordered or commissioned work as discussed in more detail below.

Who is an employee?

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

In the late 1980s, a homeless charity, Community for Creative Non-Violence, paid a sculptor, James Earl Reid, to create a statue depicting the plight of homeless people. Members of the charity visited Reid’s studio as he made the statute and gave suggestions and directions as to its appearance. Reid was paid for his work upon delivery of the statue but the parties never discussed ownership of the copyright in the sculpture. In the resulting copyright litigation the District Court held that CCNV owned the copyright under the “work made for hire” doctrine, however the Court of Appeals for the District of Columbia reversed on the grounds that Reid was not an employee, but an independent contractor.

The Supreme Court in *Community for Creative Non-Violence v. Reid*, held that as the term “employee” was not defined in the Copyright Act, Congress was presumed to have intended that it would be “understood in light of agency law, we have relied on the general common law of agency” (at 740). The court rejected approaches based on an analysis of the hiring parties “right to control” or “actual control” (at 742).

Applying this standard, the Court elaborated on several factors relevant to a party’s employee status, but warned that “No one of these factors is determinative.” At 725-753 Justice Marshall said:

In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party’s right to control the manner and means by which the product is accomplished. Among the other factors relevant to this inquiry are the skill required; the source of the instrumentalities and tools; the location of the work; the duration of the relationship between the parties; whether the hiring party has the right to assign additional projects to the hired party; the extent of the hired party’s discretion over when and how long to work; the method of payment; the hired party’s role in hiring and paying assistants; whether the work is part of the regular business of the hiring party; whether the hiring party is in business; the provision of employee benefits; and the tax treatment of the hired party. See Restatement § 220(2) (setting forth a nonexhaustive list of factors relevant to determining whether a hired party is an employee). No one of these factors is determinative.

Examining the circumstances of this case in light of these factors, we agree with the Court of Appeals that Reid was not an employee of CCNV but an independent contractor. True, CCNV members directed enough of Reid’s work to ensure that he produced a sculpture that met their specifications. But the extent of control the hiring party exercises over the details of the product is not dispositive. Indeed, all the other circumstances weigh heavily against finding an employment relationship. Reid is a sculptor, a skilled occupation. Reid supplied his own tools. He worked in his own studio in Baltimore, making daily supervision of his activities from Washington practicably impossible. Reid was retained for less than two months, a relatively short period of time. During and after this time, CCNV had no right to assign additional projects to Reid. Apart from the deadline for completing the

sculpture, Reid had absolute freedom to decide when and how long to work. CCNV paid Reid \$15,000, a sum dependent on completion of a specific job, a method by which independent contractors are often compensated. Reid had total discretion in hiring and paying assistants. Creating sculptures was hardly regular business for CCNV. Indeed, CCNV is not a business at all. Finally, CCNV did not pay payroll or Social Security taxes, provide any employee benefits, or contribute to unemployment insurance or workers' compensation funds.

The Supreme Court held Reid was an independent contractor, not an employee, so the work was not 'made for hire' under §101. As a result the copyright belonged to Reid as the author, at least in part. The court left open the possibility that CCNV was a coauthor of the sculpture. The court held that common law agency principles should be applied to decide whether a work is made by an employee or an independent contractor.

What is within the scope of employment?

Section 228 of the Restatement Second, Agency, states that an employee's conduct is within the scope of employment "only if: (a) it is the kind he is employed to perform; (b) it occurs substantially within the authorized time and space limits; [and] (c) it is actuated, at least in part, by a purpose to serve the master." Restatement Second, Agency § 228.

Non-employee works made for hire

Under the 1909 Copyright Act, the ownership of commissioned works was a question of contract law, but there was a general presumption that the copyright was intended to belong to a party who commissioned and paid for the work; conversely, an artist who created the work at his or her own expense was presumed to be the owner. This is no longer the case under the Copyright Act of 1976.

Work by an independent contractor can in some cases qualify as a "work made for hire" so long as it was created at the instance and expense of the commissioning party. However, by statute, only certain specific categories of specially ordered or commissioned works created by an independent contractor can qualify as "works made for hire."

Under the 1976 Act, "work made for hire" is defined as either "a work prepared by an employee within the scope of his or her employment" or as a work specially ordered or commissioned if that work falls into one of the nine listed categories, and the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire."

17 U.S. Code § 101

A "work made for hire" is—

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

The nine categories are:⁸⁷

1. a contribution to a collective work,
2. as a part of a motion picture or other audiovisual work,
3. as a translation,
4. as a supplementary work,
5. as a compilation,
6. as an instructional text,
7. as a test,
8. as answer material for a test, or
9. as an atlas

It is important to understand that if a work falls outside these categories, or is not the subject of a written agreement signed by the author and the entity commissioning the work, then there will be no assignment by presumption or by implied or oral contract.

Notice that since photographs and architectural drawings are not included in the categories set forth in the work made for hire definition, they do not qualify as works made for hire. Consequently, regardless of contractual terms to the contrary, the work for hire doctrine is inapplicable to non-employee photographers or architects.

Transfer of copyright interests

Requirements for transfer

Copyrights are personal property. Like other forms of personal property, a copyright interest may be transferred in whole or in part by any means of conveyance or by operation of law and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

However, Section 204(a) of the Copyright Act provides that “a transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorized agent.”

⁸⁷ § 101 hints at an interesting story. “In determining whether any work is eligible to be considered a work made for hire under paragraph (2), neither the amendment contained in section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106–113, nor the deletion of the words added by that amendment—(A) shall be considered or otherwise given any legal significance, or (B) shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in, any judicial determination, by the courts or the Copyright Office. Paragraph (2) shall be interpreted as if both section 2(a)(1) of the Work Made For Hire and Copyright Corrections Act of 2000 and section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106–113, were never enacted, and without regard to any inaction or awareness by the Congress at any time of any judicial determinations.”

17 U.S. Code § 204 - Execution of transfers of copyright ownership

(a) A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent.

Note that Section 101 defines “transfer of copyright ownership” to include both assignments and exclusive licenses. So, unless the interest being conveyed is a non-exclusive license, the conveyance must comply with the Copyright Act's writing requirement.

Also note that a grant of copyright, even if it purports to convey “all right, title and interest,” is generally construed not to assign existing any right to sue that has already arisen by virtue of some third party's infringement prior to the assignment. However, such pre-existing causes of action may be assigned by expressly including them in the grant.⁸⁸

Section 204(a) of the Copyright Act is not just the Copyright version of the Statute of Frauds. It is in fact more stringent than the common law Statute of Frauds; the writing must be intended as a memorandum of contract communicated to the other party, and the equitable defense of estoppel does not apply.

Failed transfers and implied licenses

Effects Assocs. v. Cohen, 908 F.2d 555 (9th Cir. 1990)

Effects Assocs. v. Cohen illustrates a number of important features of the law relating to ownership and transfer of copyright.

Effects Associates had created special-effects footage for certain scenes in a movie that Cohen produced. Although Cohen agreed to pay Effects Associates a fee for the footage, the parties did not discuss the ownership of the copyright to the special-effects footage. When Cohen subsequently refused to pay the fee in full, the ensuing lawsuit centered on whether Effects Associates had transferred ownership of the footage to Cohen.

Citing § 204, the court found that the lack of a written agreement to transfer any copyright meant that Effects Associates had only granted Cohen an implied license to use the footage in his movie.

A license was implied because

Effects created a work at defendant's request and handed it over, intending that defendant copy and distribute it. To hold that Effects did not at the same time convey a license to use the footage in “The Stuff” would mean that plaintiff's contribution to the film was “of minimal value,” a conclusion that can't be squared with the fact that Cohen paid Effects almost \$56,000 for this footage.

The court concluded that Cohen therefore had committed no copyright infringement but might nonetheless face liability for a breach of contract.

The short sequence of footage prepared at request of motion picture producer would probably have been assigned in total under the 1909 Act, but there was no transfer in this case because of the strict writing requirement in § 204. This lack of writing was not an

⁸⁸ Oskar Systems, LLC v. Club Speed, Inc., 745 F. Supp. 2d 1155 (C.D. Cal. 2010).

obstacle to an implied nonexclusive license to incorporate the footage, and distribute it, as part of the film.

Fractured ownership – copyright divisibility

The 1976 Act abandoned the concept of indivisibility of copyright ownership. The owner of any of the exclusive rights under Section 106 is the Copyright owner for all relevant purposes. Most importantly, the owner of a single right under 106 can bring an action for the infringement of that right without the cooperation of the owners of the other 106 rights.

§ 201 (d) Transfer of Ownership.—

(1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S. Code § 101. Definitions

A “transfer of copyright ownership” is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

The divisibility of copyright rights has some important implications. Given that Section 101 recognizes an exclusive license as a form of transfer of ownership, should exclusive licenses themselves be transferable and sub licensable by default?

Gardner v. Nike 279 F.3d 774, 780 (9th Cir. 2002)

Circuit Judge Ferguson

Appellants Michael Gardner and Bien Licensing Agency, Inc. (collectively referred to as “Appellants”) appeal the District Court’s grant of summary judgment to Appellee Nike, Inc. The District Court held that Appellants lacked standing because the licensee, Sony Music Entertainment Corporation, did not have the right to transfer its rights to Gardner under the exclusive license with the licensor, Nike, under the Copyright Act of 1976. Although we have previously addressed this issue under the Copyright Act of 1909, this is a case of first impression under the Copyright Act of 1976.

BACKGROUND

A. Factual History

In 1992, Nike and Sony entered into a licensing agreement involving a Nike-created cartoon character called MC Teach. In exchange for fifteen percent (15%) of profits earned from any use of MC Teach in merchandise other than records, Nike transferred the exclusive, perpetual, worldwide right to Sony to use MC Teach:

on and in the packaging of phonograph records (the ‘Records’), in publicity, advertising and allied exploitation of the Records, in television programs or motion pictures embodying the musical compositions embodied on the records, on educational materials and on clothing...

The agreement also stated that Nike “shall own the copyright in the Material and any published copy of the Material ... shall bear the following notice: 1992 Nike, Inc.” It is undisputed that the agreement contemplated an exclusive license. The agreement was silent as to Sony’s right to assign its rights under the exclusive license.

In June 1996, Sony assigned all its rights in the exclusive license to Gardner, on a quitclaim basis, in exchange for a share of the proceeds derived from MC Teach. As a result of Appellants’ use of MC Teach, Nike threatened legal action against Sony, Appellants, and Appellants’ licensees. In response to these threats, Appellants filed suit in state court seeking declaratory relief.

In the present appeal, Appellants argue that the District Court erred in holding that the Copyright Act of 1976 (“1976 Act”) does not permit an exclusive licensee to transfer its rights without the original licensor’s consent, absent contractual provisions to the contrary. Because the transferability of an exclusive license under the 1976 Act is a question of first impression, the state of the law prior to 1976 is pertinent to our inquiry.

A. Copyright Act of 1909

Under the Copyright Act of 1909 (“1909 Act”), copyright licenses (whether exclusive or not) were “not transferable as a matter of law.” *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1333 (9th Cir. 1984). Unlike an assignee, a licensee had no right to resell or sublicense the rights acquired unless he had been expressly authorized so to do. The distinction between licenses and assignments was based on both the doctrine of indivisibility and the policy concerns underlying the 1909 Act.

Under the doctrine of indivisibility, a copyright owner possessed an indivisible “bundle of rights,” which were incapable of assignment in parts. Thus, an assignment included the totality of rights commanded by copyright. Anything less than an assignment was considered a license. The purpose of the doctrine was to protect alleged infringers from the harassment of successive law suits. This result was achieved because only the copyright proprietor (which would include an assignee but not a licensee) had standing to bring an infringement action. As discussed by the District Court, the doctrine of indivisibility created many problems for copyright licensees, including the licensee’s lack of standing to bring an infringement action and the exclusive licensee’s inability to register his license.

In addition, the distinction between assignments and licenses as to transferability under the 1909 Act was also based on policy considerations. In particular, the licensee’s inability to resell or sublicense the rights acquired without the express consent of the original licensor struck a balance between two competing interests — “[the] strong reluctance to allow a monopolization of works or compositions” and “the necessity of preserving the rights of authors and composers in order to stimulate creativity.” *Harris*, 734 F.2d at 1334.

In *Harris*, we addressed the question of whether a copyright license was transferable under the 1909 Act. We held that a copyright license was not transferable, relying on the legislative history, underlying policy concerns, and analogous rules in patent law. *Id.* at 1333-34 (“Where precedent in copyright cases is lacking, it is appropriate to look for guidance to patent law ‘because of the historic kinship between patent law and copyright law.’”). We emphasized that, “by licensing rather than assigning his interest in the copyright, the owner reserves certain rights, including that of collecting royalties. His ability to monitor use would be jeopardized by allowing sublicensing without notice.” *Id.* at 1334.

B. Copyright Act of 1976

The 1976 Act eradicated much of the doctrine of indivisibility as it applied to exclusive licenses. First, § 101 defines the “transfer of copyright ownership” as “an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.” 17 U.S.C. § 101 (emphasis added). This definition calls into question the distinctions that were previously drawn between an assignment and an exclusive license under the indivisibility doctrine. Second, § 201(d)(2) provides that “any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred ... and owned separately.” 17 U.S.C. § 201(d)(2). Section 201(d)(2) constitutes “the first explicit statutory recognition of the principle of divisibility of copyright.” 17 U.S.C.A § 201 note (West 1996) (Notes of Comm. on Judiciary, H. Rep. No. 94-1476).

The 1976 Act addressed many of the aforementioned problems faced by exclusive licensees under the doctrine of indivisibility. For example, an exclusive licensee now has the right to sue for infringement of the assigned right in his own name. Despite the explicit changes in the 1976 Act, this case presents the issue of whether the 1976 Act eliminates the limitation on an exclusive licensee’s right to re-sell or sublicense under our interpretation of the 1909 Act.

C. The Effect of the Copyright Act of 1976 on an Exclusive Licensee’s Right to Transfer

Appellants contend that the language in the 1976 Act places an exclusive licensee on par with an owner or assignee with the full rights of an owner or assignee, including the right to transfer without the explicit consent of the copyright owner.

Initially, Appellants point to 17 U.S.C. § 101, which states that a “transfer of copyright ownership is an assignment, mortgage, exclusive license, or any other conveyance ... of any of the exclusive rights comprised in a copyright.” Thus, Appellants argue that Sony, as exclusive licensee, was the owner of MC Teach with all of the rights afforded to a copyright owner.

Appellants then assert that, under 17 U.S.C. § 201, Sony could freely transfer these rights because there were no contractual restrictions requiring Nike’s consent. In support of this argument, Appellants cite § 201(d)(1), which states that “ownership of a copyright may be transferred in whole or in part by any means of conveyance or

by operation of law....” Appellants next cite to § 201(d)(2) for support that an owner of an exclusive right must have the right to transfer it.

As discussed by the District Court, the crux of this case is the appropriate interpretation of 17 U.S.C. § 201. The District Court rejected Appellants’ argument, finding that § 201(d)(1) did not apply to the present case and that § 201(d)(2) only conferred the “protections and remedies” explicitly included in the 1976 Act, but not the rights. We agree with the conclusions reached by the District Court for the reasons discussed below.

1. 17 U.S.C. § 201(d)(1)

Section 201(d)(1) provides:

- (1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

17 U.S.C. § 201(d)(1).

The District Court correctly determined that § 201(d)(1) addresses the apportionability of the copyright owner’s interest in the totality of the copyright. Section 201(d)(1) enables the owner to transfer any fraction of his or her ownership interest to another party, thereby making that party a whole or joint owner. Read apart from § 201(d)(2), § 201(d)(1) could be interpreted as extending this right of transfer to exclusive licensees such as Sony, especially since § 101 defines “transfer of copyright ownership” to include exclusive licenses. However, the limiting language in § 201(d)(2), as discussed next, indicates that this section does not, in fact, cover transfers by exclusive licensees or owners of a particular exclusive right.

2. 17 U.S.C. § 201(d)(2)

The plain language of § 201(d)(2) limits the rights of an exclusive licensee to those “protections and remedies” afforded in the 1976 Act. Section 201(d)(2) provides:

- (2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S.C. § 201(d)(2).

Appellants contend that, if a licensee of exclusive rights under the copyright is characterized by the 1976 Act as an “owner” of those rights under § 201(d)(2), then it must follow that such “ownership” carries with it an unrestricted right to freely transfer the license. However, Appellants’ argument ignores the plain language of § 201(d)(2), which states that the owner of such exclusive rights is entitled only to “the protection and remedies” accorded the copyright owner under the 1976 Act. This explicit language limits the rights afforded to an owner of exclusive rights. Based on basic principles of statutory construction, the specific language of § 201(d)(2) is given precedence over the more general language of § 101 and § 201(d)(1).

Further, as stated by the District Court, Congress was aware that prior to the 1976 Act, licensees could not sublicense their right in an exclusive license [without the

express consent of the licensor]. With that knowledge in hand, however, Congress chose to limit exclusive licensees ‘benefits’ under the 1976 Act to “protection and remedies.”

In sum, both parties contend that the plain language of the 1976 Act supports their view. There are weaknesses in both of their arguments because neither the 1909 Act nor the 1976 Act explicitly address an exclusive licensee’s right to transfer, absent the consent of the licensor. Although neither party’s plain language arguments is dispositive, the fact that Congress chose not to explicitly address this issue in the 1976 Act and the limiting “protection and remedies” language of § 201(d)(2) indicates that the state of the law remains unchanged. Thus, we hold that the 1976 Act does not allow a copyright licensee to transfer its rights under an exclusive license, without the consent of the original licensor.

3. Policy Considerations

Moreover, the policy considerations, which influenced this Circuit’s decision under the 1909 Act, counsel the same conclusion in the present case, especially since neither the 1909 or 1976 Act explicitly addresses this issue. In *Harris*, we relied on the legislative history of the 1909 Act, patent law, and policy considerations. 734 F.2d at 1333-34; see also *In re CFLC, Inc.*, 89 F.3d 673, 679 (9th Cir.1996) (relying on the federal patent policy concern that the patent holder have the ability to control the identity of licensees and holding that nonexclusive patent licenses are not assignable).

As discussed in *Harris*, there are strong policy reasons to place the burden on the licensee to get the licensor’s explicit consent either during or after contract negotiations. Placing the burden on the licensee assures that the licensor will be able to monitor the use of the copyright. *Harris*, 734 F.2d at 1334 (“[The licensor’s] ability to monitor use would be jeopardized by allowing sublicensing without notice.”). In this case, Nike, the copyright owner, agreed to allow Sony the use of MC Teach in a broad range of products. Sony assigned this right to Gardner without receiving the consent of Nike. Consequently, Nike had no role in determining whether Gardner would be an appropriate sublicensee.

It is easy to imagine the troublesome and potentially litigious situations that could arise from allowing the original licensor to be excluded from the negotiations with a sublicensee. For example, what if the sublicensee was on the verge of bankruptcy or what if the original licensor did not agree that the sublicensee’s materials use of the copyright fell within the original exclusive license?

Requiring the licensee to get explicit consent from the licensor strikes the balance between the competing interests that underlie the 1976 Act and copyright law in general. On the one hand, the 1976 Act reflects Congress’ growing awareness of the need for free alienability and divisibility. Yet, both Congress and this Circuit have always been aware of the necessity to preserve the rights and control of the owners and creators. In order to reach the balance between these interests, we hold that, under the 1976 Act, an exclusive licensee has the burden of obtaining the licensor’s consent before it may assign its rights, absent explicit contractual language to the contrary.

CONCLUSION

Because the 1976 Act did not change the law as to the assignability of exclusive licenses, we hold that federal law governs the present case and that exclusive licenses are only assignable with the consent of the licensor. Thus, we affirm the District Court's grant of summary judgment and its determination that Appellants lacked standing to bring this declaratory relief action. The other issue in this appeal is disposed of in a separate memorandum disposition.

Notes and questions

(1) In *Gardner v. Nike, Inc.*, 279 F.3d 774 (9th Cir. 2002), the Ninth Circuit held that an exclusive license may only be assigned or sublicensed "with the consent of the licensor." *Gardner* only establishes a default rule, and however that default was set, a licensor would have the ability to expressly permit or forbid subsequent transfer and sublicensing .

(2) Not everyone agrees with the Ninth Circuit in *Gardner*. For example, the court in *In re Golden Books Family Entertainment, Inc.*, 269 B.R. 311 (Bankr. D. Del. 2001) noted at 318:

It is difficult to understand why the *Gardner* court held that the phrase 'protections and remedies' confers on exclusive licensees the particular rights of copyright owners that are set forth in Section 501(b), but does not confer to exclusive licensees the rights of copyright owners, such as the right to freely assign, that are set forth in § 106."

(3) In *Davis v. Blige*, 505 F.3d 90, 99 n.10 (2d Cir. 2007), the Second Circuit said that "the differences between an 'exclusive' license and an assignment or transfer of copyright ownership interest have diminished to the point that the terms are nearly synonymous." Does this track with the Ninth Circuit's opinion in *Gardner v. Nike*?

United States rules on the termination of transfers

The Copyright Act of 1976 extending the duration of copyright and introduced a termination right for authors and their statutory successors, allowing them to opt out of their contractual agreements after a period of 35 years. The 1976 Act actually contains two termination provisions, one applying to transfers made before January 1, 1978 that convey an interest in the renewal term and the other applying to transfers made after January 1978.

Post-1978 Grants

Under Section 203, the author or her statutory heirs can terminate a transfer made after January 1, 1978, at any point within a five-year window beginning, in most cases, 35 years after the initial transfer.⁸⁹ In order to terminate, the terminating party must serve notice no less than 2 years and no more than 10 years from the termination date.

⁸⁹ However, if the grant covers the right of publication, the five-year period begins either at the end of 35 years from the date of publication of the work under the grant or at the end of 40 years from the date of execution of the grant, whichever term ends earlier. § 203(a)(3).

These termination rights cannot be waived: § 203(a)(5) provides that termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

For example, if the grant was made on April 1, 2000 then it could be terminated anywhere between April 2, 2035 and April 1, 2040. Accordingly, the very first day that notice could be served would be April 2, 2025 and the last possible day notice could be served would be March 31, 2038.

Pre-1978 Grants

The termination of transfers made before the effective date of the Copyright Act of 1976, i.e. January 1, 1978, are controlled by Section 304(c) and 304(d) of the Copyright Act. These provisions operate a little differently to Section 203, and to understand why requires a quick review of the way the term of copyright protection has changed over the years. Under the Copyright Act of 1909 copyright began when a work was registered and lasted for an initial term of 28 years; copyright could then be renewed for an additional 28 year term.

Under the 1909 Act, the author was entitled to the renewal term even if she had transferred all of her rights initially. Section 24 of the Copyright Act of 1909 provided as follows:

Section 24 of the Copyright Act of 1909

“[T]he author of [a copyrighted] work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author’s executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright.”

The 1976 Act fundamentally changed the way the term of copyright protection was calculated. Under the 1976 Act, copyright vested from the moment a work is created (i.e. fixed in a material form) and lasted for a single term of the life of the author plus 50 years. In 1998 this term was extended, even for works that already existed, by another 20 years so that works created under the 1976 get a copyright term of the life of the author plus 70 years. To bridge the gap between the 1909 Act regime and the new life plus 50 regime, transitional provisions were enacted as part of the 1976 Act. Works created under the 1909 Act but whose terms had not expired by 1978 were entitled to a longer second term – an additional 19 years under the 1976 Act and then an additional 20 years under the Copyright Term Extension Act of 1988.

So the termination of transfer provisions in Section 203 and Section 304 have quite different objectives. Section 203 gives the author or her statutory heirs a nontransferable right to terminate 35 years after a grant, where the grant was executed by the author during the unitary term. Section 304 gives the author or her statutory heirs a nontransferable right to terminate a grant concerning the extensions to the renewal term, where the grant was executed by the author or statutory heir to the renewal term.

Section 304 allows the author or her statutory heirs to terminate the last 39 years of a grant made by the author prior to 1978. Termination can occur within a five-year window beginning at the end of the 1956 year from the date of the copyright – usually the date of

publication – and the author or her heirs must serve notice no less than 2 years and not more than 10 years before the termination date.

For example, consider a book published on March 1, 1950 for which the author sold the motion picture rights on May 1, 1970. Assuming copyright was when[with? instead?] you for a second term in 1978, the grant could be terminated in the five-year window between March 2006 and March 2011. The corresponding earliest and latest notice states would be March 2, 1996 and March 1, 2009.

Section 304(d) contains a special provision permitting the recapture of the 20 years added by the Sonny Bono copyright term extension act. And there is an example up on the slide.[?]

Terminated derivatives

One significant issue under the termination of transfers regime is what happens to authorized derivative works when the right to make a derivative work is terminated? For terminated post-1978 grants, Section 203(b)(1) provides as follows:

17 U.S. Code § 203(b)(1)

A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

For terminated pre-1978 grants Section 304(c)(6)(A) says exactly the same thing.

The case law interpreting this provision is sparse, but the language in the statute would seem to mean that a licensee could continue to exploit derivatives created under license before termination, but the licensee could not make new versions of those derivatives. The Supreme Court tangentially addressed the issue in *Stewart v. Abend* 495 U.S. 207 (1990).

Stewart v. Abend 495 U.S. 207 (1990)

Justice O'Connor delivered the opinion of the Court.

The author of a pre-existing work may assign to another the right to use it in a derivative work. In this case the author of a pre-existing work agreed to assign the rights in his renewal copyright term to the owner of a derivative work, but died before the commencement of the renewal period. The question presented is whether the owner of the derivative work infringed the rights of the successor owner of the pre-existing work by continued distribution and publication of the derivative work during the renewal term of the pre-existing work.

I

Cornell Woolrich authored the story “It Had to Be Murder,” which was first published in February 1942 in Dime Detective Magazine. The magazine’s publisher, Popular Publications, Inc., obtained the rights to magazine publication of the story and Woolrich retained all other rights. Popular Publications obtained a blanket copyright for the issue of Dime Detective Magazine in which “It Had to Be Murder” was published.

The Copyright Act of 1909 (1909 Act) provided authors a 28-year initial term of copyright protection plus a 28-year renewal term. See 17 U.S.C. § 24 (1976 ed.). In 1945, Woolrich agreed to assign the rights to make motion picture versions of six of his stories, including “It Had to Be Murder,” to B. G. De Sylva Productions for \$9,250. He also agreed to renew the copyrights in the stories at the appropriate time and to assign the same motion picture rights to De Sylva Productions for the 28-year renewal term. In 1953, actor Jimmy Stewart and director Alfred Hitchcock formed a production company, Patron, Inc., which obtained the motion picture rights in “It Had to Be Murder” from De Sylva’s successors in interest for \$10,000.

In 1954, Patron, Inc., along with Paramount Pictures, produced and distributed “Rear Window,” the motion picture version of Woolrich’s story “It Had to Be Murder.” Woolrich died in 1968 before he could obtain the rights in the renewal term for petitioners as promised and without a surviving spouse or child. He left his property to a trust administered by his executor, Chase Manhattan Bank, for the benefit of Columbia University. On December 29, 1969, Chase Manhattan Bank renewed the copyright in the “It Had to Be Murder” story pursuant to 17 U.S.C. § 24 (1976 ed.). Chase Manhattan assigned the renewal rights to respondent Abend for \$650 plus 10% of all proceeds from exploitation of the story.

“Rear Window” was broadcast on the ABC television network in 1971. Respondent then notified petitioners Hitchcock (now represented by co-trustees of his will), Stewart, and MCA Inc., the owners of the “Rear Window” motion picture and renewal rights in the motion picture, that he owned the renewal rights in the copyright and that their distribution of the motion picture without his permission infringed his copyright in the story. Hitchcock, Stewart, and MCA nonetheless entered into a second license with ABC to rebroadcast the motion picture. In 1974, respondent filed suit against these same petitioners, and others, in the United States District Court for the Southern District of New York, alleging copyright infringement. Respondent dismissed his complaint in return for \$25,000.

Three years later, the United States Court of Appeals for the Second Circuit decided *Robauer v. Killiam Shows, Inc.*, 551 F. 2d 484 (1977), in which it held that the owner of the copyright in a derivative work may continue to use the existing derivative work according to the original grant from the author of the pre-existing work even if the grant of rights in the pre-existing work lapsed. Several years later, apparently in reliance on *Robauer*, petitioners re-released the motion picture in a variety of media, including new 35 and 16 millimeter prints for theatrical exhibition in the United States, videocassettes, and videodiscs. They also publicly exhibited the motion picture in theaters, over cable television, and through videodisc and videocassette rentals and sales.

Respondent then brought the instant suit in the United States District Court for the Central District of California against Hitchcock, Stewart, MCA, and Universal Film Exchanges, a subsidiary of MCA and the distributor of the motion picture. Respondent’s complaint alleges that the re-release of the motion picture infringes his copyright in the story because petitioners’ right to use the story during the renewal term lapsed when Woolrich died before he could register for the renewal term and transfer his renewal rights to them. Respondent also contends that petitioners have interfered with his rights in the renewal term of the story in other ways. He alleges

that he sought to contract with Home Box Office (HBO) to produce a play and television version of the story, but that petitioners wrote to him and HBO stating that neither he nor HBO could use either the title, “Rear Window” or “It Had to Be Murder.” Respondent also alleges that petitioners further interfered with the renewal copyright in the story by attempting to sell the right to make a television sequel and that the re-release of the original motion picture itself interfered with his ability to produce other derivative works.

II

A

Petitioners would have us read into the Copyright Act a limitation on the statutorily created rights of the owner of an underlying work. They argue in essence that the rights of the owner of the copyright in the derivative use of the pre-existing work are extinguished once it is incorporated into the derivative work, assuming the author of the pre-existing work has agreed to assign his renewal rights. Because we find no support for such a curtailment of rights in either the 1909 Act or the 1976 Act, or in the legislative history of either, we affirm the judgment of the Court of Appeals.

Petitioners and amicus Register of Copyrights assert, as the Court of Appeals assumed, that § 23 of the 1909 Act, 17 U.S.C. § 24 (1976 ed.), and the case law interpreting that provision, directly control the disposition of this case. Respondent counters that the provisions of the 1976 Act control, but that the 1976 Act re-enacted § 24 in § 304 and, therefore, the language and judicial interpretation of § 24 are relevant to our consideration of this case. Under either theory, we must look to the language of and case law interpreting § 24.

The right of renewal found in § 24 provides authors a second opportunity to obtain remuneration for their works. Section 24 provides:

“[T]he author of [a copyrighted] work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author’s executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright.” 17 U. S. C. § 24 (1976 ed.)

Since the earliest copyright statute in this country, the copyright term of ownership has been split between on original term and a renewal term. Originally, the renewal was intended merely to serve as an extension of the original term; at the end of the original term, the renewal could be effected and claimed by the author, if living, or by the author’s executors, administrators, or assigns. See Copyright Act of May 31, 1790, ch. XV, § 1, 1 Stat. 124. In 1831, Congress altered the provision so that the author could assign his contingent interest in the renewal term, but could not, through his assignment, divest the rights of his widow or children in the renewal term. See Copyright Act of February 3, 1831, ch. XVI, 4 Stat. 436. The 1831 renewal provisions created “an entirely new policy, completely dissevering the title, breaking up the continuance . . . and vesting an absolutely new title eo nomine in the persons designated.” *White-Smith Music Publishing Co. v. Goff*, 187 F. 247, 250 (CA1 1911). In

this way, Congress attempted to give the author a second chance to control and benefit from his work. Congress also intended to secure to the author's family the opportunity to exploit the work if the author died before he could register for the renewal term. The evident purpose of the renewal provision is to provide for the family of the author after his death. Since the author cannot assign his family's renewal rights, it takes the form of a compulsory bequest of the copyright to the designated persons.

In its debates leading up to the Copyright Act of 1909, Congress elaborated upon the policy underlying a system comprised of an original term and a completely separate renewal term. The renewal term permits the author, originally in a poor bargaining position, to renegotiate the terms of the grant once the value of the work has been tested. "Unlike real property and other forms of personal property, [a copyright] is by its very nature incapable of accurate monetary evaluation prior to its exploitation." Nimmer on Copyright § 9.02 (1989) (hereinafter Nimmer).⁹⁰ "If the work proves to be a great success and lives beyond the term of twenty-eight years, . . . it should be the exclusive right of the author to take the renewal term, and the law should be framed . . . so that [the author] could not be deprived of that right." *House Report* at 14. With these purposes in mind, Congress enacted the renewal provision of the Copyright Act of 1909, 17 U.S.C. § 24 (1976 ed.). With respect to works in their original or renewal term as of January 1, 1978, Congress retained the two-term system of copyright protection in the 1976 Act. See 17 U.S.C. §§ 304(a) and (b) (1988 ed.) (incorporating language of 17 U.S.C. § 24 (1976 ed.)).

Applying these principles in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), this Court held that when an author dies before the renewal period arrives, his executor is entitled to the renewal rights, even though the author previously assigned his renewal rights to another party. "An assignment by an author of his renewal rights made before the original copyright expires is valid against the world, if the author is alive at the commencement of the renewal period. *Fred Fisher Co. v. M. Witmark & Sons*, 318 U.S. 643, so holds." *Id.*, at 375. If the author dies before that time, the "next of kin obtain the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime. These results follow not because the author's assignment is invalid but because he had only an expectancy to assign; and his death, prior to the renewal period, terminates his interest in the renewal which by § 24 vests in the named classes." *Ibid.*

The legislative history of the 1909 Act echoes this view, . . . the renewal provisions were intended to give the author a second chance to obtain fair remuneration for his creative efforts and to provide the author's family a "new estate" if the author died before the renewal period arrived.

An author holds a bundle of exclusive rights in the copyrighted work, among them the right to copy and the right to incorporate the work into derivative works. By assigning the renewal copyright in the work without limitation, as in *Miller Music*, the

⁹⁰ Editorial comment: Although it doubtless true that estimating the value of copyrighted works is usually more of a guess than estimating the value of real property. The notion that there is some inherent categorical difference no sense. All estimations of value are based on expected market returns. Whether something is "[c]apable of accurate monetary evaluation" depends on the specifics of the market for the thing in question.

author assigns all of these rights. After *Miller Music*, if the author dies before the commencement of the renewal period, the assignee holds nothing. If the assignee of all of the renewal rights holds nothing upon the death of the assignor before arrival of the renewal period, then, a fortiori, the assignee of a portion of the renewal rights, e.g., the right to produce a derivative work, must also hold nothing. Therefore, if the author dies before the renewal period, then the assignee may continue to use the original work only if the author's successor transfers the renewal rights to the assignee. This is the rule adopted by the Court of Appeals below and advocated by the Register of Copyrights. Application of this rule to this case should end the inquiry. Woolrich died before the commencement of the renewal period in the story, and, therefore, petitioners hold only an unfulfilled expectancy. Petitioners have been "deprived of nothing. Like all purchasers of contingent interests, [they took] subject to the possibility that the contingency may not occur." *Miller Music* at 378.

B

The reason that our inquiry does not end here, and that we granted certiorari, is that the Court of Appeals for the Second Circuit reached a contrary result in *Robauer v. Killiam Shows, Inc.*, 551 F. 2d 484 (1977). Petitioners' theory is drawn largely from *Robauer*. The Court of Appeals in *Robauer* attempted to craft a "proper reconciliation" between the owner of the pre-existing work, who held the right to the work pursuant to *Miller Music*, and the owner of the derivative work, who had a great deal to lose if the work could not be published or distributed. 551 F. 2d, at 490. Addressing a case factually similar to this case, the court concluded that even if the death of the author caused the renewal rights in the pre-existing work to revert to the statutory successor, the owner of the derivative work could continue to exploit that work. The court reasoned that the 1976 Act and the relevant precedents did not preclude such a result and that it was necessitated by a balancing of the equities:

"The equities lie preponderantly in favor of the proprietor of the derivative copyright. In contrast to the situation where an assignee or licensee has done nothing more than print, publicize and distribute a copyrighted story or novel, a person who with the consent of the author has created an opera or a motion picture film will often have made contributions literary, musical and economic, as great as or greater than the original author . . . The purchaser of derivative rights has no truly effective way to protect himself against the eventuality of the author's death before the renewal period since there is no way of telling who will be the surviving widow, children or next of kin or the executor until that date arrives." *Id.*, at 493.

The Court of Appeals for the Second Circuit thereby shifted the focus from the right to use the pre-existing work in a derivative work to a right inhering in the created derivative work itself. By rendering the renewal right to use the original work irrelevant, the court created an exception to our ruling in *Miller Music* and, as petitioners concede, created an "intrusion" on the statutorily created rights of the owner of the pre-existing work in the renewal term.

Though petitioners do not, indeed could not, argue that its language expressly supports the theory they draw from *Robauer*, they implicitly rely on § 6 of the 1909 Act, 17 U.S.C. § 7 (1976 ed.), which states that "dramatizations . . . of copyrighted works when produced with the consent of the proprietor of the copyright in such works . . . shall be regarded as new works subject to copyright under the provisions

of this title.” Petitioners maintain that the creation of the “new,” i. e., derivative, work extinguishes any right the owner of rights in the pre-existing work might have had to sue for infringement that occurs during the renewal term.

We think that this conclusion is neither warranted by any express provision of the Copyright Act, nor by the rationale as to the scope of protection achieved in a derivative work. It is moreover contrary to the axiomatic copyright principle that a person may exploit only such copyrighted literary material as he either owns or is licensed to use. The aspects of a derivative work added by the derivative author are that author’s property, but the element drawn from the pre-existing work remains on grant from the owner of the pre-existing work. See *Russell v. Price*, 612 F. 2d 1123, 1128 (CA9 1979) (reaffirming “well-established doctrine that a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work”). So long as the pre-existing work remains out of the public domain, its use is infringing if one who employs the work does not have a valid license or assignment for use of the pre-existing work. It is irrelevant whether the pre-existing work is inseparably intertwined with the derivative work. See *Gilliam v. American Broadcasting Cos.*, 538 F. 2d 14, 20 (CA2 1976) (“Copyright in the underlying script survives intact despite the incorporation of that work into a derivative work”). Indeed, the plain language of § 7 supports the view that the full force of the copyright in the pre-existing work is preserved despite incorporation into the derivative work. See 17 U.S.C. § 7 (1976 ed.) (publication of the derivative work “shall not affect the force or validity of any subsisting copyright upon the matter employed”); see also 17 U.S.C. § 3 (1976 ed.) (copyright protection of a work extends to “all matter therein in which copyright is already subsisting, but without extending the duration or scope of such copyright”). This well-settled rule also was made explicit in the 1976 Act:

“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 pre-existing material.” 17 U. S. C. § 103(b).

See also B. Ringer, *Renewal of Copyright* (1960), reprinted as Copyright Law Revision Study No. 31, prepared for the Senate Committee on the Judiciary, 86th Cong., 2d. Sess., 169-170 (1961) (“On the basis of judicial authority, legislative history, and the opinions of the commentators, . . . someone cannot avoid his obligations to the owner of a renewal copyright merely because he created and copyrighted a ‘new version’ under a license or assignment which terminated at the end of the first term”).

Properly conceding there is no explicit support for their theory in the 1909 Act, its legislative history, or the case law, petitioners contend, as did the court in *Rohauer*, that the termination provisions of the 1976 Act, while not controlling, support their theory of the case. For works existing in their original or renewal terms as of January 1, 1978, the 1976 Act added 19 years to the 1909 Act’s provision of 28 years of initial copyright protection and 28 years of renewal protection. See 17 U. S. C. §§ 304(a) and (b). For those works, the author has the power to terminate the grant of rights at the end of the renewal term and, therefore, to gain the benefit of that additional 19

years of protection. See § 304(c). In effect, the 1976 Act provides a third opportunity for the author to benefit from a work in its original or renewal term as of January 1, 1978. Congress, however, created one exception to the author's right to terminate: The author may not, at the end of the renewal term, terminate the right to use a derivative work for which the owner of the derivative work has held valid rights in the original and renewal terms. See § 304(c)(6)(A). The author, however, may terminate the right to create new derivative works. *Ibid.* For example, if petitioners held a valid copyright in the story throughout the original and renewal terms, and the renewal term in "Rear Window" were about to expire, petitioners could continue to distribute the motion picture even if respondent terminated the grant of rights, but could not create a new motion picture version of the story. Both the court in *Robauer* and petitioners infer from this exception to the right to terminate an intent by Congress to prevent authors of pre-existing works from blocking distribution of derivative works. In other words, because Congress decided not to permit authors to exercise a third opportunity to benefit from a work incorporated into a derivative work, the Act expresses a general policy of undermining the author's second opportunity. We disagree.

The process of compromise between competing special interests leading to the enactment of the 1976 Act undermines any such attempt to draw an overarching policy out of § 304(c)(6)(A), which only prevents termination with respect to works in their original or renewal copyright terms as of January 1, 1978, and only at the end of the renewal period.

In fact, if the 1976 Act's termination provisions provide any guidance at all in this case, they tilt against petitioners' theory. The plain language of the termination provision itself indicates that Congress assumed that the owner of the pre-existing work possessed the right to sue for infringement even after incorporation of the pre-existing work in the derivative work.

"A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant." § 304(c)(6)(A) (emphasis added).

Congress would not have stated explicitly in § 304(c)(6)(A) that, at the end of the renewal term, the owner of the rights in the pre-existing work may not terminate use rights in existing derivative works unless Congress had assumed that the owner continued to hold the right to sue for infringement even after incorporation of the pre-existing work into the derivative work. Cf. *Mills Music, Inc. v. Snyder*, 469 U. S. 153, 164 (1985) (§ 304(c)(6)(A) "carves out an exception from the reversion of rights that takes place when an author exercises his right to termination").

Accordingly, we conclude that neither the 1909 Act nor the 1976 Act provides support for the theory set forth in *Robauer*. And even if the theory found some support in the statute or the legislative history, the approach set forth in *Robauer* is problematic. Petitioners characterize the result in *Robauer* as a bright-line "rule." The Court of Appeals in *Robauer*, however, expressly implemented policy considerations as a means of reconciling what it viewed as the competing interests in that case. See 551 F. 2d, at 493-494. While the result in *Robauer* might make some sense in some

contexts, it makes no sense in others. In the case of a condensed book, for example, the contribution by the derivative author may be little, while the contribution by the original author is great. Yet, under the *Robauer* “rule,” publication of the condensed book would not infringe the pre-existing work even though the derivative author has no license or valid grant of rights in the pre-existing work. See Brief for Committee for Literary Property Studies as Amicus Curiae 29-31; see also Brief for Songwriters Guild of America as Amicus Curiae 11-12 (policy reasons set forth in *Robauer* make little sense when applied to musical compositions). Thus, even if the *Robauer* “rule” made sense in terms of policy in that case, it makes little sense when it is applied across the derivative works spectrum. Indeed, in the view of the commentators, *Robauer* did not announce a rule, but rather an interest-balancing approach.

Finally, petitioners urge us to consider the policies underlying the Copyright Act. They argue that the rule announced by the Court of Appeals will undermine one of the policies of the Act — the dissemination of creative works — by leading to many fewer works reaching the public. Amicus Columbia Pictures asserts that “[s]ome owners of underlying work renewal copyrights may refuse to negotiate, preferring instead to retire their copyrighted works, and all derivative works based thereon, from public use. Others may make demands — like respondent’s demand for 50% of petitioners’ future gross proceeds in excess of advertising expenses . . . — which are so exorbitant that a negotiated economic accommodation will be impossible.” Brief for Columbia Pictures et al. as Amici Curiae 21. These arguments are better addressed by Congress than the courts.

In any event, the complaint that respondent’s monetary request in this case is so high as to preclude agreement fails to acknowledge that an initially high asking price does not preclude bargaining. Presumably, respondent is asking for a share in the proceeds because he wants to profit from the distribution of the work, not because he seeks suppression of it.

With the Copyright Act of 1790, Congress provided an initial term of protection plus a renewal term that did not survive the author. In the Copyright Act of 1831, Congress devised a completely separate renewal term that survived the death of the author so as to create a “new estate” and to benefit the author’s family, and, with the passage of the 1909 Act, his executors. The 1976 Copyright Act provides a single, fixed term, but provides an inalienable termination right. See 17 U.S.C. §§ 203, 302. This evolution of the duration of copyright protection tellingly illustrates the difficulties Congress faces in attempting to “secure for limited Times to Authors . . . the exclusive Right to their respective Writings.” U.S. Const., Art. I, § 8, cl. 8. Absent an explicit statement of congressional intent that the rights in the renewal term of an owner of a pre-existing work are extinguished upon incorporation of his work into another work, it is not our role to alter the delicate balance Congress has labored to achieve.

[Justice O’Connor rejected the dissent’s arguments and Petitioner’s argument that even if their use of “It Had to Be Murder” was unauthorized, it was a fair use and, therefore, not infringing.]

For the foregoing reasons, the judgment of the Court of Appeals is affirmed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

Notes and questions

(1) In *Stewart v. Abend* 495 U.S. 207 (1990), the Supreme Court held that where the author of a work subject to the Copyright Act of 1909 (a) licensed a third party to make derivatives of the work and (b) died before the expiration of the initial term of copyright protection, the right to create derivative works was effectively frozen by the renewal of the copyright term by the authors heirs. In so holding, the Court emphasized that the right of renewal in § 24 of the 1909 Act was intended to provide authors and their heirs a second opportunity to obtain remuneration for their works.

(2) It is worth noting that if Woolrich had lived another couple of years, his assignment of the renewal rights would have been effective. “It Had To Be Murder” was published in 1942. In 1945 Woolrich assigned the movie rights, including renewal rights. In 1968 Woolrich died, leaving no heirs. In 1969 and 1970 the executor of Woolrich’s estate renewed the copyright.

(3) Why is the author’s assignment of the renewal rights binding on the author if she lives, but not upon her heirs? In *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) the Court held that the author’s assignment of renewal rights before the time for renewal arrives cannot defeat the right of the author’s statutory successor to the renewal rights if the author dies before the right to renewal accrues. The assignee in such a contract has bargained for a mere expectancy, not a vested right. The Court in *Miller Music* said (at 378):

Until [the time for registration of renewal rights] arrives, assignees of renewal rights take the risk that the rights acquired may never vest in their assignors. A purchaser of such an interest is deprived of nothing. Like all purchasers of contingent interests, he takes subject to the possibility that the contingency may not occur.

The key here is that the author’s assignment is not invalid, as such; rather the author is assigning an interest that is contingent on her survival. As the Court in *Miller Music* explained (at 375)

These results follow not because the author’s assignment is invalid but because he had only an expectancy to assign; and his death, prior to the renewal period, terminates his interest in the renewal which by § 24 vests in the named classes.

The Supreme Court majority in *Stewart v. Abend* reasoned that, if, as *Miller Music* held, “the assignee of all of the renewal rights holds nothing upon the death of the assignor before arrival of the renewal period, then, *a fortiori*, the assignee of a portion of the renewal rights, *e.g.*, the right to produce a derivative work, must also hold nothing.”

(4) Does the reasoning in *Miller Music* and *Stewart v. Abend* apply to terminations of transfers under the 1976 Act, or is it limited to the two-term duration structure of the 1909 Act and previous Copyright Acts?

11. MORAL RIGHTS

What are moral rights?

The central idea behind the concept of “moral rights”—a term that is derived from the French phrase *droit moral*—is that the author of a copyrighted work has certain personal and inherent rights in relation to the work. These rights exist, so the theory goes, because the work is tied to the personality of the author. Moral rights are usually distinguished from merely economic rights.

The content of moral rights varies from jurisdiction to jurisdiction, but the two most commonly recognized moral rights are the right of attribution and the right of integrity.⁹¹ An author with a right of attribution has the right to be credited as the author of their work; an author with a right of integrity has the right to prevent distortions or mutilation of her work, but usually only if, and to the extent that, this would be prejudicial to the author’s reputation.

Many civil law countries, such as France and Germany, treat moral rights as inalienable from the author (although transferable by will upon death). A number of civil law countries recognize perpetual moral rights.

The international legal framework for moral rights protection

The right of attribution and the right of integrity were recognized in the Berne Convention as part of the 1928 Rome revision of that agreement.

Article 6bis of the Berne Convention requires all member states to provide authors of literary and artistic works “the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.” However, the TRIPs Agreement excludes Article 6bis.

Berne Convention (Paris Text 1971) Article 6bis

(1) Independently of the author’s economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.

(2) The rights granted to the author in accordance with the preceding paragraph shall, after his death, be maintained, at least until the expiry of the economic rights, and shall be exercisable by the persons or institutions authorized by the legislation of the country where protection is claimed. However, those countries whose legislation, at the moment of their ratification of or accession to this Act, does not provide for the protection after the death of the author of all the rights set out in the preceding paragraph may provide that some of these rights may, after his death, cease to be maintained.

⁹¹ Moral rights are typically grouped into five distinct categories: the rights of attribution, integrity, disclosure, withdrawal, and resale royalties.

(3) The means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed.

TRIPs Article 9(1).

Members shall comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto. However, Members shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6bis of that Convention or of the rights derived therefrom.

Thus, although moral rights play an important role in many copyright systems, compliance with the Berne Convention's full embrace of moral rights is, if not optional, at least outside the WTO dispute resolution framework. The exclusion of Article 6bis from TRIPs was not an oversight; it was a direct result of lobbying by the United States which had an ambivalent (at best) commitment to moral rights.

The WIPO Performances and Phonograms Treaty ("WPPT") of 1996 also addressed the issue of moral rights. Section 5 of that treaty provides that performers are entitled to a right of attribution and integrity with respect to their performances. These rights are independent and distinct from the performer's economic rights.

WIPO Performances and Phonograms Treaty, Article 5

Moral Rights of Performers

(1) Independently of a performer's economic rights, and even after the transfer of those rights, the performer shall, as regards his live aural performances or performances fixed in phonograms, have the right to claim to be identified as the performer of his performances, except where omission is dictated by the manner of the use of the performance, and to object to any distortion, mutilation or other modification of his performances that would be prejudicial to his reputation.

Article 5 of the Beijing Treaty on Audiovisual Performances of 2012 also grants performers rights of attribution and integrity in their live and fixed audiovisual performances. The United States is a signatory to the treaty but has not yet ratified it. Indeed, as of June 2019 count not enough countries had ratified the treaty for it to enter into force.

Moral rights in the United States outside the Copyright Act

The patchwork approach

The United States acceded to the Berne Convention effective March 1, 1989 without changing any of its substantive law with respect to moral rights. The United States position was that American law already recognized moral rights through a combination of section 43(a) of the Lanham Act (which prevents passing off), the recognition of paternity and integrity interests through the scope of the reproduction right and the right to make derivative works based on the copyrighted work, and state laws causes of action in relation to privacy, the right of publicity, fraud and misrepresentation, unfair competition, and defamation. Likewise, the United States takes the position that its obligations to performers under the WIPO Performances and Phonograms Treaty are satisfied by the same patchwork of protections discussed in relation to the Berne Convention.

The insistence of the United States that moral rights should be left out of the TRIPs Agreement suggests some equivocation as to whether existing United States law really did

satisfy the Berne Convention (and the WPPT, for that matter). Moreover, the Supreme Court's 2003 decision in *Dastar v. Twentieth Century Fox* raised significant doubts about whether Section 43 of the Lanham Act actually satisfies the United States' moral rights obligations.

The Dastar Decision and its aftermath

Dastar v. Twentieth Century Fox 539 U.S. 23 (2003)

Justice Scalia delivered the opinion of the Court.⁹²

In this case, we are asked to decide whether § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), prevents the unaccredited copying of a work.

I

In 1948, three and a half years after the German surrender at Reims, General Dwight D. Eisenhower completed *Crusade in Europe*, his written account of the allied campaign in Europe during World War II. Doubleday published the book, registered it with the Copyright Office in 1948, and granted exclusive television rights to an affiliate of respondent Twentieth Century Fox Film Corporation (Fox). Fox, in turn, arranged for Time, Inc., to produce a television series, also called *Crusade in Europe*, based on the book, and Time assigned its copyright in the series to Fox. The television series, consisting of 26 episodes, was first broadcast in 1949. It combined a soundtrack based on a narration of the book with film footage from the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified "Newsreel Pool Cameramen." In 1975, Doubleday renewed the copyright on the book as the "proprietor of copyright in a work made for hire." Fox, however, did not renew the copyright on the *Crusade* television series, which expired in 1977, leaving the television series in the public domain.

In 1988, Fox reacquired the television rights in General Eisenhower's book, including the exclusive right to distribute the *Crusade* television series on video and to sublicense others to do so. Respondents SFM Entertainment and New Line Home Video, Inc., in turn, acquired from Fox the exclusive rights to distribute *Crusade* on video. SFM obtained the negatives of the original television series, restored them, and repackaged the series on videotape; New Line distributed the videotapes.

Enter petitioner Dastar. In 1995, Dastar decided to expand its product line from music compact discs to videos. Anticipating renewed interest in World War II on the 50th anniversary of the war's end, Dastar released a video set entitled *World War II Campaigns in Europe*. To make *Campaigns*, Dastar purchased eight beta cam tapes of the original version of the *Crusade* television series, which is in the public domain, copied them, and then edited the series. Dastar's *Campaigns* series is slightly more than half as long as the original *Crusade* television series. Dastar substituted a new opening sequence, credit page, and final closing for those of the *Crusade* television

⁹² Justice Scalia delivered the opinion of the Court, in which all other Members joined, except Justice Breyer, who took no part in the consideration or decision of the case.

series; inserted new chapter-title sequences and narrated chapter introductions; moved the “recap” in the Crusade television series to the beginning and retitled it as a “preview”; and removed references to and images of the book. Dastar created new packaging for its Campaigns series and (as already noted) a new title.

Dastar manufactured and sold the Campaigns video set as its own product. The advertising states: “Produced and Distributed by: Entertainment Distributing “ (which is owned by Dastar), and makes no reference to the Crusade television series. Similarly, the screen credits state “DASTAR CORP presents” and “an ENTERTAINMENT DISTRIBUTING Production,” and list as executive producer, producer, and associate producer employees of Dastar. The Campaigns videos themselves also make no reference to the Crusade television series, New Line’s Crusade videotapes, or the book. Dastar sells its Campaigns videos to Sam’s Club, Costco, Best Buy, and other retailers and mail-order companies for \$25 per set, substantially less than New Line’s video set. In 1998, respondents Fox, SFM, and New Line brought this action alleging that Dastar’s sale of its Campaigns video set infringes Doubleday’s copyright in General Eisenhower’s book and, thus, their exclusive television rights in the book. Respondents later amended their complaint to add claims that Dastar’s sale of Campaigns “without proper credit” to the Crusade television series constitutes “reverse passing off”¹ in violation of § 43(a) of the Lanham Act, 60 Stat. 441, 15 U. S. C. § 1125(a), and in violation of state unfair-competition law.

Footnote 1: Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s. “Reverse passing off,” as its name implies, is the opposite: The producer misrepresents someone else’s goods or services as his own.

On cross-motions for summary judgment, the District Court found for respondents on all three counts treating its resolution of the Lanham Act claim as controlling on the state-law unfair-competition claim because “the ultimate test under both is whether the public is likely to be deceived or confused.” The court awarded Dastar’s profits to respondents and doubled them pursuant to § 35 of the Lanham Act, 15 U.S.C. § 1117(a), to deter future infringing conduct by petitioner.

The Court of Appeals for the Ninth Circuit affirmed the judgment for respondents on the Lanham Act claim, but reversed as to the copyright claim and remanded. (It said nothing with regard to the state-law claim.) With respect to the Lanham Act claim, the Court of Appeals reasoned that “Dastar copied substantially the entire Crusade in Europe series created by Twentieth Century Fox, labeled the resulting product with a different name and marketed it without attribution to Fox, and therefore committed a ‘bodily appropriation’ of Fox’s series.” It concluded that “Dastar’s ‘bodily appropriation’ of Fox’s original television series is sufficient to establish the reverse passing off.”² The court also affirmed the District Court’s award under the Lanham Act of twice Dastar’s profits. We granted certiorari.

Footnote 2: As for the copyright claim, the Ninth Circuit held that the tax treatment General Eisenhower sought for his manuscript of the book created a triable issue as to whether he intended the book to be a work for hire, and thus as to whether Doubleday properly renewed the copyright in 1976. The copyright issue is still the subject of litigation, but is not before us. We express no opinion as to whether petitioner’s product would infringe a valid copyright in General Eisenhower’s book.

II

The Lanham Act was intended to make “actionable the deceptive and misleading use of marks,” and “to protect persons engaged in . . . commerce against unfair competition.” 15 U.S.C. § 1127. While much of the Lanham Act addresses the registration, use, and infringement of trademarks and related marks, § 43(a), 15 U.S.C. § 1125(a) is one of the few provisions that goes beyond trademark protection. As originally enacted, § 43(a) created a federal remedy against a person who used in commerce either “a false designation of origin, or any false description or representation” in connection with “any goods or services.” 60 Stat. 441. As the Second Circuit accurately observed with regard to the original enactment, however—and as remains true after the 1988 revision—§ 43(a) “does not have boundless application as a remedy for unfair trade practices,” *Alfred Dunhill, Ltd. v. Interstate Cigar Co.*, 499 F.2d 232, 237 (1974). Because of its inherently limited wording, § 43(a) can never be a federal codification of the overall law of unfair competition, but can apply only to certain unfair trade practices prohibited by its text.

Although a case can be made that a proper reading of § 43(a), as originally enacted, would treat the word “origin” as referring only “to the geographic location in which the goods originated,” the Courts of Appeals considering the issue, beginning with the Sixth Circuit, unanimously concluded that it “does not merely refer to geographical origin, but also to origin of source or manufacture,” *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F. 2d 405, 408 (1963), thereby creating a federal cause of action for traditional trademark infringement of unregistered marks. Moreover, every Circuit to consider the issue found § 43(a) broad enough to encompass reverse passing off. The Trademark Law Revision Act of 1988 made clear that § 43(a) covers origin of production as well as geographic origin. Its language is amply inclusive, moreover, of reverse passing off—if indeed it does not implicitly adopt the unanimous court-of-appeals jurisprudence on that subject.

Thus, as it comes to us, the gravamen of respondents’ claim is that, in marketing and selling Campaigns as its own product without acknowledging its nearly wholesale reliance on the Crusade television series, Dastar has made a “false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion . . . as to the origin . . . of his or her goods.” § 43(a). That claim would undoubtedly be sustained if Dastar had bought some of New Line’s Crusade videotapes and merely repackaged them as its own. Dastar’s alleged wrongdoing, however, is vastly different: It took a creative work in the public domain—the Crusade television series—copied it, made modifications (arguably minor), and produced its very own series of videotapes. If “origin” refers only to the manufacturer or producer of the physical “goods” that are made available to the public (in this case the videotapes), Dastar was the origin. If, however, “origin” includes the creator of the underlying work that Dastar copied, then someone else (perhaps Fox) was the origin of Dastar’s product. At bottom, we must decide what § 43(a)(1)(A) of the Lanham Act means by the “origin” of “goods.”

III

The dictionary definition of “origin” is “the fact or process of coming into being from a source,” and “that from which anything primarily proceeds; source.” Webster’s New International Dictionary 1720-1721 (2d ed. 1949). And the dictionary definition of “goods” (as relevant here) is “wares; merchandise.” *Id.*, at 1079. We

think the most natural understanding of the “origin” of “goods”—the source of wares—is the producer of the tangible product sold in the marketplace, in this case the physical Campaigns videotape sold by Dastar. The concept might be stretched (as it was under the original version of § 43(a)) to include not only the actual producer, but also the trademark owner who commissioned or assumed responsibility for (“stood behind”) production of the physical product. But as used in the Lanham Act, the phrase “origin of goods” is in our view incapable of connoting the person or entity that originated the ideas or communications that “goods” embody or contain. Such an extension would not only stretch the text, but it would be out of accord with the history and purpose of the Lanham Act and inconsistent with precedent.

Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer’s goodwill. It forbids, for example, the Coca-Cola Company’s passing off its product as Pepsi-Cola or reverse passing off Pepsi-Cola as its product. But the brand-loyal consumer who prefers the drink that the Coca-Cola Company or PepsiCo sells, while he believes that that company produced (or at least stands behind the production of) that product, surely does not necessarily believe that that company was the “origin” of the drink in the sense that it was the very first to devise the formula. The consumer who buys a branded product does not automatically assume that the brand-name company is the same entity that came up with the idea for the product, or designed the product—and typically does not care whether it is. The words of the Lanham Act should not be stretched to cover matters that are typically of no consequence to purchasers.

It could be argued, perhaps, that the reality of purchaser concern is different for what might be called a communicative product—one that is valued not primarily for its physical qualities, such as a hammer, but for the intellectual content that it conveys, such as a book or, as here, a video. The purchaser of a novel is interested not merely, if at all, in the identity of the producer of the physical tome (the publisher), but also, and indeed primarily, in the identity of the creator of the story it conveys (the author). And the author, of course, has at least as much interest in avoiding passing off (or reverse passing off) of his creation as does the publisher. For such a communicative product (the argument goes) “origin of goods” in § 43(a) must be deemed to include not merely the producer of the physical item (the publishing house Farrar, Straus and Giroux, or the video producer Dastar) but also the creator of the content that the physical item conveys (the author Tom Wolfe, or—assertedly—respondents).

The problem with this argument according special treatment to communicative products is that it causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically. The right to copy, and to copy without attribution, once a copyright has expired, like “the right to make [an article whose patent has expired]—including the right to make it in precisely the shape it carried when patented—passes to the public.” *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964); see also *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 121-122 (1938). “In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying.” *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 29 (2001). The rights of a patentee or copyright holder are

part of a “carefully crafted bargain,” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-151 (1989), under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution. Thus, in construing the Lanham Act, we have been “careful to caution against misuse or over-extension” of trademark and related protections into areas traditionally occupied by patent or copyright. *TrafFix*, 532 U.S., at 29. “The Lanham Act,” we have said, “does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.” *Id.*, at 34. Federal trademark law “has no necessary relation to invention or discovery,” *Trade-Mark Cases*, 100 U. S. 82, 94 (1879), but rather, by preventing competitors from copying “a source-identifying mark,” “reduces the customer’s costs of shopping and making purchasing decisions,” and “helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product,” *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163-164 (1995). Assuming for the sake of argument that Dastar’s representation of itself as the “Producer” of its videos amounted to a representation that it originated the creative work conveyed by the videos, allowing a cause of action under § 43(a) for that representation would create a species of mutant copyright law that limits the public’s “federal right to copy and to use” expired copyrights, *Bonito Boats*, *supra*, at 165.

When Congress has wished to create such an addition to the law of copyright, it has done so with much more specificity than the Lanham Act’s ambiguous use of “origin.” The Visual Artists Rights Act of 1990, provides that the author of an artistic work “shall have the right. . . to claim authorship of that work.” 17 U.S.C. § 106A(a)(1)(A). That express right of attribution is carefully limited and focused: It attaches only to specified “works of visual art,” is personal to the artist, and endures only for “the life of the author.” Recognizing in § 43(a) a cause of action for misrepresentation of authorship of noncopyrighted works (visual or otherwise) would render these limitations superfluous. A statutory interpretation that renders another statute superfluous is of course to be avoided.

Reading “origin” in § 43(a) to require attribution of uncopyrighted materials would pose serious practical problems. Without a copyrighted work as the basepoint, the word “origin” has no discernable limits. A video of the MGM film *Carmen Jones*, after its copyright has expired, would presumably require attribution not just to MGM, but to Oscar Hammerstein II (who wrote the musical on which the film was based), to Georges Bizet (who wrote the opera on which the musical was based), and to Prosper Mérimée (who wrote the novel on which the opera was based). In many cases, figuring out who is in the line of “origin” would be no simple task. Indeed, in the present case it is far from clear that respondents have that status. Neither SFM nor New Line had anything to do with the production of the *Crusade* television series—they merely were licensed to distribute the video version. While Fox might have a claim to being in the line of origin, its involvement with the creation of the television series was limited at best. Time, Inc., was the principal, if not the exclusive, creator, albeit under arrangement with Fox. And of course it was neither Fox nor Time, Inc., that shot the film used in the *Crusade* television series. Rather, that footage came from the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and

unidentified “Newsreel Pool Cameramen.” If anyone has a claim to being the original creator of the material used in both the Crusade television series and the Campaigns videotapes, it would be those groups, rather than Fox. We do not think the Lanham Act requires this search for the source of the Nile and all its tributaries.

Another practical difficulty of adopting a special definition of “origin” for communicative products is that it places the manufacturers of those products in a difficult position. On the one hand, they would face Lanham Act liability for failing to credit the creator of a work on which their lawful copies are based; and on the other hand they could face Lanham Act liability for crediting the creator if that should be regarded as implying the creator’s “sponsorship or approval” of the copy, 15 U.S.C. § 1125(a)(1)(A). In this case, for example, if Dastar had simply copied the television series as Crusade in Europe and sold it as Crusade in Europe, without changing the title or packaging (including the original credits to Fox), it is hard to have confidence in respondents’ assurance [at oral argument] that they would not be here on a Lanham Act cause of action.

Finally, reading § 43(a) of the Lanham Act as creating a cause of action for, in effect, plagiarism—the use of otherwise unprotected works and inventions without attribution—would be hard to reconcile with our previous decisions. For example, in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000), we considered whether product-design trade dress can ever be inherently distinctive. WalMart produced “knockoffs” of children’s clothes designed and manufactured by Samara Brothers, containing only minor modifications of the original designs. We concluded that the designs could not be protected under § 43(a) without a showing that they had acquired “secondary meaning,” so that they “identify the source of the product rather than the product itself.” This carefully considered limitation would be entirely pointless if the “original” producer could turn around and pursue a reverse-passing-off claim under exactly the same provision of the Lanham Act. Samara would merely have had to argue that it was the “origin” of the designs that Wal-Mart was selling as its own line. It was not, because “origin of goods” in the Lanham Act referred to the producer of the clothes, and not the producer of the (potentially) copyrightable or patentable designs that the clothes embodied.

Similarly under respondents’ theory, the “origin of goods” provision of § 43(a) would have supported the suit that we rejected in *Bonito Boats*, 489 U.S. 141, where the defendants had used molds to duplicate the plaintiff’s unpatented boat hulls (apparently without crediting the plaintiff). And it would have supported the suit we rejected in *TrafFix*: The plaintiff, whose patents on flexible road signs had expired, and who could not prevail on a trade-dress claim under § 43(a) because the features of the signs were functional, would have had a reverse-passing-off claim for unattributed copying of his design.

In sum, reading the phrase “origin of goods” in the Lanham Act in accordance with the Act’s common-law foundations (which were not designed to protect originality or creativity), and in light of the copyright and patent laws (which were), we conclude that the phrase refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods. Cf. 17 U.S.C. § 202 (distinguishing between a copyrighted work and “any material object in which the work is embodied”). To hold otherwise would be akin to

finding that § 43(a) created a species of perpetual patent and copyright, which Congress may not do. See *Eldred v. Ashcroft*, 537 U.S. 186, 208 (2003).

The creative talent of the sort that lay behind the Campaigns videos is not left without protection. The original film footage used in the Crusade television series could have been copyrighted, see 17 U.S.C. § 102(a)(6), as was copyrighted (as a compilation) the Crusade television series, even though it included material from the public domain. Had Fox renewed the copyright in the Crusade television series, it would have had an easy claim of copyright infringement. And respondents' contention that Campaigns infringes Doubleday's copyright in General Eisenhower's book is still a live question on remand. If, moreover, the producer of a video that substantially copied the Crusade series were, in advertising or promotion, to give purchasers the impression that the video was quite different from that series, then one or more of the respondents might have a cause of action—not for reverse passing off under the “confusion . . . as to the origin” provision of § 43(a)(1)(A), but for misrepresentation under the “misrepresents the nature, characteristics [or] qualities” provision of § 43(a)(1)(B). For merely saying it is the producer of the video, however, no Lanham Act liability attaches to Dastar.

The judgment of the Court of Appeals for the Ninth Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

Notes and questions:

(1) In *Dastar v. Twentieth Century Fox*, 539 U.S. 23 (2003), a television producer brought a Lanham Act claim against a competitor based on the competitor's release of a video set made from tapes produced by the television producer. Summarizing his reasoning (at 37), Justice Scalia wrote, for a unanimous Court, that:

reading the phrase “origin of goods” in the Lanham Act in accordance with the Act's common-law foundations (which were not designed to protect originality or creativity), and in light of the copyright and patent laws (which were), . . . the phrase refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods.

Because the defendant in *Dastar* was the originator of the video set it sold, as it created the video set in dispute, the court found for the defendant and held that there was no Lanham Act claim, even though the plaintiff had created the underlying television series. The Court held that reissuing a public domain television series without attribution to the original author does not violate Section 43(a)'s prohibition on false designation of origin.

(2) Many courts and commentators have read *Dastar* as precluding almost any use of the Lanham Act to vindicate an author's interest in attribution or integrity. See e.g. *Narrative Ark Entertainment v. Archie Comic Publications, Inc.*, 2017 WL 3917040, at *12 (S.D.N.Y. Sept. 5, 2017) (“*Dastar*'s holding barring Lanham Act claims premised on the false designation of the origin of ideas, concepts, or communications embodied in tangible goods, does not turn on whether the work is still under copyright protection or in the public domain.”); *Contractual Obligation Products, LLC v. AMC Networks, Inc.*, 546 F. Supp. 2d 120, 130 (S.D.N.Y. 2008) (noting “district court cases following *Dastar* have expressly rejected the argument that *Dastar* does not apply where, as here, the work in issue is copyrighted” and collecting cases); *Zyla v. Wadsworth*, 360 F.3d 243, 251–52 (1st Cir. 2004) (concluding that *Dastar* was

controlling barred the plaintiff's Lanham Act claim.) However, others have taken a narrower reading.

Defined Space, Inc. v. Lakeshore East, LLC 797 F.Supp.2d 896 (N.D. Ill. 2011)

District Judge Joan B. Gottschall

Defined Space, Inc. (hereinafter, "DSI") is the firm through which professional photographer David B. Seide conducts his business. In 2005, DSI entered into a series of agreements with the defendants (Lakeshore East, LLC, Magellan Development Group, LLC, and NNP Residential, LLC) to produce color photographs of the defendants' properties. The defendants planned to use these photographs as part of their marketing campaign to rent and sell their properties. The parties entered into a licensing agreement, in which the defendants agreed not to display DSI's works without attribution. Although the defendants occasionally credited DSI's work to DSI, sometimes they omitted this notice in their uses of DSI's work. DSI called this lack of attribution to the defendants' attention from time to time, but on occasion these omissions of attribution were not corrected.

[DSI sued under various legal theories including a cause of action under the Lanham Act. Defendants filed a motion to dismiss.]

The defendants argue that the Lanham Act claim is preempted by the Court's holding in *Dastar v. Twentieth Century Fox*, 539 U.S. 23 (2003). The defendants also cite to *Natkin v. Winfrey*, 111 F.Supp.2d 1003 (N.D.Ill.2000), and *Cyber Websmith v. American Dental Ass'n*, No. 09-CV-6198, 2010 WL 3075726 (N.D.Ill. Aug. 4, 2010). In response, DSI cites to *Cable v. Agence France Presse*, 728 F.Supp.2d 977 (N.D.Ill. 2010).

In *Dastar*, Twentieth Century Fox had acquired the exclusive television rights to General Dwight D. Eisenhower's written account of the allied campaign in Europe, "Crusade in Europe." Fox arranged for a production of a television series based upon the book, but did not renew the copyright on the television series when it expired in 1977, leaving the series in the public domain. Dastar then took the original Crusade television series, copied the original beta cam tapes, edited them, and produced a "Campaigns" series that had a new opening sequence, credit page, and final closing different from the original "Crusade" series. Dastar then manufactured and sold the Campaigns video set as its own product without giving credit to Fox. Fox brought multiple claims against Dastar, including a "reverse passing off claim" alleging that by not providing proper credit to the Crusade television series, Dastar violated § 43(a) of the Lanham Act by passing off Fox's product as Dastar's own work.

The Supreme Court held that the Copyright Act precluded Fox's claims under the Lanham Act. The Court began by noting that:

The Lanham Act was intended to make "actionable the deceptive and misleading use of marks," and "to protect persons engaged in ... commerce against unfair competition." While much of the Lanham Act addresses the registration, use and infringement of trademarks and related marks, § 43(a), 15 U.S.C. § 1125(a) is one of the few provisions that goes beyond trademark protection. As originally enacted § 43(a) created a federal remedy against a person who used in commerce either "a

false designation of origin, or any false description or representation” in connection with “any goods or services.”

Id. at 28-29. The Court reasoned that if “origin” were read to mean the person or entity that authored the material, such a reading would effectively create a system of perpetual copyright as it would force those wishing to use uncopyrighted works in the public domain to credit the original authors or face liability under the Lanham Act. See id. at 36-37. Accordingly, this could cause serious practical problems for individuals who sought to use materials in the public domain in as much as discerning the original author of many such materials would require a “search for the source of the Nile and all its tributaries.” Id. at 35-36. The Court held that as used in the Lanham Act, “origin of goods” refers only to the producer of the tangible product sold in the marketplace — not the person or entity that originated the ideas. Id. at 31. Because Dastar was the producer of the tangible product sold on the marketplace, having edited the documentary, there was no “false designation of origin” and the Court dismissed Fox’s Lanham Act claim. The Court noted, however, that Fox’s claim alleging false designation of origin would have been sustained if Dastar had bought the Crusade videotapes and merely repackaged them as its own. Id.

In *Cyber Websmith*, Cyber Websmith alleged that the defendants were operating websites for dental practices comprised of photographs copied directly from Cyber Websmith’s copyrighted website templates. These copies by the defendants were used in direct competition with Cyber Websmith’s business of providing website design and marketing services to dental practices. The court held that the Copyright Act preempted Cyber Websmith’s Lanham Act claim.

After finding that the works in question were within the subject matter of the copyright statute, the court asked whether the claims asserted by the plaintiff were merely duplicative of its copyright claims. The court noted that to avoid preemption, an extra element must be incorporated in the claim that changes the nature of the action so that it is qualitatively different from a copyright infringement claim. Although the plaintiffs argued that they had alleged extra elements beyond those required for copyright infringement, the court held that “the assertion of consumer confusion and deception, without more,” did not allow the plaintiff to sidestep preemption. Furthermore, the court held that the plaintiff’s allegations derived from nothing more than the “inherent misrepresentation that accompanies the unauthorized copying and distribution of another’s copyrighted work.” For these reasons, the court dismissed the Lanham Act claim from the plaintiff’s complaint.

In *Cable*, Cable was an experienced real estate photographer who sold his photographs to a real estate firm, Garrison. Garrison agreed to limit the use of Cable’s works to marketing and to include a credit line prominently and clearly identifying Cable as the creator of the photos. Cable alleged that Agence France Presse (“AFP”) caused his images to be copied from Garrison’s website and used without his permission in an online photograph database. Additionally, Cable alleged that AFP had deliberately removed Cable’s photo credit and copyright notice. Cable alleged a violation of § 43(a) of the Lanham Act based partially upon the theory that by removing the copyright notice and information, AFP had used a false designation

of origin and created the danger that the works at issue would be associated with AFP instead of Cable.

The court rejected AFP's argument that *Dastar* precluded a claim under the Lanham Act. It noted that "the *Dastar* court limited its ruling in one important way — it stated that a claim under § 43(a) 'would undoubtedly be sustained if *Dastar* had bought some of New Line's Crusade videotapes and merely repackaged them as its own.'" *Id.* at 981 (quoting *Dastar*, 539 U.S. at 31). The court stated, "This is what the plaintiff has alleged — that AFP took the plaintiff's photos and repackaged them as their own without revision." *Id.* Because Cable's Lanham Act claim fit the description of the caveat in *Dastar*, the court declined to dismiss the claim.²

Footnote 2: But see *Agence France Presse v. Morel*, 769 F.Supp.2d 295, 308 (S.D.N.Y.2011) (holding that the import of *Dastar* is that an author's sole recourse in copyright for unauthorized use cannot be avoided by shoe-horning the claim into the Lanham Act).

Here, the defendants assert that in the wake of *Dastar*, the Lanham Act claim alleged by DSI is preempted by the Copyright Act and should be dismissed. DSI responds by distinguishing *Dastar* as being primarily motivated by the public work nature of the film in question. Additionally, DSI points out that *Dastar* explicitly left open a claim under § 43(a)(1)(B) under the Lanham Act. *Dastar*, 539 U.S. at 38; see 15 U.S.C. § 1125 (allowing a party to bring a claim alleging false designation of origin in commercial advertising or promotion). This, DSI suggests, makes *Dastar* wholly distinguishable from the case at hand and therefore it should not preclude DSI's Lanham Act claim.

As illustrated above, courts in this district addressing this issue post-*Dastar* are split. *Dastar* rested heavily on the fact that the materials at issue were in the public domain and had been edited by *Dastar* prior to redistribution. In contrast, DSI alleges that the defendants appropriated and used its copyrighted works without DSI's permission and without alteration. Thus, the Supreme Court's admonition that the Lanham Act claim "would undoubtedly be sustained if *Dastar* had bought some of New Line's Crusade videotapes and merely repackaged them as its own" is directly on point. *Dastar*, 539 U.S. at 31.

Here, as in *Cable*, DSI alleges that the defendants took DSI's photographs and passed them off as their own photographs without revision or proper accreditation. This case does not involve works in the public domain, or the fear of a perpetual copyright regime such as the Supreme Court faced in *Dastar*. *Id.* at 37. Nor does it involve an instance where the defendants are alleged to have made modifications to the plaintiff's works before displaying the works. This court agrees with the analysis in *Cable* and finds that the facts here cleanly fit within the exception enunciated by *Dastar*. See *Cable*, 728 F.Supp.2d at 981. Accordingly, this court denies the motion to dismiss the Lanham Act claim.

Notes and questions:

(1) In *Defined Space, Inc. v. Lakeshore East, LLC* 797 F.Supp.2d 896 (N.D. Ill. 2011), the Northern District of Illinois held that a real estate developer's use of plaintiff photographer's works without attribution had the potential to violate the Lanham Act.

(2) The district court in *Defined Space* argues that there is a difference between unattributed copying of works that are themselves the goods (i.e., the photos in *Defined Space*) and works embodied in separate, tangible goods (i.e., the video cassettes in *Dastar*). The court argues that *Dastar* was a case about the “repackaging” of works into tangible goods and should be limited to that context. Is that a fair reading of *Dastar*?

(3) The court in *Defined Space* put some weight on the distinction between works under copyright and those in the public domain. Is there anything in *Dastar* to justify that? Should passing off and reverse passing off claims still be viable under Section 43(a) for works that are still under copyright protection?

(4) Other courts have also narrowed the scope of *Dastar* by arguing that it precludes only claims for non-attribution or “reverse passing off,” but leaves available claims for misattribution or “passing off.” Finally, others rely on the fact that *Dastar* expressly left open claims under section 43(a)(1)(B), which prohibits “misrepresenting the nature, characteristics, [or] qualities” of goods or services in advertising. Are any of these readings of *Dastar* good policy in your view?

(5) In its 2019 report on moral rights, the Copyright Office concluded (at 58) that it found some of the decisions offering a narrower interpretation of the Supreme Court’s holding in *Dastar* persuasive, but noted that “case law on this issue will likely continue to develop.” The report offers a tentative suggestion (at 58–59) that

Congress may consider adopting an amendment to section 43(a) that would expand the unfair competition protections to include false representations regarding authorship of communicative works. ... any such an amendment should be narrowly crafted to focus on the purpose of the Lanham Act, and thus protect only against consumer confusion or mistake as to authorship or attribution, and not to provide expanded copyright protection, or afford the author any additional control over permissible uses of the underlying work. Such a limitation would mitigate against the *Dastar* court’s policy concerns about overlapping IP doctrines generally, and limitations on public domain uses specifically.

Should Congress amend the Lanham Act to bring false representations regarding authorship of communicative works within the ambit of Section 43(a)?

Moral rights in the United States under VARA

The United States recognizes moral rights for a limited class of “works of visual art” under the Visual Artists Rights Act of 1990 (VARA). The rights provided under VARA are a pale shadow of the French concept of “*droit moral*,” in terms of their application, scope, and duration. VARA is codified at Section 106A of the Copyright Act.

Section 106A(a) gives the author of a work of visual art certain rights of attribution and integrity that stay with the author independent of any disposition of the exclusive rights provided in Section 106.

VARA rights are personal to the author or authors of the work.

Under VARA, moral rights are personal to the author and can only be exercised by the author. If there is more than one author, those joint authors are initially co-owners of the work and are also co-owners of the moral rights provided for in Section 106A.

The author's rights under VARA are nontransferable, but they can be waived by a written instrument signed by the author. The rights in VARA are not affected by the author's transfer of copyright, or by the sale of the physical embodiment of the work. Any rule to the contrary would negate the entire rationale of maintaining separate economic and non-economic rights.

VARA rights are also personal in the sense that they are mostly limited to the life of the author, although for works created before VARA came into effect and whose copyright term is calculated under the 1909 Act, those rights expire with the copyright. See Section 106A(d) and the discussion of duration below.

VARA rights can only be waived with specificity. Note that under section 106A(e)(1) this agreement must specify the work and the particular uses of the work to which the waiver applies. If the work is joint work, any one author can waive VARA rights for all co-authors, with one exception. If a work was co-authored by A and B, A can't waive B's VARA rights and claim sole credit for their joint work. It follows therefore that an artist's display of copyrighted photographs with a claim of sole authorship did not amount to a waiver of the alleged co-author's right of attribution under VARA. See *Grauer v. Deutsch*, 2002 WL 31288937 (S.D.N.Y. Oct. 11, 2002).

In its 2019 report on moral rights, the Copyright Office argued (at 83) that allowing one author to waive the rights of another joint author "contradicts the purpose of VARA to protect *personal* rights and is inconsistent with the statutory prohibition against the transfer of those rights." On the contrary, if one joint author were not allowed to waive moral rights on behalf of all the authors of a work, that joint author's economic rights would be held hostage to the other joint authors where VARA rights were implicated. Not allowing one joint author to waive for all would be inconsistent with the American rule that any joint author may grant a license to the work without the approval of the other joint authors.

17 U.S. Code § 106A(b) Scope and Exercise of Rights.—

Only the author of a work of visual art has the rights conferred by subsection (a) in that work, whether or not the author is the copyright owner. The authors of a joint work of visual art are co-owners of the rights conferred by subsection (a) in that work.

17 U.S. Code § 106A (e) Transfer and Waiver.—

(1) The rights conferred by subsection (a) may not be transferred, but those rights may be waived if the author expressly agrees to such waiver in a written instrument signed by the author. Such instrument shall specifically identify the work, and uses of that work, to which the waiver applies, and the waiver shall apply only to the work and uses so identified. In the case of a joint work prepared by two or more authors, a waiver of rights under this paragraph made by one such author waives such rights for all such authors.

(2) Ownership of the rights conferred by subsection (a) with respect to a work of visual art is distinct from ownership of any copy of that work, or of a copyright or any exclusive right under a copyright in that work. Transfer of ownership of any copy of a work of visual art, or of a copyright or any exclusive right under a copyright, shall not constitute a waiver of the rights conferred by subsection (a). Except as may otherwise be agreed by the author in a written instrument signed by the author, a waiver of the rights conferred by subsection (a) with respect to a work

of visual art shall not constitute a transfer of ownership of any copy of that work, or of ownership of a copyright or of any exclusive right under a copyright in that work.

VARA is limited to “works of visual art”

The rights in Section 106A(a) apply only to “the author of a work of visual art.” A ‘work of visual art’ is limited to paintings, drawings, prints, and sculptures that are either single copies or limited editions of 200 or fewer. Also, works made for hire and many separate classes of work are expressly excluded from the definition of a work of visual art.

17 US Code § 101 (Definitions)

A “work of visual art” is—

- (1) a painting, drawing, print, or sculpture, existing in a single copy, in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved, or fabricated sculptures of 200 or fewer that are consecutively numbered by the author and bear the signature or other identifying mark of the author; or
- (2) a still photographic image produced for exhibition purposes only, existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.

A work of visual art does not include—

- (A)(i) any poster, map, globe, chart, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication;(ii) any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container; (iii) any portion or part of any item described in clause (i) or (ii);
- (B) any work made for hire; or
- (C) any work not subject to copyright protection under this title.

VARA is not a general moral rights statute: it has no application to literary works, musical works, sound recordings, or any other non-visual class of copyright subject matter. Even within the category of visual works, section 106A has no application to works made for hire, commercial art, or applied art. Some courts have also held that preparatory works and site-specific works are excluded from VARA. These exclusions are discussed in more detail below. Furthermore, VARA does not protect non-copyrightable art. See e.g. *Kelley v. Chicago Park Dist.*, 635 F.3d 290, 306 (7th Cir. 2011).

Works made for hire:

Relatively few otherwise eligible works are excluded on the basis that they are works for hire because the kinds of single- or limited-edition visual art covered by VARA are not usually made as works for hire, but there are exceptions. See *Carter v. Helmsley-Spear, Inc.* (“*Carter IP*”), 71 F.3d 77, 87–88 (2d Cir. 1995).

Commercial art:

The Section 101 definition of a “work of visual art” also excludes what can be loosely termed commercial art, specifically, “any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container.” For example, in *Pollara v. Seymour*, 344 F.3d 265, 269–71 (2d Cir. 2003), the majority of the Second Circuit held found that the “objective and evident purpose” of a banner created as part of a lobbying effort to promote a specific message rendered the banner as promotional and advertising material and not an eligible work of visual art, despite the artistic ability and creativity inherent in the work. The hand painted banner had been installed at public plaza without a permit and employees of New York’s Office of General Services had removed the banner. During removal, it was torn vertically into three pieces.

Figure 9 Banner in *Pollara v. Seymour*



The Copyright Office makes the following observations about the exclusion of commercial art from VARA in its 2019 report on moral rights (at 67):

The Office does not believe that Congress excluded commercial and promotional works from the definition of “work of visual art” because it believed such images to be somehow artistically less worthy than so-called “fine art.” Instead, it appears more likely that, ... Congress wanted to avoid interfering with works of art that were controlled or influenced by an entity other than the artist—and hence presumably are less attached to the artist’s reputation—as well as avoid interfering with contractual freedoms. The Office accepts this apparent reasoning, but does believe that the commercial/”fine art” distinction can be drawn more narrowly than the current statute has it.

In its report, the Office recommended that Congress consider an amendment to the definition of a “work of visual art” along the lines of the definition of an eligible work similar to that used by the California Art Preservation Act. It suggested (at 68) adding the phrase “prepared under contract for commercial use by its purchaser” to the definition in Section 101 such that the proposed Section 101 would read:

a work of visual art does not include – (A) . . . (ii) any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container, any of which are prepared under contract for commercial use by its purchaser.

Applied art:

VARA’s standard for a “work of visual art” also specifically excludes “applied art,” which the statute does not define. What then is a work of applied art? The case of *Cheffins v. Stewart*, 825 F.3d 588 (9th Cir. 2016) concerned a mobile replica of 16th-century Spanish galleon,

built from used school bus that featured at the Burning Man festival. In *Cheffins*, the majority of the Ninth Circuit elaborated the concept of “applied art” as follows (at 594):

We therefore hold that an object constitutes a piece of “applied art” — as opposed to a “work of visual art” — where the object initially served a utilitarian function and the object continues to serve such a function after the artist made embellishments or alterations to it. This test embraces the circumstances both where a functional object incorporates a decorative design in its initial formulation, and where a functional object is decorated after manufacture but continues to serve a practical purpose. Conversely, “applied art” would not include a piece of art whose function is purely aesthetic or a utilitarian object which is so transformed through the addition of artistic elements that its utilitarian functions cease.

Applying this definition the majority said (at 595):

The *La Contessa* began as a simple school bus — an object which unquestionably served the utilitarian function of transportation. To transform the bus into the *La Contessa*, Cheffins and Jones adorned it with the visual trappings of a 16th-century Spanish galleon. While the *La Contessa*’s elaborate decorative elements may have had many artistic qualities, the *La Contessa* retained a largely practical function even after it had been completed. At Burning Man, the *La Contessa* was used for transportation, providing rides to festival-goers, hosting musical performances and weddings, and serving as a stage for poetry and acrobatics shows. Indeed, the *La Contessa* often was driven about the Festival grounds and was banned from the Festival in 2004 because “its unsafe driving practices far exceeded community tolerance and out-weighed the visual contribution” it made.

Under the definition we adopt today, the *La Contessa* plainly was “applied art.” It began as a rudimentary utilitarian object, and despite being visually transformed through elaborate artistry, it continued to serve a significant utilitarian function upon its completion. As “applied art,” the *La Contessa* was not a work of visual art under the VARA and therefore not eligible for its protection. Therefore, the trial court properly granted summary judgment to Stewart on Cheffins and Jones’s VARA claim.

Figure 10 *La Contessa* (*Cheffins v. Stewart*)



In her concurring opinion in *Cheffins v. Stewart*, Judge McKeown expressed concern that the majority's focus on whether an object has or retains a utilitarian function ran "the risk of unduly narrowing the protections of artists under the Visual Artist Right's Act of 1990 and not focusing on the work as a whole." Judge McKeown argued that the right question to ask in determining whether a work is "applied art," was "whether the primary purpose of the work as a whole is to serve a practical, useful function, and whether the aesthetic elements are subservient to that utilitarian purpose." However, she found that even under this more flexible test the bus/Spanish galleon, *La Contessa*, was applied art outside the scope of Section 106A of the Copyright Act.

Preparatory works:

Courts have sometimes held that preparatory works do not qualify as works of visual art because they fall under the exclusion of "model[s]" in the Section 101 definition. In *NASCAR v. Scharle*, 184 Fed. App'x. 270 (3d Cir. 2006), the Third Circuit held that drawings for the two-dimensional design of a trophy fell were not works of visual art, but merely models created to "arrive at the optimal design for the trophy," the final product. In contrast, in *Flack v. Friends of Queen Catherine, Inc.*, 139 F. Supp. 2d 526 (S.D.N.Y. 2001) the district court held that a clay head used to cast a bronze statue was not excluded from the protection of VARA. The court relied on the art community's acceptance and exhibition of clay sculptures as works of art in their own right to distinguish the work from the kinds of models excluded from the definition of works of visual art.

Site-specific works:

VARA does not specifically mention "site-specific works;" however, the First Circuit in *Phillips v. Pembroke Real Estate*, 459 F.3d 128 (1st Cir. 2006) found that VARA did not apply to

a multi-element sculpture designed for a specific park. The First Circuit’s reading of the statute is difficult to square with the building exception in Section 113(d) of the Copyright Act which acknowledges potential protection for site-specific art. See *Kelley v. Chicago Park Dist.* 635 F.3d 290, 306–07 (7th Cir. 2011). See also *Cohen v. G&M Realty LP*, 320 F.Supp.3d 421 (E.D. N.Y. 2018) extracted below.

Figure 11 *Phillips v. Pembroke Real Estate*



The rights of attribution and integrity and their limits

VARA provides rights of attribution and integrity, but rights of disclosure, withdrawal, or any right to resale royalties.

17 U.S. Code § 106A(a)

(a) Rights of Attribution and Integrity.— Subject to section 107 and independent of the exclusive rights provided in section 106, the author of a work of visual art—

(1) shall have the right—(A) to claim authorship of that work, and (B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;

(2) shall have the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation; and

(3) subject to the limitations set forth in section 113 (d), shall have the right—(A) to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right, and (B) to prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right.

Section 106A(a)(1) and (2) protect some limited reputational interests of the author of a work of visual art. Under Section 106A(a)(1), the author of a work of visual art has the right to claim authorship of that work and to prevent being held out as the author of any work of visual art she did not create. Under Section 106A(a)(2), the author also has the right to prevent the use of her name as the author of the work of visual art if that work has been distorted, mutilated, or modified in some other way that “would be prejudicial to his or her honor or reputation.”

Section 106A(a)(3) goes beyond issues of attribution and actually vests the author of a work of visual art with two important rights in relation to the work itself. Subsection (A) gives the author the right to prevent any intentional *distortion, mutilation*, or other *prejudicial modification* of that work. This excludes any change to the work resulting from the passage of time or the inherent nature of the materials used, see Section 106A(c)(1). It also excludes any modification resulting from conservation or public presentation (including lighting and placement), unless the modification is caused by gross negligence, see Section 106A(c)(1)(2).

Section 106A(a)(3), subsection (B) gives the author the right to “prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right.” The right to prevent intentional distortion, mutilation, or prejudicial modification and the right to prevent the destruction of the work of recognized stature are both subject to limitations in Section 113(d) if the work has been incorporated in or made part of a building. These provisions are discussed in the *5Points* case, below.

The right of attribution does not apply in relation to reproductions in a significant set of situations.

17 U.S. Code § 106A(c)(3)

The rights described in paragraphs (1) and (2) of subsection (a) shall not apply to any reproduction, depiction, portrayal, or other use of a work in, upon, or in any connection with any item described in subparagraph (A) or (B) of the definition of “work of visual art” in section 101, and any such reproduction, depiction, portrayal, or other use of a work is not a destruction, distortion, mutilation, or other modification described in paragraph (3) of subsection (a).

Section 106A(c)(3) provides that the rights relating to attribution do not apply to “any reproduction, depiction, portrayal, or other use of a work” in various contexts, including maps, technical drawings, motion pictures, books, magazines, electronic publications, or advertising, to name just a few. Likewise, the reproduction of a work of visual art, or its depiction or portrayal is not considered “a destruction, distortion, mutilation, or modification” for the purposes of § 106A(a)(3). As the Copyright Office report on moral rights explains (at 75):

Under this exception, a reproduction of an artist’s visual work on a poster or in a magazine need not be accompanied by the artist’s name. Many of the attribution claims brought under VARA focus on a reproduction, not the original, work of visual art. Courts have consistently dismissed these claims under this exception.⁹³

The duration rights under VARA

There are three different possibilities for the duration of rights under VARA, only one of which really makes sense. If moral rights protect the artist’s reputation and special personal connection with the work, it should follow that those rights exist while the artist is alive and

⁹³ The report cites, *Wilson v. New Palace Casino, L.L.C.*, No. 1:11cv447, 2013 WL 870350, at *3–4 (S.D. Miss. Mar. 7, 2013) (dismissing the artist’s attribution claim in relation to reproductions of a feature of his original painting); *Martin v. Walt Disney Internet Grp.*, No. 09CV1601, 2010 WL 2634695, at *5 (S.D. Cal. June 30, 2010) (dismissing the plaintiff’s attribution claim regarding reproductions of her photograph); *Silberman v. Innovation Luggage, Inc.*, No. 01 Civ. 7109, 2003 WL 1787123, at *4–5 (S.D.N.Y. Apr. 3, 2003) (holding that the artist could not assert an attribution claim under VARA in relation to unsigned reproductions of the artist’s original photograph).

die with the artist. This is the rule for works made after the effective date of VARA (June 1, 1991).

However, for works created but not transferred before the effective date of VARA, the artist's rights endure for the duration of her other copyright rights, i.e., a term of life plus 70 years. Conversely, artists who transferred title to their works before June 1, 1991 have no rights under VARA. As the Copyright Office notes in its 2019 report on moral rights (at 81):

This particular provision has created certain inconsistencies regarding duration of rights. If an artist created a painting in 1985 (for which he did not transfer title before 1991) and dies in 2005, then the copyright term and the artist's rights of integrity and attribution for that painting will last until 2075. However, if the artist created a painting in 1995 and died in 2005, then the copyright term will last until 2075 but the rights of integrity and attribution would have lasted for a shorter time, until 2005.

A case study of VARA in action

Cohen v. G&M Realty LP, 320 F.Supp.3d 421 (EDNY 2018) (February 12, 2018)

Five 5 Points Pointz in LIC Queens Graffiti

Credit: [Jakub Redziniak](#) (2010) [CC BY-NC-ND 2.0](#) license



Senior District Judge Block

This marks the latest chapter in the ongoing saga of what has commonly become known as the 5Pointz litigation. Plaintiffs, 21 aerosol artists, initiated this lawsuit over four years ago by seeking a preliminary injunction under the Visual Artists Rights Act of 1990 (“VARA”), 17 U.S.C. § 106A, against defendants Gerald Wolkoff (“Wolkoff”) and four of his real estate entities to prevent the planned demolition by

Wolkoff of his warehouse buildings in Long Island City and consequent destruction of plaintiffs' paintings on the walls of the buildings.

I

On November 12, 2013, after a hearing, the Court issued an order denying preliminary injunctive relief and stating that "a written opinion would soon be issued." Rather than wait for the Court's opinion, which was issued just eight days later on November 20th, Wolkoff destroyed almost all of the plaintiffs' paintings by whitewashing them during that eight-day interim.

In its extensive opinion the Court initially noted that Wolkoff's buildings "had become the repository of the largest collection of exterior aerosol art . . . in the United States" and that this litigation "marks the first occasion that a court has had to determine whether the work of an exterior aerosol artist—given its general ephemeral nature—is worthy of any protection under the law." *Cohen v. G & M Realty L.P.*, 988 F. Supp. 2d 212, 214 (E.D.N.Y. 2013) ("*Cohen P*").

In denying the plaintiffs' application for preliminary injunctive relief, the Court recognized that the rights created by VARA were at tension with conventional notions of property rights and tried to balance these rights. It did so by not interfering with Wolkoff's desire to tear down the warehouses to make way for high-rise luxury condos, but cautioned that "defendants are exposed to potentially significant monetary damages if it is ultimately determined after trial that the plaintiffs' works were of 'recognized stature'" under VARA.

The trial has now happened. It lasted three weeks. At plaintiffs' insistence, it was tried before a jury, but just prior to summations, plaintiffs—with defendants' consent—waived their jury rights. Rather than summarily dismiss the jury after it had sat through the entire trial, the Court converted it to an advisory jury. During its charge, the Court carefully explained the parties' rights and obligations under VARA, including the plaintiffs' entitlement to substantial statutory damages if the jury determined that Wolkoff had violated plaintiffs' VARA rights and that he had acted willfully. On a 98-page verdict sheet, the jury found liability and made various damage awards in respect to 36 of plaintiffs' 49 works of art that were the subject of the lawsuit. In every case they found that Wolkoff had acted willfully.

Although the Court does not agree with all of the jurors' findings, it does agree that Wolkoff willfully violated plaintiffs' VARA rights in respect to those 36 paintings. The Court further finds that liability and willfulness should attach to an additional nine works.

Given the abject nature of Wolkoff's willful conduct, the Court awards the maximum statutory damages under VARA for each of the 45 works of art wrongfully and willfully destroyed in the combined sum of \$6,750,000.

II

A. The Relevant Statutory Framework

As the Court explained in *Cohen I*, "VARA amended existing copyright law to add protections for two 'moral rights' of artists: the rights of attribution and integrity."

Cohen I, 988 F. Supp. 2d at 215. VARA has codified the right to integrity to provide “the author of a work of visual art” the right

(A) to prevent any intentional destruction, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right, and

(B) to prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right.

17 U.S.C. § 106A(a)(3).

Thus, in *Cohen I*, the Court held that plaintiffs’ aerosol art comes under VARA’s protection as works of “visual art”, and that, under § 106A(a)(3)(B), VARA gives the ‘author of a work of visual art’ the right to sue to prevent the destruction of the work if it is one of “recognized stature.” VARA also permits the artist to seek monetary damages under § 106A(a)(3)(A) if the work was distorted, mutilated, or otherwise modified to the prejudice of the artist’s honor or reputation.

Section 113(d)(1) of VARA provides that

In a case in which —

(A) a work of visual art has been incorporated in or made part of a building in such a way that removing the work from the building will cause the destruction, distortion, mutilation, or other modification of the work as described in section 106A(a)(3), and

(B) the author consented to the installation of the work in the building either before the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990, or in a written instrument executed on or after such effective date that is signed by the owner of the building and the author and that specifies that installation of the work may subject the work to destruction, distortion, mutilation, or other modification, by reason of its removal, then the rights conferred by paragraphs (2) and (3) of section 106A(a) shall not apply.²

Footnote 2: Paragraph (2) — not applicable in this case — protects the right of attribution by affording the artist “the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation.”

Section 113(d)(2) provides, in part, that

If the owner of a building wishes to remove a work of visual art which is a part of such building and which can be removed from the building without the destruction, mutilation, or other modification of the work as described in section 106A(a)(3), the author’s rights under paragraphs (2) and (3) of section 106A(a) shall apply unless—

(A) the owner has made a diligent, good faith attempt without success to notify the author of the owner’s intended action affecting the work of visual art, or

(B) the owner did provide such notice in writing and the person so notified failed, within 90 days after receiving such notice, either to remove the work or to pay for its removal.

Thus, § 113(d) provides for two possibilities when a protected work of art has been integrated into a building subsequent to June 1, 1991, VARA’s effective date. Section 113(d)(1) deals with works of visual art that cannot be removed without causing

destruction, mutilation, or other modifications to the work. Section 113(d)(2) deals with works of visual art that *can be removed* without causing such harm.

Under § 113(d)(1), if a work is not removable without destroying, mutilating, distorting, or otherwise modifying the work, the artist's VARA right of integrity under § 106A(3) attach, and the artist may sue to prevent the destruction of the work unless the right is waived "in a *written instrument . . . that is signed by the owner of the building and the author* and that specifies that installation of the work may subject the work to destruction, distortion, mutilation, or other modification, by reason of its removal." § 113(d)(1)(B) (emphasis added).

Under § 113(d)(2), if a work is removable without destroying, mutilating, distorting, or otherwise modifying it, VARA gives the artist the opportunity to salvage the work upon receipt of a 90 days' written notice from the building owner of the owner's "intended action affecting the work of visual art." 17 U.S.C. §§ 113(d)(2)(A)-(B). If the artist fails to remove or pay for the removal of the works within the 90 days—or if the owner could not notify the artist after making a "good faith effort," 17 U.S.C. § 113(d)(2)(A)—the artist's VARA rights are deemed waived for the removable work, and the owner may destroy them without consequences.

Damages that may be awarded for the violation of the artist's rights of attribution and integrity under § 106A(a)(3) are the same that apply for copyright infringement, namely actual (including profits) and statutory. 17 U.S.C. § 504(a). As the House Judiciary Committee Report explained:

Section 6(a) of the bill simply amends section 501(a) of title 17 to add those authors covered by new section 106A It thereby makes all title 17 remedies [except criminal sanctions] available to those authors. . . . [VARA] thereby provides for monetary damages, and for injunctive relief to prevent future harm. *The same standards that the courts presently use to determine whether such relief is appropriate for violations of section 106 rights will apply to violations of section 106A rights as well.*

House Report at 21-22 (1990) (emphasis added).

There is no limit to the amount of actual damages for each work, but statutory damages for each may be "not less than \$750 or more than \$30,000 as the court considers just." 17 U.S.C. § 504(c)(1). If, however, the plaintiff "sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages" for each work "to a sum of not more than \$150,000." 17 U.S.C. § 504(c)(2). The plaintiff is not entitled to both actual and statutory damages but must elect one or the other "before final judgment is rendered[.]" 17 U.S.C. § 504(c)(1).

B. The Advisory Jury

... The Court would be remiss if it did not pause to acknowledge the extraordinary work of the eight jurors. Rarely were they late during the course of the extensive trial, and the Court was impressed with their rapt attention to the difficult task that awaited them in having to assess the defendants' liability in respect to each of the 49 works of art. Since the jurors had spent the better part of a month in anticipation of deliberating, the Court was disinclined to summarily dismiss them when, at the veritable 11th hour, the plaintiffs suddenly decided to convert the case to a bench

trial. Moreover, since 5Pointz had achieved worldwide community recognition, the Court was keen to learn whether the jurors, as members of the community, would view the works as having achieved recognized stature under VARA. To enhance the integrity of their verdicts, the Court decided it best not to tell the jurors that their findings would only be advisory.

The complexity of the litigation did not deter the jurors from making individualized findings in respect to each of the 21 artists and their 49 works on the 98-page verdict sheet. They were tasked with having to determine whether each destroyed work was of recognized stature and/or was mutilated, distorted, or otherwise modified to the prejudice of the artist's honor or reputation by the whitewashing. They found that 28 of the 49 destroyed works had achieved recognized stature, and eight more had been mutilated, distorted, or otherwise modified to the prejudice of the artists' honor or reputation. Each of the 21 plaintiffs were adversely affected in one way or the other, and the jury had to individually assess whether actual and statutory damages were warranted in regard to each work. It awarded a total of \$545,750 in actual damages and \$651,750 in statutory damages.

C. The Witnesses and Evidentiary Landscape

Each of the 21 plaintiffs/artists testified; they were respectful, articulate and credible. Folios for each were admitted into evidence collectively containing their professional achievements and recognition in the form of an impressive array of fellowships, residences, public and private commissions, teaching positions, media coverage, and social media presence. Not surprisingly, each of the 21 Folios contained beautiful color prints of the artists' respective aerosol works of art which are the subject of the lawsuit. They are appended to this opinion. It is apparent that they reflect striking technical and artistic mastery and vision worthy of display in prominent museums if not on the walls of 5Pointz. The Folios also contain photos showing how almost all of these works of art were partially or wholly whitewashed by Wolkoff.

5Pointz was an egalitarian place. The artists came from many backgrounds. Some of the plaintiffs testified via Skype from international residences. Many who live in New York had immigrated from other countries to join the 5Pointz community. One artist flew from London to testify; another came of age in rural West Virginia. Some artists came from highly prestigious art schools; others were selftaught. Some were fixtures in elite, traditional art circles; others were simply dedicated to street and community art. The Court was impressed with the breadth of the artists' works and how many of the works spoke to the social issues of our times.

The principal testimony about the advent, evolution and demolition of 5Pointz came from plaintiff Jonathan Cohen, one of the world's most accomplished aerosol artists. Wolkoff had designated Cohen as 5Pointz's de facto curator, appointing him to run the site and pick the works he thought were of merit: "I gave him permission, plain, Jonathan, you are in charge, bring whoever you think is right to come and display their work on my building." Tr. at 2025:4-8.

In addition to the artists, three experts testified for the plaintiffs. Renee Vara, a certified art appraiser, former head fine art expert at Chubb Insurance and art professor at New York University, testified to the quality and recognized stature of the works; Elizabeth Littlejohn, an art appraiser certified through the Appraisers

Association of America, testified to their appraisal value; and Harriet Irgang Alden, the chief paintings conservator at Art Care NYC, testified as to the removability of each of the artworks from the 5 Pointz walls.

Plaintiffs also called two fact witnesses. Angelo Madrigale, Vice President and Director of Contemporary Art at Doyle New York, an auction house, wrote a letter upon which Vara relied in formulating her report. He testified to the artistic importance of the works. Lois Stavsky developed a 5Pointz exhibit for Google Arts and Culture and testified to the creation of that exhibit and why Google believed that 5Pointz was a culturally significant site.

Wolkoff was the defendants' principal witness. He testified to his rise from a poor childhood to become a successful real estate developer and explained his role in the advent and success of 5 Pointz. He was adamant that the artists knew that the day would come when the warehouse buildings bearing their works of art would come down and be replaced by high-rise residential condos.

Although the Court believes that Wolkoff in the main testified truthfully, he was a difficult witness. He frequently ignored or challenged instructions by the Court. He was argumentative and prone to tangents and non-responsive answers. Eliciting coherent testimony was a chore and was only achieved after the Court threatened to hold him in contempt.

In addition to Wolkoff, two experts testified for the defendants. Erin Thompson, a professor of art history at the City University of New York and practicing art lawyer, testified as to the issue of recognized stature, and Christopher Gaillard, a fine art appraiser with the art appraisal and acquisition firm Gurr Johns, testified as to the works' appraisal value.

The story of 5Pointz that follows comes primarily from the lips of Cohen and Wolkoff.

III

A. The Advent and Evolution of 5Pointz

What became 5Pointz originated as Phun Phactory in the early 1990s. The warehouses were largely dilapidated and the neighborhood was crime infested. There was no control over the artists who painted on the walls of the buildings or the quality of their work, which was largely viewed by the public as nothing more than graffiti. This started to change in 2002 when Wolkoff put Cohen in charge. Cohen and several other artists also rented studio space in the warehouse buildings. Collectively, they worked to improve conditions. As Cohen explained:

We took it upon ourselves to clean the loading dock. . . . The dumpsters were overflowing. We took it upon ourselves, we hired his employees, we paid for the lighting. We put motion sensors up so that when you came to the loading dock it was inviting. It actually drew you in as opposed to scaring you away.

Wolkoff recognized the merit of the art. As he acknowledged: "I liked it and they did more and more and I thought it was terrific. They were expressing themselves." And he approved of the job Cohen did in curating the art: "I have no feelings even today

against Jonathan Cohen. I thought he was terrific handling my building. . . . Anything to do with art I left up to Jonathan. He had good taste in the artists that came there.”

Until Wolkoff decided over a decade later that the economic climate was ripe to convert the site into luxury condos, he and Cohen had a copacetic relationship.

But nothing was ever reduced to writing and Wolkoff only verbally laid out three rules for what could be put on the walls: no pornography, no religious content, and nothing political. In his role, Cohen established a system of rules for both the creation and curation of the art, spending seven days a week without pay to bring 5Pointz to fruition.

Cohen oversaw the site, kept it clean and safe, allotted wall space, and explained the site’s rules and norms to new artists. Over time, crime in the neighborhood dropped and the site became a major attraction drawing thousands of daily visitors, including busloads of tourists, school trips, and weddings. Movie, television, and music video producers came; it was used for the 2013 motion picture *Now You See Me*, starring Jesse Eisenberg and Mark Ruffalo, and was the site of a notable tour for R&B singer Usher.

As the plaintiff Castillo explained, “street art became a new form,” which “now has become an industry.” And 5Pointz became “this outdoor museum where kids can touch the wall, and . . . you can’t do that at a museum. You can’t go and touch a Van Gogh or like a Mona Lisa.”

Wolkoff had nothing to do with day-to-day operations. Under Cohen’s control, he witnessed his buildings emerge as a mecca for the world’s largest collection of quality outdoor aerosol art.

B. The Walls

1. Covering

5Pointz was a site of creative destruction; most artworks had short lifespans and were repeatedly painted over by successive artists. The rules behind covering were important; as virtually every artist testified, “going over” someone else’s piece without permission was a sign of disrespect that could cause conflicts. Going over another piece partially or sloppily was another insult. As Cohen explained:

You respect your wall, you clean up when you’re done, you cover what you go over completely. If you do not cover what you went over, you do not last. That was rule number one. Respect in our game is everything, and if you don’t have respect then you don’t get respect.

As a result, Cohen established an elaborate system of rules and norms governing how long pieces would remain and when a piece could be covered by a new artwork. As he testified:

THE COURT: Let me ask you a question. Can anybody paint over your paintings without your permission, aside from vandalism?

A: No. Everything was done with permission and there was a system that grew over the period of time I was there. You know, we perfect as we go along.

2. Short-Term Rotating Walls vs. Long-Standing Walls

5Pointz was organized into short-term rotating walls and long-standing walls. The short-term walls would change on a daily or weekly basis. As Cohen explained: “There were allocated spaces that were for straight beginners that had no idea how to paint. And those, I would say you could utilize the space, but it more than likely will be gone tomorrow or the next day or whatever.” “Short-term rotating walls, it was communicated up front so they’d know you could have several weeks or whatever.”

On the other hand, pieces on long-standing walls were more permanent, although a high-quality piece could achieve permanence even if not initially placed on a long-standing wall; but an artist’s reputation was not sufficient to secure longstanding status. As Cohen further explained:

The prime real estate that faces the train were the most sought after spots to paint and those went to more advanced writers. You’ve got to understand, as well, because you are an advanced writer doesn’t mean that you are going to perform on an advanced level. You may just want to blow off steam one afternoon, but that doesn’t mean your piece should last a long time. And you could be a beginner and do the performance of your lifetime and produce a piece that is so amazing that it’s decided it will stay.

While Cohen had the final say as to the duration of the pieces, he always spoke with the artists about their planned lifespan and eventual replacement. As he testified: “For long term productions, where people invested time and money, I would communicate with them. I would reach out to them. In some instances, I would tell them to come back and actually egg them on to do something real better. As the bar got raised, everybody performed better.”

In other words, 5Pointz operated not just as a creative space, but a competitive place. Artists would compete to outdo one another and earn prominent placement on a long-standing wall. In addition to the walls facing the passing 7 train, which were seen by millions of commuters, the artists prized the walls near the loading docks, which had the most foot traffic, and the walls inside the buildings, which were generally long-standing. While as many as 10,000 works were destroyed while Cohen was in charge, it was not anarchy. Most of the best works by the best artists achieved permanent or semi-permanent placements on the long-standing walls.

C. The Planned Demolition

Starting in 2011, rumors that Wolkoff had plans to shut down 5Pointz and turn it into luxury condos began to concern the artists. In May 2013, the rumors became reality: Cohen learned that Wolkoff had started to seek the requisite municipal approvals for his condos.

Hoping to save 5Pointz, Cohen filed an application with the City Landmark Preservation Commission to preserve the site as one of cultural significance. It was denied because the artistic work was of too recent origin. See Letter from NYC Landmarks Preservation Commission, August 20, 2013.

Cohen also sought funding to buy the property, which had been valued at \$40 million. However, this fell through in October 2013 when Wolkoff obtained a necessary variance, instantly raising the property value to more than \$200 million.

The higher price was out of reach of Cohen's potential investors. Plaintiffs then initiated this litigation to enjoin Wolkoff from destroying 5Pointz.

D. The Whitewashing

As soon as the Court denied the plaintiffs' application for preliminary injunction, Wolkoff directed the whitewashing of virtually all the artwork on the 5Pointz site with rollers, spray machines, and buckets of white paint.

The whitewashing was inconsistent. Some works were completely covered in white paint. Others were only partially covered. Some were fully covered, but by such a thin layer of paint that the artwork was easily visible beneath the paint. What was consistent was that none of the covered works was salvageable. And plaintiffs were no longer allowed on the site, even to recover the scattered remnants of their ruined creations.

Since their works were effectively destroyed, plaintiffs were relegated to seeking monetary relief under VARA.

IV

A. Temporary Works of Art

Defendants' overarching contention is that plaintiffs knew that the day would come when the buildings would be torn down and that, regardless, the nature of the work of an outdoor aerosol artist is ephemeral. They argue, therefore, that VARA should not afford plaintiffs protection for their temporary works.

VARA does not directly address whether it protects temporary works. However, in the context of works on buildings, it is clear from 17 U.S.C. § 113(d) that temporary works are protected. Moreover, relevant case law conceptually supports this conclusion. In short, there is no legal support for the proposition that temporary works do not come within VARA's embrace.

First, § 113(d)(1) specifies that an unremovable work incorporated in a building is protected by VARA unless the artist waives his or her rights in a writing signed by both the artist and the building owner. If the building owner could orally inform the artist that the building is coming down someday, and thereby convert the work into an unprotected temporary work, the written consent provision would be rendered nugatory. As the House Judiciary Committee Report explains: "The purpose of [the written waiver] is to ensure that the author is made fully aware of the circumstances surrounding the installation and potential removal of the work and has nevertheless knowingly subjected the work to possible modifications that would otherwise be actionable under section 106A." *House Report* at 21. And as Patry adds: "In light of this provision's purpose of ensuring that artists be made aware fully of the circumstances surrounding installation and potential destructive removal, it should be strictly construed." *Patry on Copyright* § 16:33.

Second, § 113(d)(2), specifying that artists are entitled to 90 days' written notice to allow them to salvage their removable works, contemplates that such works may be temporarily on the side of a building. Thus, VARA resolves the tension between the building owners' rights and the artists' rights through § 113(d), not by excluding temporary works from protection.

Of the limited available case law, *Board of Managers of Sobo International Arts Condominium v. City of New York*, 2003 WL 21403333 (S.D.N.Y. June 17, 2003) perhaps best illustrates this point. There, an artist sought to prevent his work from being permanently removed from the wall of a condo under VARA. There was conflicting testimony as to whether the work was intended to be kept on the wall permanently or temporarily. Nonetheless, the Court, in denying summary judgment, held VARA only allowed the artist to remove the mural, not keep it in its place. The court rejected the artist's argument that removal was "tantamount to the Work's destruction" as "nowhere in the dictionary definition of 'remove' does the temporality of the act of removal arise." Therefore, it was "clear to the Court that what Congress intended in bifurcating § 113(d)'s protections was to separate removal situations based not on the temporality of the removal but on the consequences of the removal."

Thus, VARA draws no distinction between temporary and nontemporary works on the side of a building, particularly when all that makes a work temporary is the building owner's expressed intention to remove or destroy it. VARA protects such works; how it protects them is governed by the carefully crafted provisions of § 113(d) based on the removability of the works, not their permanence.

Also supporting the conclusion that VARA applies to temporary works is 17 U.S.C. § 106A(c)(1), which provides that modifications that are "the result of the passage of time or the inherent nature of the materials" are not violations of VARA. This exception was applied in *Flack v. Friends of Queen Catherine Inc.*, 139 F. Supp. 2d 526 (S.D.N.Y. 2001), where the court dismissed a VARA claim because the head of a statue was exposed to the elements, causing the clay to deteriorate, but there was no evidence that the defendant otherwise directly damaged the work. The exception is not applicable here. The whitewashing was not caused by the "passage of time" or the "inherent nature of the materials"; it was caused by Wolkoff throwing paint on the works.

Thus, Congress chose to exclude protection for the passage of time and natural deterioration but not for other types of temporary works. Under the principle of statutory interpretation *expressio unius est exclusio alterius* (the expression of one thing implies the exclusion of others), this choice lends support to the conclusion that there is no categorical exception for temporary works.

Moreover, the First Circuit has held that VARA protects unfinished works. *Mass. Museum of Contemporary Art Found., Inc. v. Buchel*, 593 F.3d 38, 65 (1st Cir. 2010). An unfinished work is inherently in a temporary state since the ultimate goal is always to finish the work; thus, VARA protects the interim, unfinished work even though it is only temporarily in that form.

Analogy to traditional copyright law is also relevant. Under the Copyright Act —of which VARA is a part—a work is "'created' when it is fixed in a copy or phonorecord for the first time." 17 U.S.C. § 101. And 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 . . . for a period of more than transitory duration.*" *Id.* (emphasis added). For copyright protection, therefore, fixation for even a short period will suffice.

Thus, in *Cartoon Network v. CSC Holdings*, 536 F.3d 121 (2d Cir. 2008), the Second Circuit held that copies of television programs were not capable of being perceived “for a period of more than transitory duration” when they existed in the defendant’s data buffers for only 1.2 seconds. However, the court suggested that a work would exist for “more than transitory duration” if it was embodied in the data buffers for “at least several minutes.” With no indication to the contrary, it is reasonable to assume that Congress intended to apply the same minimal fixation requirement to works of visual art under VARA. Cf. *Buchel*, 593 F.3d at 51 (applying § 101’s fixation requirement to conclude that unfinished works are protected under VARA).

In sum, § 113(d) contemplates temporary works, § 106A(c) excludes only a narrow category of temporary works unrelated to this case, and analogous case law is consistent with the conclusion that temporary works are protected under VARA.¹⁴

Footnote 14: Common sense also supports this conclusion. Who would argue, for example, that if Picasso had painted *Guernica* on the walls of 5Pointz with the building owner’s consent it would not be worthy of VARA protection?

B. Works of Recognized Stature

As the Court stated in *Cohen I*, the district court’s decision in *Carter v. Helmsley-Spear, Inc.*, 861 F. Supp. 303 (S.D.N.Y. 1994) (“*Carter I*”), affirmed in part, vacated in part, reversed in part, 71 F.3d 77 (2d Cir. 1995) (“*Carter II*”) remains the seminal case interpreting the phrase “recognized stature”—which is not defined in VARA—to require “a two-tiered showing: (1) that the visual art in question has ‘stature,’ i.e. is viewed as meritorious, and (2) that this stature is ‘recognized’ by art experts, other members of the artistic community, or by some cross-section of society.” 861 F. Supp. at 325.

The Second Circuit on appeal never had occasion to address the correctness of this formulation since, in reversing, it held that the work did not qualify for VARA protection because it was made for hire. *Carter II*, 71 F.3d at 85-89. But one circuit court did thereafter embrace and apply the district court’s standard for evaluating whether a work of visual art is of “recognized stature.”

As explained in *Cohen I*, the Seventh Circuit in *Martin v. City of Indianapolis*, 192 F.3d 608, 612 (7th Cir. 1999), noted that the *Carter I* test “may be more rigorous than Congress intended,” *id.* at 612, but nonetheless affirmed the district court’s grant of summary judgment and its award of damages for a sculpture that had been destroyed, under the *Carter I* test utilized by the district court. In doing so, it noted that “plaintiff offered no evidence of experts or others by deposition, affidavit or interrogatories,” but nonetheless established the work’s recognized stature via “certain newspaper and magazine articles, and various letters, including a letter from an art gallery director and a letter to the editor of *The Indianapolis News*, all in support of the sculpture.” *Id.*

The circuit court’s decision in *Martin* appropriately recognizes, therefore, that expert testimony is not the sine qua non for establishing that a work of visual art is of recognized stature, and indeed the district court in *Carter I* cautioned that plaintiffs need “not inevitably . . . call expert witnesses to testify before the trier of fact.” 861 F.Supp. at 325. This is in keeping with Congress’s expansive recognition of the moral rights of attribution and integrity of the visual artist and the consequent need to

create “a climate of artistic worth and honor that encourages the author in the arduous act of creation.” *Carter II*, 71 F.3d at 83 (quoting House Report at 5). As the Second Circuit noted in *Carter II*, therefore, the courts “should use common sense and generally accepted standards of the artistic community in determining whether a particular work” is a work of visual art since “artists may work in a variety of media, and use any number of materials in creating their works.” *Id.*

The same common sense should be utilized in assessing whether the visual work is of recognized stature since “by setting the standard too high, courts risk the destruction of the unrecognized masterwork; by setting it too low, courts risk alienating those . . . whose legitimate property interests are curtailed.” Christopher J. Robinson, *The “Recognized Stature” Standard in the Visual Artists Rights Act*, 68 *Fordham Law Review* 1935, 1968 (2000). Thus, as one court has held, even inferred recognition from a successful career can be considered in determining whether a visual artist’s work has achieved recognized stature. See *Lubner v. City of Los Angeles*, 45 Cal. App. 4th 525, 531 (1996).

In the present case, the Court need not dwell on the nuances of the appropriate evidentiary standard since the plaintiffs adduced such a plethora of exhibits and credible testimony, including the testimony of a highly regarded expert, that even under the most restrictive of evidentiary standards almost all of the plaintiffs’ works easily qualify as works of recognized stature.

To begin, that Jonathan Cohen selected the handful of works from the thousands at 5Pointz for permanence and prominence on long-standing walls is powerful, and arguably singular, testament to their recognized stature. They were walls that spanned multiple stories, walls visible to millions on the passing trains; walls near the entrances. Many of these works had survived for years. As 5Pointz’s curator, Cohen considered them outstanding examples of the aerosol craft. And as Wolkoff himself acknowledged, Cohen was qualified to assess the artistic merits of the works since “he had good taste in the artists that came there.” They were 5Pointz’s jewels.

Wolkoff’s faith in Cohen was not unwarranted. The multitude of artists painting on the walls marched to Cohen’s beat. He called the shots and had the respect of his artistic community. That it was he who chose the works that are worthy of VARA protection in this litigation speaks volumes to their recognized stature.

But there is so much more. All of the plaintiffs had also achieved artistic recognition outside of 5Pointz. And in their Folios they collectively presented over a thousand exhibits in support of their claims that their works at 5Pointz had achieved recognized stature. The Folios covered the highlights of their careers, as well as evidence of the placement of their works at 5Pointz in films, television, newspaper articles, blogs, and online videos, in addition to social media buzz.

And plaintiffs’ highly qualified expert, Vara, provided detailed findings as to the skill and craftsmanship of each of the 49 works, the importance of 5Pointz as a mecca for aerosol art, the academic and professional interest of the art world in the works, and her professional opinion that they were all of recognized stature. The Court finds Vara highly credible and affords great weight to her testimony, although, as explained *infra*, it finds that four of the 49 works do not qualify as having achieved recognized stature.

Defendants' expert Thompson's testimony had two fatal flaws: First, she used an unduly restrictive interpretation of recognized stature that was more akin to a masterpiece standard. Second, she relied heavily on her inability to find the works on social media or in academic databases; but, as effectively drawn out by plaintiffs' counsel on cross-examination, her search methodology was unduly restrictive and almost designed to avoid finding results. Tellingly, her searches did not even uncover many of plaintiffs' social media exhibits, demonstrating the weakness of her approach. Her final conclusion that none of the works had achieved recognized stature defies credibility. If not a single one of these works meet the recognized stature standard, it is hard to imagine works that would, short of a Caravaggio or Rembrandt.

1. Recognized Stature of Individual Artworks

The Court now turns to making the requisite individualized findings as to each of the 49 works:

a. The Long-Standing Works

The Court finds that 37 works on long-standing walls all achieved recognized stature by virtue of their selection by Cohen for these highly coveted spaces, as reinforced by the supportive evidence in the plaintiffs' Folios and Vara's compelling expert testimony as to their artistic merit and embrace by the artistic community. They are:

- Jonathan Cohen's Eleanor RIP, 7-Angle Time Lapse, Patience, Character, Clown with Bulbs, Meres Outdoor Wildstyle, and Inside Wildstyle
- Sandra Fabara's Green Mother Earth
- Luis Lamboy's Blue Jay Wall, Inside 4th Floor, World Traveler, Logo for Clothing Brand aka Monopoly Man, and Electric Fish
- Esteban Del Valle's Beauty and the Beast
- Christian Cortes's Skulls Cluster, Jackson Avenue Skulls, Up High Blue Skulls, and Up High Orange Skulls
- Carlos Game's Geisha, Marilyn, Red, Denim Girl, and Black and White 5Pointz Girl
- James Rocco's Bull Face, Lord Paz, and Face on Jackson
- Steven Lew's Crazy Monsters
- Nicholai Khan's Dos Equis Man
- James Cochran's Subway Rider
- Luis Gomez's Inside King Kong
- Richard Miller's Monster I
- Jonathan Cohen and Maria Castillo's Love Girl and Burner
- Jonathan Cohen and Akiko Miyakami's Underwater Fantasy

- William Tramontozzi, Jr. and James Rocco’s Jimi Hendrix Tribute
- Akiko Miyakami and Carlos Game’s Japanese Fantasy
- Bienbenido Guerra and Carlo Nieva’s Return of New York
- Jonathan Cohen, Luis Lamboy, and Thomas Lucero’s Angry Orchard

b. Other Works

Ten works on the walls were of recent origin; two were not on walls at all. For these 12 works, the ... jury found recognized stature for Rodrigo Henter de Rezende’s Fighting Tree, Thomas Lucero’s Black Creature, Akiko Miyakami’s Manga Koi, Francisco Fernandez’s Dream of Oil, Nicholai Khan’s Orange Clockwork, Kenji Takabayashi’s Starry Night, Richard Miller’s Monster II, and Jonathan Cohen and Akiko Miyakami’s Save 5Pointz. These eight works garnered third party attention, social media presence, and/or promises from Cohen that they would be long-standing.

The jury did not find recognized stature for Jonathan Cohen’s Drunken Bulbs, Akiko Miyakami’s Japanese Irish Girl, Carlos Game’s Faces on Hut, and Jonathan Cohen and Rodrigo Henter de Rezende’s Halloween Pumpkins.

Drunken Bulbs and Japanese Irish Girl were gifts to the Shannon Pot Bar. They were not part of the curated 5Pointz collection. Furthermore, neither attracted significant third-party attention or social media buzz during their short life spans.

Faces on Hut was not on a 5Pointz wall; it was on a tin shack near the loading dock. As its creator, Carlos Game testified: “Nobody wanted to paint on it because it was a tin shack, you know, and it was rusted out” Game also did not adduce any social media coverage or commentary regarding the work.

Halloween Pumpkins was created in very late October —, less than a month before the whitewash, and did not achieve any third party recognition. Moreover, because it was Halloween-themed, it was unlikely to have survived the holiday season.

In sum, the Court finds 45 of the 49 works achieved recognized stature. Drunken Bulbs, Japanese Irish Girl, Faces on Hut, and Halloween Pumpkins did not.

C. Mutilation and Prejudice to Honor or Reputation

As noted, even if a work is not of “recognized stature,” VARA also protects works from “intentional distortion, mutilation, or other modification . . . [that] would be prejudicial to [the artist’s] honor or reputation.” 17 U.S.C. § 106A(a)(3)(A). “In determining whether ‘intentional distortion, mutilation, or modification’ of [a] Work would be ‘prejudicial to [plaintiffs’] honor or reputation,’ [a court should] consider whether such alteration would cause injury or damage to plaintiffs’ good name, public esteem, or reputation in the artistic community.” *Carter I*, 861 F. Supp. at 323.

This concept is inherently murky. *Carter I* held that an artist’s honor or reputation may be harmed if the artwork presented to viewers an artistic vision materially different from that intended by the artist. In *Massachusetts Museum of Contemporary Art Foundation, Inc. v. Buchel*, 593 F.3d 38 (1st Cir. 2010), the circuit court held that changes made to an unfinished art installation by a museum against the artist’s

wishes were sufficient to raise a question of fact as to whether the artist's honor or reputation were injured. The court focused on evidence that newspapers covering the exhibit after the changes had a negative opinion of the altered work.

Here, the question is academic in respect to the 45 works of recognized stature since the Court is not awarding any actual damages, as explained *infra*, and only one statutory damages award may be awarded per artwork "for all infringements involved in the action." 17 U.S.C. § 504(c)(1). Thus, whether defendants are additionally liable under this second prong is not of any practical consequence.

Of the remaining four, *Japanese Irish Girl* was destroyed and therefore not "distorted, mutilated, or otherwise modified." *Faces on Hut* was not destroyed until the demolition of the building and apparently survived the whitewash. Therefore, it too was not "distorted, mutilated, or otherwise modified."

Drunken Bulbs was only partially whitewashed; the outlines of the bulbs are dimly visible underneath the white paint. However, these vague outlines are unrecognizable as Cohen's original work. Nobody looking at the work would know that it was his. Therefore, the Court holds this distortion did not prejudice his honor or reputation.

Halloween Pumpkins was almost entirely covered in black paint, but Cohen's "wild style" contribution to the painting was apparently left untouched. However, Cohen testified that he was able to recover this portion of the work, and once the piece was removed, the final result was a black wall; the original artwork was not visible at all under the black paint, except for one purple cloud at the top of the wall, a minor detail in the painting. Therefore, the Court holds this distortion also did not prejudice the artists' honor or reputation.

Having determined that the defendants have violated plaintiffs' rights by intentionally destroying their works of "recognized stature," the Court now turns to damages.

V

A. Actual Damages

As for actual damages, the parties presented dueling experts as to the valuation of the destroyed works. Plaintiffs' expert, Elizabeth Littlejohn, testified that the works were worth from \$50,000 to \$80,000 per artwork. She arrived at this number through a complicated formula that began with the sale price of a Banksy piece and awarded each artwork a percentage of that value based on the artist's reputation, the merit of the work, and other factors.

The Court finds this methodology flawed. First, it does not account for the removal costs of the works, which plaintiffs' own removal expert, Alden, testified could run in the hundreds of thousands of dollars. Second, there is no evidence that these artists have ever achieved a fraction of Banksy's sales history; most testified that they had never sold a work for more than a few thousand dollars. Third, Littlejohn's method did not account for the unique problems in selling artwork that is the size of a wall of a building.

The Court finds defendants' appraisal expert, Christopher Gaillard, credible. Gaillard testified that because of the unique challenges and costs of selling those artworks at

5Pointz which were the size of a building wall, they did not have a provable market value. The Court agrees and holds that plaintiffs failed to establish a reliable market value for their works.

Therefore, the Court does not award actual damages.

B. Statutory Damages

The Copyright Act affords the trial court “wide discretion . . . in setting the amount of statutory damages.” *Fitzgerald Pub. Co., Inc. v. Baylor Pub. Co., Inc.*, 807 F.2d 1110, 1116 (2d Cir. 1986). . . . There need not be a correlation between statutory damages and actual damages. *Psiboyos v. John Wiley & Sons, Inc.*, 748 F.3d 120, 127 (2d Cir. —). As such, statutory damages are particularly appropriate “when no actual damages are proven or they are difficult to calculate.” *Warner Bros. Inc. v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1126 (2d Cir. 1989). They are “not meant to be merely compensatory or restitutionary. The statutory award is also meant ‘to discourage wrongful conduct.’” *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 113 (2d Cir. 2001) (rejecting defendant’s argument that statutory damages award should be overturned because it “bears little relationship” to actual damages) (citation omitted).

As previously explained, the factfinder may award between \$750 and \$30,000 per work, unless the infringement was committed willfully; if so, the award may be as high as \$150,000 per work.

1. Willfulness

“A copyright holder seeking to prove that a copier’s infringement was willful must show that the infringer ‘had knowledge that its conduct represented infringement or . . . recklessly disregarded the possibility.’” *Bryant v. Media Right Prods.*, 603 F.3d 135, 143 (2d Cir. 2010) (quoting *Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1382 (2d Cir. 1993)). “This knowledge may be ‘actual or constructive.’” *N.A.S. Import, Corp. v. Chenson Enters., Inc.*, 968 F.2d 250, 252 (2d Cir. 1992). “In other words, it need not be proven directly but may be inferred from the defendant’s conduct.” *Id.*

The jury found that in each case Wolkoff acted willfully. The Court could not agree more. Wolkoff knew from the moment the lawsuit was initiated that the artists were pressing their VARA claims. He admitted as much at trial:

Q: And you were aware that the artists were trying to apply under the Visual Artists Rights Act?

A: Yes.

...

THE COURT: You heard about VARA at that time?

A: Yes.

THE COURT: You have a generalized view—

A: At that time, yes.

...

Q: And you had hired Mr. Ebert’s law firm at the time; correct?

A: Yes.

Q: You had a general counsel—an in-house lawyer advising you on legal matters; correct?

A: Yes.

As previously explained, under VARA, Wolkoff could have given the plaintiffs 90 days' notice to allow them the opportunity to salvage their works. And indeed, plaintiffs' expert conservator, Alden, convincingly testified that curation techniques had evolved to the point where removal of works of art from the wall of a building was feasible and had been done. As an example, she referenced the Berlin Wall, from which hundreds of works of graffiti on the wall have been preserved and sold, auctioned, or given as gifts, including five works which were successfully transported to New York City. Alden also testified that she had personally successfully removed a mural from a building.

And in respect to the plaintiffs' works at 5Pointz, Alden explained that many could have been totally or partially removed by the artists, at little cost, because the works were on "siding or plywood or sheetrock" or they "incorporated doors or windows from the building [which] could have been easily removed," Tr. at 1971:23-1972:4; and many others could be removed by a conservator and contractors. See Exhibit 1270 (identifying 12 "Works for Which Artists' Removal Was Possible"; 9 "Works Which Artists Were Able to Partially Remove," and 28 "Works Which Could Only Have Been Removed by Conservator and Contractors").

But Wolkoff could care less. As he callously testified:

I decided—I alone decided to hire people to whitewash it in one shot instead of *waiting for three months* and them going to do something irrational again and getting arrested. I will go and end it and whitewash it. I decided to do that. It was pretty much a spur-of-the-moment thing.

(Emphasis added).

Wolkoff's reference to the artists doing "something irrational again and getting arrested" is fanciful and unfounded. Plainly, the evidence does not support the notion that he cared much for what was best for the artists. After the whitewash, he refused to let them onto his property to recover what had survived and even attempted to have them arrested when they tried to do so.

And his claim that he was worried that the plaintiffs may do something reckless and illegal is also belied by the evidence. The plaintiffs operated within the law in attempting to protect their works: They sought legal advice, filed a claim with the Landmark Preservation Commission, sought to generate public pressure to preserve the site, raised money, and filed this lawsuit. Wolkoff's only justification for his concern that the plaintiffs may attempt to break the law to preserve their work is that he heard nonspecific "rumblings." Id. at 2042:5. But he could not identify any particular source of the rumblings, nor had he ever personally had a problem with the artists:

Q: So this information that you received that the artists could be emotional is from someone you cannot identify; correct?

A: Yes.

Q: The artists were never violent; correct?

A: Correct.

Q: They always followed the law when then were on your property; correct?

A: Yes.

Q: You have never had any problems with the artists; right?

A: Absolutely correct.

As Cohen confirmed: “I followed the rules from day one. I went by my lawyer and he did not.”

Wolkoff’s recalcitrant behavior was consistent with the manner by which he testified in court. He was bent on doing it his way, and just as he ignored the artists’ rights he also ignored the many efforts the Court painstakingly made to try to have him responsively answer the questions posed to him.

From his testimony, the only logical inference that the Court could draw from Wolkoff’s precipitous conduct as soon as the Court denied the artists’ preliminary injunction application was that it was an act of pure pique and revenge for the nerve of the plaintiffs to sue to attempt to prevent the destruction of their art. This was the epitome of willfulness.

It remains for the Court to fix the amount of statutory damages.

2. The Statutory Factors

“When determining the amount of statutory damages to award for copyright infringement, courts consider: (1) the infringer’s state of mind; (2) the expenses saved, and profits earned, by the infringer; (3) the revenue lost by the copyright holder; (4) the deterrent effect on the infringer and third parties; (5) the infringer’s cooperation in providing evidence concerning the value of the infringing material; and (6) the conduct and attitude of the parties.” Bryant, 603 F.3d at 144.

Wolkoff rings the bell on each relevant factor.

a. The Infringer’s State of Mind

Because Wolkoff acted willfully in destroying the works of art, this factor weighs in favor of a high statutory damages award. As noted, Wolkoff’s two alleged justifications for the whitewash—that it would be better for the plaintiffs to lose their works quickly, and that he was concerned the plaintiffs might do something reckless and illegal in an attempt to save the works—are implausible.

The whitewash did not end the conflict in one go; the effects lingered for almost a year. The sloppy, half-hearted nature of the whitewashing left the works easily visible under thin layers of cheap, white paint, reminding the plaintiffs on a daily basis what had happened. The mutilated works were visible by millions of people on the passing 7 train. One plaintiff, Miyakami, said that upon seeing her characters mutilated in that manner, it “felt like [she] was raped.” Tr. at 1306:24-25. It is simply untenable that a rational person could view the whitewashing as being in the best interest of the artists.

b. The Expenses Saved, and Profits Earned, by the Infringer

This factor is not a clean fit for VARA since, unlike a traditional copyright infringement case, Wolkoff did not sell the plaintiffs' art; hence, there were no direct profits. However, he indirectly profited when the value of the site increased from \$40 million to \$200 million as soon as the variance was obtained. Destroying 5Pointz allowed Wolkoff to realize this gain. He also charged licensing fees to film at the site that netted him hundreds of thousands of dollars. Because Wolkoff realized significant profits by violating VARA, this factor cuts in favor of a high statutory damages award.

c. Revenue Lost by the Copyright Holder

While the plaintiffs were never able to place a dollar figure on how the whitewash of 5Pointz impacted their careers, it often had a negative effect. As plaintiff Takabayashi testified: "I would actually have clients . . . come by and observe the work to get an idea of what they would be getting if I was going to execute a mural on their property There were possibilities—there was business that I probably lost because of the fact that the artwork was eliminated." Tr. at 315:23-316:4. And plaintiff Del Valle testified: "It definitely took away a lot of opportunities that I would have had. I was consistently getting contacted about opportunities . . . all coming from me building my career from [5Pointz]." Id. at 131:15-22.

Furthermore, as Cohen testified, the salvageable artwork at 5Pointz "could have adorned a museum, a full wing of a museum. . . . I don't think you guys really get a full idea of the picture of this building and its property It was eight stories tall. We could have filled a wing, if not more, of a museum." Id. at 1466:18-23.

The value of 5Pointz to the artists' careers was significant, and its loss, though difficult to quantify, precluded future opportunities and acclaim. Therefore, this factor also supports a significant statutory damages award.

d. The Deterrent Effect on the Infringer and Third Parties

This is perhaps the most important factor in this case. Without a significant statutory damages award, the preservative goals of VARA cannot be met. If potential infringers believe that they can violate VARA at will and escape liability because plaintiffs are not able to provide a reliable financial valuation for their works, VARA will have no teeth. It will simply be cost-effective for infringers to violate the statute. This would not further its preservative goals.

Wolkoff has been singularly unrepentant. He was given multiple opportunities to admit the whitewashing was a mistake, show remorse, or suggest he would do things differently if he had another chance. He denied them all:

Q: Let me ask you a hypothetical question. Let's go back in time.

A: Yes.

Q: Would you have done it again?

A: Yes.

A: But that was the decision I made. I would make the same decision today if that happened today.

Thus, Wolkoff remains undeterred, and unrepentant that his thoughtless act violated the law and had a devastating impact on people he claims he was trying to help. This factor could not cut more strongly in favor of a high statutory damages award.

e. The Conduct and Attitude of the Parties

The Court has discussed at length the problematic conduct of Wolkoff during the whitewashing and on the witness stand. Needless to say, he has not helped his case. On the other hand, the plaintiffs have conducted themselves with dignity, maturity, respect, and at all times within the law. Therefore, this factor also cuts heavily in favor of a high statutory damages award.

3. The Statutory Damages Award

Collectively, all five relevant factors support the maximum award of statutory damages. Therefore, the Court awards \$150,000 for each of the 45 works, for a total statutory damages award of \$6,750,000.

If not for Wolkoff's insolence, these damages would not have been assessed. If he did not destroy 5Pointz until he received his permits and demolished it 10 months later, the Court would not have found that he had acted willfully. Given the degree of difficulty in proving actual damages, a modest amount of statutory damages would probably have been more in order.

The shame of it all is that since 5Pointz was a prominent tourist attraction the public would undoubtedly have thronged to say its goodbyes during those 10 months and gaze at the formidable works of aerosol art for the last time. It would have been a wonderful tribute for the artists that they richly deserved.

CONCLUSION

Judgment will be entered for each individual plaintiff in the following amounts:

Artist	Total Award
Jonathan Cohen	\$1,325,000.00
Sandra Fabara	\$150,000.00
Luis Lamboy	\$800,000.00
Estaban Del Valle	\$150,000.00
Rodrigo Henter de Rezende	\$150,000.00
Thomas Lucero	\$200,000.00
Akiko Miyakami	\$375,000.00
Christian Cortes	\$600,000.00
Carlos Game	\$825,000.00
James Rocco	\$525,000.00
Steven Lew	\$150,000.00
Francisco Fernandez	\$150,000.00
Nicholai Khan	\$300,000.00

James Cochran	\$150,000.00
Luis Gomez	\$150,000.00
Richard Miller	\$300,000.00
Kenji Takabayashi	\$150,000.00
Maria Castillo	\$75,000.00
William Tramontozzi	\$75,000.00
Carlo Nieva	\$75,000.00
Bienbenido Guerra	\$75,000.00
Total	\$6,750,000.00

SO ORDERED.

Notes and Questions

(1) Who “owned” the graffiti murals in this case? In what sense did they own them?

(2) One of many interesting issues in the *5Pointz* case is what makes something a work of recognized stature. The district court in *Carter v. Helmsley-Spear, Inc.* held that the art must be (1) meritorious and (2) recognized by art experts and other members of the artistic community as such. Other courts have accepted letters, articles, and awards as evidence of recognized stature. See *Martin v. City of Indianapolis* 982 F. Supp. 625, 630–31 (S.D. Ind. 1997).

In the *5Pointz* case, the district court agreed with the jury’s finding that 45 out of 49 graffiti works were works of recognized stature based on the artistic recognition of the works outside of the graffiti site, the art world’s academic and professional interest in the works, and the skill and craftsmanship inherent in the works. The court noted that to be a work of recognized stature, a work need not be a masterpiece. The *5Pointz* court was careful to consider the graffiti works at issue within the appropriate community and context for that particular medium.

(3) VARA is addressed to works of recognized stature, not artists of recognized stature. Thus a work that has never been publicly displayed will usually struggle to achieve that status, regardless of the fame of the artist.

12. FORMALITIES AND DURATION

International Context—The Berne Convention Prohibition on Formalities

Berne Convention reflects the view that copyright protection should not depend on formalities, such as notice and registration. However, what the Berne Convention actually says about formalities is a little more complicated. Article 5(1) of the Berne Convention espouses a principle of national treatment. It requires member countries to grant foreign authors all the rights they grant to their own citizens with respect to works covered by the Berne Convention, and, in addition, “the rights specially granted by this convention.”

A careful reading of this section reveals that while individual countries must accord foreign nationals all of the rights covered by the Berne Convention, they are not—by virtue of this provision at least—required to extend those rights to *their own citizens*.

You may wonder why any country would want to give foreigners more rights than domestic authors. Read on.

Berne Convention (Paris 1971) Article 5

(1) Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention.

(2) The enjoyment and the exercise of *these rights* shall not be subject to any formality; such enjoyment and such exercise shall be independent of the existence of protection in the country of origin of the work. Consequently, apart from the provisions of this Convention, the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed. (emphasis added)

Article 5(2) of the Berne Convention is often described as a ‘prohibition against formalities’, but that is something of an oversimplification. Article 5(2) provides that “the enjoyment and the exercise of these rights shall not be subject to any formality...” The expression “*these rights*” refers back to the rights in the previous subsection—it thus refers to rights of *foreign authors*, not domestic ones.

As a result, the Berne Convention does not in fact prohibit a member nation from subjecting the exercise of copyright to formalities in the case of that country’s own authors. This leads to the curious situation in the United States where Americans are required to register their copyrights in order to bring a cause of action in federal court, but foreign nationals are not. To see exactly where to draw the line between domestic and foreign works, work through the definition of “United States work” in Section 101 of the Act.

17 U.S. Code § 101. Definitions

For purposes of section 411, a work is a “United States work” only if—

- (1) in the case of a published work, the work is first published—
 - (A) in the United States;

(B) simultaneously in the United States and another treaty party or parties, whose law grants a term of copyright protection that is the same as or longer than the term provided in the United States;

(C) simultaneously in the United States and a foreign nation that is not a treaty party; or

(D) in a foreign nation that is not a treaty party, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of an audiovisual work legal entities with headquarters in, the United States;

(2) in the case of an unpublished work, all the authors of the work are nationals, domiciliaries, or habitual residents of the United States, or, in the case of an unpublished audiovisual work, all the authors are legal entities with headquarters in the United States; or

(3) in the case of a pictorial, graphic, or sculptural work incorporated in a building or structure, the building or structure is located in the United States.

The United States did not enter into the Berne Convention until 1989, in part because of its opposition to the Convention's prohibition against formalities.⁹⁴ The other stumbling block for the United States was the requirement for the protection of moral rights. The English Statute of Anne, which provided the model for the first United States copyright act, limited its protection to works complying with various formalities, including registration and deposit. Although the United Kingdom abandoned these formalities long ago, they continue to play an important role in United States copyright law.

The significance of formalities in the United States

The distinction between published and unpublished works is vitally important in United States copyright law. Until the 1976 Act came into effect, the duration of copyright protection was determined with reference to the date of first publication. Moreover, again until relatively recently, voluntary publication of a work without complying with the formalities of notice, registration, and deposit would place the work in the public domain.

Notice

Copyright notice is the familiar © that you have no doubt seen thousands of times. Technically, a copyright notice must contain the word copyright or some abbreviation thereof, the name of the copyright owner and the date of first publication.

The failure to include copyright notice has no effect on works published after March 1, 1989, however the inclusion of copyright notices is still commonplace and it has some significance in relation to statutory damages for copyright infringement.

In contrast, publication without the appropriate copyright notice prior to January 1, 1978 – the date at which the copyright act of 1976 became effective – makes a work ineligible for copyright protection.

⁹⁴ Until 1891, foreign works were categorically excluded from Copyright Act protection. Throughout most of the 20th century, the only eligible foreign authors were those whose countries granted reciprocal rights to U.S. authors and whose works were printed in the United States.

Works published between 1978 and 1989 were still subject to the notice requirement, however the 1976 copyright act included provisions excusing the emission of notice where only a few copies like notice or the mission was due to a publisher's error. The 1976 act also provided a mechanism to cure defective notice within five years of publication provided that the copyright owner undertook reasonable efforts to add notice to all domestically distributed copies after becoming aware of the omission.

Registration & Deposit

United States law still provides that two copies of the best edition of a work must be deposited in the copyright office within three months of first publication in the United States. However, deposit is not a condition of copyright protection. Nonetheless, deposit is required as part of the registration process.

The current U.S. Copyright Act does not require registration for a valid copyright to exist. However, registration is a prerequisite for bringing an action for copyright infringement for United States works. In compliance with the Berne Convention, the owners of foreign works are entitled to bring a suit without registration. What exactly makes a work a foreign work depends on the nationality and residence and the place of first publication of the work. See the definition of "United States work" in Section 101 for details.

Copyright registration is strongly encouraged by the fact that a certificate of registration is prima facie evidence of ownership and validity. More importantly, the powerful remedies of statutory damages and attorney's fees do not apply to infringements that took place prior to registration, unless the author registered within three months up to first publication.

What is publication?

With so much riding on the question of publication, it should not be surprising that the very concept publication itself has become somewhat tortured under United States law.

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

Chief Judge Anderson

The Estate of Martin Luther King, Jr., Inc. brought this copyright infringement action against CBS, Inc. after CBS produced a video documentary that used, without authorization, portions of civil rights leader Dr. Martin Luther King's famous "I Have a Dream" speech at the March on Washington on August 28, 1963. The district court granted summary judgment to CBS on the ground that Dr. King had engaged in a general publication of the speech, placing it into the public domain. We now reverse.

I. FACTS

The facts underlying this case form part of our national heritage and are well-known to many Americans. On the afternoon of August 28, 1963, the Southern Christian Leadership Conference ("SCLC") held the March on Washington ("March") to promote the growing civil rights movement. The events of the day were seen and heard by some 200,000 people gathered at the March, and were broadcast live via radio and television to a nationwide audience of millions of viewers. The highlight of the March was a rousing speech that Dr. Martin Luther King, Jr., the SCLC's

founder and president, gave in front of the Lincoln Memorial (“Speech”). The Speech contained the famous utterance, “I have a dream . . .,” which became symbolic of the civil rights movement. The SCLC had sought out wide press coverage of the March and the Speech, and these efforts were successful; the Speech was reported in daily newspapers across the country, was broadcast live on radio and television, and was extensively covered on television and radio subsequent to the live broadcast.

On September 30, 1963, approximately one month after the delivery of the Speech, Dr. King took steps to secure federal copyright protection for the Speech under the Copyright Act of 1909, and a certificate of registration of his claim to copyright was issued by the Copyright Office on October 2, 1963. Almost immediately thereafter, Dr. King filed suit in the Southern District of New York to enjoin the unauthorized sale of recordings of the Speech and won a preliminary injunction on December 13, 1963. See *King v. Mister Maestro, Inc.*, 224 F. Supp. 101 (S.D.N.Y. 1963).

For the next twenty years, Dr. King and the Estate enjoyed copyright protection in the Speech and licensed it for a variety of uses, and renewed the copyright when necessary. In 1994, CBS entered into a contract with the Arts & Entertainment Network to produce a historical documentary series entitled “The 20th Century with Mike Wallace.” One segment was devoted to “Martin Luther King, Jr. and The March on Washington.” That episode contained material filmed by CBS during the March and extensive footage of the Speech (amounting to about 60% of its total content). CBS, however, did not seek the Estate’s permission to use the Speech in this manner and refused to pay royalties to the Estate. The instant litigation ensued.

On summary judgment, the district court framed the issue as “whether the public delivery of Dr. King’s speech constituted a general publication of the speech so as to place it in the public domain.” After discussing the relevant case law, the district court held that Dr. King’s “performance coupled with such wide and unlimited reproduction and dissemination as occurred concomitant to Dr. King’s speech during the March on Washington can be seen only as a general publication which thrust the speech into the public domain.” Thus, the district court granted CBS’s motion for summary judgment. The Estate now appeals to this Court.

II. DISCUSSION

We review the district court’s grant of summary judgment de novo, with all facts and reasonable inferences therefrom reviewed in the light most favorable to the nonmoving party. Summary judgment was due to be granted only if the forecast of evidence before the district court showed that there was no genuine issue as to any material fact and that the moving party, i.e., CBS, was entitled to judgment as a matter of law.

Because of the dates of the critical events, the determinative issues in this case are properly analyzed under the Copyright Act of 1909 (“1909 Act”), rather than the Copyright Act of 1976 (“1976 Act”) that is currently in effect. The question is whether Dr. King’s attempt to obtain statutory copyright protection on September 30, 1963 was effective, or whether it was a nullity because the Speech had already been forfeited to the public domain via a general publication.

Under the regime created by the 1909 Act, an author received state common law protection automatically at the time of creation of a work. This state common law protection persisted until the moment of a general publication. When a general publication occurred, the author either forfeited his work to the public domain, or, if he had theretofore complied with federal statutory requirements, converted his common law copyright into a federal statutory copyright.

In order to soften the hardship of the rule that publication destroys common law rights, courts developed a distinction between a “general publication” and a “limited publication.” Only a general publication divested a common law copyright. A general publication occurred when a work was made available to members of the public at large without regard to their identity or what they intended to do with the work. Conversely, a non-divesting limited publication was one that communicated the contents of a work to a select group and for a limited purpose, and without the right of diffusion, reproduction, distribution or sale. The issue before us is whether Dr. King’s delivery of the Speech was a general publication.

Numerous cases stand for the proposition that the performance of a work is not a general publication. See, e.g., *Ferris v. Frohman*, 223 U.S. 424, 433 (1912) (“The public representation of a dramatic composition, not printed and published, does not deprive the owner of his common-law right. The public performance of the play is not an abandonment of it to the public use.

It appears from the case law that a general publication occurs only in two situations. First, a general publication occurs if tangible copies of the work are distributed to the general public in such a manner as allows the public to exercise dominion and control over the work. Second, a general publication may occur if the work is exhibited or displayed in such a manner as to permit unrestricted copying by the general public. However, the case law indicates that restrictions on copying may be implied, and that express limitations in that regard are deemed unnecessary.

The case law indicates that distribution to the news media, as opposed to the general public, for the purpose of enabling the reporting of a contemporary newsworthy event, is only a limited publication. This rule comports with common sense; it does not force an author whose message happens to be newsworthy to choose between obtaining news coverage for his work and preserving his common-law copyright.

With the above principles in mind, in the summary judgment posture of this case and on the current state of this record, we are unable to conclude that CBS has demonstrated beyond any genuine issue of material fact that Dr. King, simply through his oral delivery of the Speech, engaged in a general publication making the Speech “available to members of the public at large without regard to their identity or what they intended to do with the work.” *Brown v. Tabb*, 714 F.2d 1088, 1091 (11th Cir.1983). A performance, no matter how broad the audience, is not a publication; to hold otherwise would be to upset a long line of precedent. This conclusion is not altered by the fact that the Speech was broadcast live to a broad radio and television audience and was the subject of extensive contemporaneous news coverage. We follow the above cited case law [omitted from this extract] indicating that release to the news media for contemporary coverage of a newsworthy event is only a limited publication.

The district court held that “the circumstances in this case take the work in question outside the parameters of the ‘performance is not a publication’ doctrine.” These circumstances included “the overwhelmingly public nature of the speech and the fervent intentions of the March organizers to draw press attention.” Certainly, the Speech was one of a kind—a unique event in history. However, the features that make the Speech unique—e.g., the huge audience and the Speech’s significance in terms of newsworthiness and history—are features that, according to the case law, are not significant in the general versus limited publication analysis. With respect to the huge audience, the case law indicates that the general publication issue depends, not on the number of people involved, but rather on the fact that the work is made available to the public without regard to who they are or what they propose to do with it. See *Brown v. Tabb*, 714 F.2d 1088, 1091-92 (11th Cir. 1983). For this proposition, *Brown* cited *Burke*, 598 F.2d at 691 (“General publication depends on the author making the work available to those interested, and not on the number of people who actually express an interest.”). In the instant case, the district court acknowledged that “the size of the audience before which a work is performed cannot be the basis for a court’s finding that a general publication has occurred.”

With respect to the significance of the Speech in terms of newsworthiness and history, the case law again suggests that this feature should not play a substantial role in the analysis. As noted above, the D.C. Circuit in *Rickover* indicated that the wide press distribution of the speeches at issue there would not alone have constituted a general publication. Indeed, *Mister Maestro* so held with respect to the very Speech at issue before us. Also supporting this proposition is the case law above cited to the effect that size of the audience is not significant.

The district court cited *Letter Edged in Black Press, Inc. v. Public Bldg. Comm’n of Chicago*, 320 F.Supp. 1303 (N.D.Ill. 1970), CBS’s best case, in support of its reasoning, see 13 F.Supp.2d at 1353-54, and that case warrants some exploration. In *Letter Edged in Black*, the question was whether the city had dedicated a Picasso sculpture (located in front of the Chicago Civic Center) to the public domain by general publication. The city had done the following: it carried out a massive campaign to publicize the monumental sculpture; it placed a maquette (portable model of the sculpture) on exhibition at a local museum; it gave photographs to the public upon request; it arranged for pictures of the sculpture to appear in several magazines of large national circulation; it sold a postcard featuring the sculpture; and it distributed numerous publications and reports containing photographs of the sculpture. After stating the controlling legal principles with regard to general and limited publication, the *Letter Edged in Black* court stated its view that the cumulation of these various acts by the city equated to general publication. The court then distinguished *American Tobacco*, 207 U.S. 284, the primary authority that the city cited to support its theory of mere limited publication. In *American Tobacco*, the Supreme Court held that the display of a painting in a gallery did not constitute general publication putting the painting into the public domain. According to the *Letter Edged in Black* court, a cornerstone of *American Tobacco* was the fact that copying of the painting was strictly forbidden and the gallery strictly enforced the anti-copying rules. See *Letter Edged in Black*, 320 F.Supp. at 1310. The court held that the facts in *Letter Edged in Black* were distinguishable:

In the case at bar there were no restrictions on copying and no guards preventing copying. Rather every citizen was free to copy the maquette for his own pleasure and camera permits were available to members of the public. At its first public display the press was freely allowed to photograph the maquette and publish these photographs in major newspapers and magazines. Further, officials at this first public showing of the maquette made uncopyrighted pictures of the maquette available on request. Were this activity strictly classified as limited publication, there would no longer be any meaningful distinction between limited and general publication.

Id. at 1311 (footnotes omitted).

The district court likened the instant case to *Letter Edged in Black* on the ground that there was a lack of restriction on copying and free allowance of reproduction by the press. However, we do not believe the analogy fits—at least not at this summary judgment stage. Significantly, in *Letter Edged in Black* there were manifestations of the city’s intent to distribute generally among the public at large that have no parallels in the evidence we can consider in the instant summary judgment posture. The city gave photographs of the sculpture to the public, not merely the press, upon request. The city commercially sold a postcard featuring the sculpture. Copying was apparently widespread at an exhibit of the sculpture, and the city took no action to curtail copying and photographing by the public. See *Letter Edged in Black*, 320 F.Supp. at 1306-07, 1311. At trial, CBS may well produce evidence that brings the instant case on all fours with *Letter Edged in Black*, but the present state of the record does not support the analogy; to the contrary, the performance of the Speech in the instant case is more like the exhibition of the painting in the gallery in *American Tobacco*.

Because there exist genuine issues of material fact as to whether a general publication occurred, we must reverse the district court’s grant of summary judgment for CBS. It would be inappropriate for us to address CBS’s other arguments, e.g., fair use and the First Amendment, because the district court did not address them, and because the relevant facts may not yet be fully developed. Of course, we express no opinion on the eventual merits of this litigation. The judgment of the district court is reversed and remanded for further proceedings not inconsistent with this opinion.

REVERSED AND REMANDED.

Senior District Judge Cook, concurring in part and dissenting in part:

I concur in the result that was reached by my distinguished colleague, Chief Judge Anderson. Nevertheless, I write separately to express my own thoughts about this very complicated area of the law. To summarize, I agree with the proposition that this case is controlled by the 1909 Copyright Act, under which Dr. King did not lose copyright protection over his “I Have A Dream Speech” by placing it into the public domain based on the factors considered below. However, my reading of the law leads me to believe that a distinction between works that are performed and those that are not is crucial to a proper resolution of this dispute. I will attempt to explain my rationale, as well as the ramifications that flow from it.

The district court held that a general publication had occurred on the basis of the combined presence of three factors; namely, (1) the performance of the speech by Dr. King during the March on Washington, (2) its contemporaneous wide dissemination by the press, through the broadcasting and print media, which resulted from the concerted efforts of the March organizers to gain media attention, and (3) the lack of restrictions, explicit, implicit, or in practice, on the copying or reproduction of the speech by the press or public. While agreeing with Chief Judge Anderson that the speech was not placed into the public domain on the basis of these factors, I do not reach this conclusion because of the limited publication rule. Rather, I rely upon the more fundamental principle that, in the context of performed works, none of these factors may be properly considered as having contributed to a general or limited publication in the absence of an authorized dissemination of a tangible copy of the work without copyright notice.

A.

In my opinion, the trial court erred by holding that Dr. King's performance of the speech was a factor which contributed to a general publication. The long-standing, well-understood, and accepted rule in copyright law is that performance does not constitute publication. See *Ferris v. Frohman*, 223 U.S. 424, 434-36 (1912). This was the rule under state common law.

The public representation of a dramatic composition, not printed and published, does not deprive the owner of his common-law right, save by operation of statute.

At common law, the public performance of the play is not an abandonment of it to the public use.

Ferris, 223 U.S. at 435. This principle was also applied to the 1909 Act by the courts, and was eventually codified in the 1976 Act.

Inasmuch as the 1976 Act simply adopts the performance rule that existed under state common law and the 1909 Act, any reference to its provisions conclusively establishes that Dr. King's oration of his "I Have A Dream" speech should not be construed as contributing to a divestive publication.

"Publication" is the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication. A public performance . . . of a work does not of itself constitute publication.

17 U.S.C. § 101 (emphasis added). Further,

[t]o perform . . . a work "publicly" means—

(1) to perform . . . 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 . . . 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.

Id. Dr. King's performance of the speech in the presence of over 200,000 individuals who had assembled for a demonstration at the Lincoln Memorial falls squarely within subclause (1) above, while the transmission of his speech by radio and television meets the criteria in subclause (2).

Moreover, consistent with the rationale behind the rule that performance is not a publication, I would hold that, for those controversies that are governed by the 1909 Act, neither a general nor a limited publication can ever occur merely from performance in the absence of an authorized distribution of a tangible copy of the work without a copyright notice or reservation of rights. Under the 1909 Act, a statutory copyright over a performed work could be obtained by two methods, each of which required the existence of a tangible copy. Section 9 of the 1909 Act provided that a copyright claim could be secured by affixing a notice to the tangible copies that were published or offered for sale. On the other hand, if a performed work, such as a speech or musical or dramatic composition, had not been "reproduced in copies for sale," § 11 of the 1909 Act permitted an author to gain statutory copyright protection only by depositing a tangible copy with the Copyright Office. Due to their peculiar nature, there were too many cases in which the requirement under the 1909 Act (to wit, that a tangible copy must exist before statutory copyright protection could be obtained) was unrealistically onerous for performed works because of the common necessity to make last minute revisions to plays, or, as this case exemplifies, speeches. The 1909 Act appears to have recognized this problem, as § 2 (emphasis added) specified that "Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor." Thus, § 2 recognized an absolute need for the strict adherence to a rule that, in the absence of a published tangible copy, a performance alone would never constitute a publication. Otherwise, an author could lose all copyright protection because of his inability to comply with the tangible copy requirement prior to the performance that was necessary to transform his common law copyright into a statutory copyright under § 11 of the 1909 Act.

Therefore, it is my view that the trial court erred by failing to recognize the special nature of performed works such as speeches which was recognized by the principle under the common law and the 1909 Act that performance does not constitute publication in the absence of an authorized distribution of tangible copies without a copyright notice or a reservation of rights. Consequently, I would reverse because the trial court relied upon Dr. King's performance of the speech to conclude that a general publication had occurred.

B.

The trial court ruled that the widespread dissemination of the speech, which was due in large measure to the efforts of the March organizers, supported the conclusion that it had been placed into the public domain. In my opinion, this reasoning is incorrect because the size of the audience before whom a work is performed is irrelevant to the issue of publication.

A conclusively established corollary to the rule, which prescribes that performance does not constitute a general publication, is the principle that the size of an audience before whom an unpublished work is performed is irrelevant to the issue of publication. ... The trial court appears to have relied upon the language in *Burke*, which held that “[a] general publication is such dissemination of the work itself among the public as justifies the belief that it has been dedicated to the public and rendered common property.” *Burke*, 598 F.2d at 691.

Although the reasoning of the trial court may have been justified on the basis of works that are manifested through a physical object, such as books or pieces of art, it is inapplicable to performed works because of the axiom that performance is not a publication, regardless of the size of the audience. This axiom negates any inference that the amount of the dissemination is sufficient to justify a belief that a performed work was dedicated to the public and thus entered into the public domain inasmuch as an inherent tension exists between the two doctrines. If the size of an audience has no effect on the rule that performance is not a publication, then no degree of dissemination due to performance could result in a dedication to the public. Importantly, the distinction that I seek to draw is consistent with the *Ferris* holding that performance does not amount to an abandonment of title or to a dedication of the work to the public at large. *Ferris*, 223 U.S. at 435-36.

The logical result of the rule that performance cannot constitute a publication regardless of audience size is that an affirmative effort to obtain press coverage does not constitute an exception because media coverage does nothing more than increase the size of the audience, which is irrelevant to the issue of publication. Thus, I am of the opinion that the trial court erroneously found that a general publication existed in part because of the widespread dissemination of the speech that had been implemented by the concerted efforts of the March organizers to maximize press coverage.

C.

The trial court also determined that a failure to control copying or reproductions of the speech supported a finding of a general publication. This principle appears to originate from *American Tobacco Co. v. Werckmeister*, 207 U.S. 284, 300 (1907), which stated in dicta that “[w]e do not mean to say that the public exhibition of a painting or statue, where all might see and freely copy it, might not amount to publication within the statute, regardless of the artist’s purpose or notice of reservation of rights which he takes no measure to protect.” In addition, the decision by the trial court evidenced its reliance upon the principle from *American Tobacco*, 207 U.S. at 299, in which the Supreme Court indicated that the test for a general publication is whether an exhibition of the work to the public evinces a dedication without a reservation of rights rather than merely the right to view and inspect.

I believe that the court below erred when it failed to recognize that these maxims have no application in the context of performed works, as made clear by *Ferris*, which was decided over four years after *American Tobacco*. In *Ferris*, the Supreme Court, immediately after enunciating the rule that performance alone cannot constitute publication, quoted favorably from a treatise by Justice Story.

Story states the rule as follows: “So, where a dramatic performance has been allowed by the author to be acted at a theater, no person has a right to pirate such performance, and to publish copies of it surreptitiously; or to act it at another theater without the consent of the author or proprietor; for his permission to act it at a public theater does not amount to an abandonment of his title to it, or to a dedication of it to the public at large.” It has been said that the owner of a play cannot complain if the piece is reproduced from memory. But the distinction is without sound basis and has been repudiated.

Ferris, 223 U.S. at 435-36. The opportunity to copy or reproduce a performed work, or the fact of performance in and of itself, has no relevance to the issue of whether it has been placed into the public domain because the performance “does not amount to an abandonment of the author’s title to it, or to a dedication of it to the public at large.” Id. See also *Nutt v. National Inst. Inc. for the Improvement of Memory*, 31 F.2d 236, 238 (2d Cir.1929) (“Even where the hearers are allowed to make copies of what was said for their personal use, they cannot later publish for profit that which they had not obtained the right to sell.”). Moreover, given that Dr. King’s speech enjoyed the automatic protection of common law copyright, it is significant that CBS did not point to any authority in which forfeiture was found on the basis of the copying activities or the reproduction of copyrighted work by a third party.

The trial court also cited *Letter Edged in Black Press, Inc. v. Public Bldg. Comm’n of Chicago*, 320 F.Supp. 1303 (N.D.Ill.1970), where a general publication of a sculpture had been found to exist based upon the lack of restriction on the copying and successful efforts to court press coverage, with no restrictions on press reproductions. However, I believe that *Letter Edged in Black Press* is not applicable to this controversy for several reasons.

First, that court had placed importance on the supplying of uncopyrighted tangible copies, in the form of photographs of the work, which were made available upon request. By contrast, no similar situation is presented in the decision below because the trial court expressly disavowed any reliance on the only two tangible copies in evidence.

Second, and more fundamentally, *Letter Edged in Black Press* is distinguishable, in that the copyrightable work at issue was physical and thus the application of the *American Tobacco* principles was justified. In contrast, the situation presented here involves a copyrightable work that is manifested by performance. The *American Tobacco* principles of unfettered copying and reproduction, or an exhibition which demonstrates a dedication without reservation of rights, are inapposite to performed works in the absence of an authorized distribution of tangible copies. Otherwise, it would be very difficult, if even possible, to explain the results in *Silverman v. CBS, Inc.*, 632 F.Supp. 1344, 1347, 1350 (S.D.N.Y.1986), aff’d in part, vacated in part on other grounds by 870 F.2d 40 (2d Cir.1989) and *CBS, Inc. v. Documentaries Unlimited, Inc.*, 42 Misc.2d 723, 248 N.Y.S.2d 809, 811 (Sup.Ct.1964), where Appellee was held by the trial court to have a valid copyright over radio broadcasts whose performances were ostensibly disseminated to thousands, or perhaps even millions, of people.

D.

For the reasons that have been explained above, I would hold that no publication, general or limited, occurred because Dr. King’s delivery of his “I Have A Dream”

speech was a mere performance of that work, and performance simply cannot constitute a publication regardless of (1) the size of the audience involved, or (2) efforts to obtain widespread contemporary news coverage under circumstances that may have allowed the copying of the work. It is my belief that this analysis (1) differs significantly from one which is premised on a limited publication theory, and (2) also avoids the legal fiction of declaring that Dr. King's "I Have A Dream" speech, as a limited publication, was communicated to a select group for a narrow purpose, a holding that has been generally criticized by commentators.

[Senior Circuit Judge Roney, dissented]

Notes and questions

(1) The copyright law concept of publication is obviously strained and artificial. As *Estate of Martin Luther King Jr. v. CBS* illustrates courts developed a distinction between "limited publication" and "general publication." to mitigate the extreme consequences of publication without copyright notice. Under the 1909 Act, only a "general publication" made without complying with copyright formalities would divest a work of its potential for federal copyright and simultaneously end its common law copyright (the right of first publication).

(2) In 1963, Dr. King gave his famous "I Have a Dream" speech to an audience of 200,000 people outside the Lincoln Memorial in Washington, D.C. The speech was broadcast live via radio and television to a nationwide audience of millions of viewers. Hundreds of copies of the speech were also distributed to the media. About a month later, Dr. King took steps to secure federal copyright protection for the speech. As the *Estate of Martin Luther King Jr. v. CBS* illustrates, courts have fairly consistently held that distribution of a limited number of copies of the work to a limited group of people for a limited purpose was held to be a limited publication. Moreover, a public performance or public display of a work did not constitute a publication either as long as there was an express or implied condition that the public could not copy the work.

(3) Common law copyright and copyright in unpublished works:

Historically, the common law recognized the right of an author to control the first publication of an unpublished work. This doctrine grew out of early English cases involving unpublished letters and manuscripts, which held that the author of the letters rather than their possessor had the right to authorize or prohibit their publication.⁹⁵ The common law did not, however, recognize any right to control subsequent publication of a work after a first authorized publication had taken place. As the U.S. Supreme Court summarized in *Wheaton v Peters* 33 U.S. 591 (1834)—after reviewing the important English cases, such as *Millar v Taylor*, 98 Eng Rep 201, 257 [KB 1769] and *Donaldson v Beckett* 4 Burr 2408 [HL 1774]—

That an author, at common law, has a property in his manuscript, and may obtain redress against any one who deprives him of it, or by improperly obtaining a copy

⁹⁵ *Pope v. Curl*, 2 Atk. (3d ed.) 342, 26 Eng. Rep. 608 (Ch. 1741) is extracted in an earlier chapter of these materials. See also, *Duke of Queensbury v. Shebbeare*, 2 Eden (2d ed.) 329, 28 Eng. Rep. 924 (Ch. 1758) (unpublished manuscript of the Earl of Clarendon's history of the reign of Charles II). See generally Howard B. Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 WAYNE L. REV. 1119 (1983).

endeavours to realise a profit by its publication, cannot be doubted; but this is a very different right from that which asserts a perpetual and exclusive property in the future publication of the work, after the author shall have published it to the world.

The argument that a literary man is as much entitled to the product of his labour as any other member of society, cannot be controverted. And the answer is, that he realises this product by the transfer of his manuscripts, or in the sale of his works, when first published.

(4) Until the Copyright Act of 1976, unpublished works enjoyed a common law right of first publication that is sometimes referred to as “common law copyright”. So long as a work remained unpublished it was eligible for statutory copyright protection from the moment of general publication in compliance with copyright formalities.

It is often said that publication without compliance with formalities would “divest” common law copyright. But this is only true in the sense there can be only one “first” publication. In truth, publication without notice was not literally divesting, it is more accurate to say that it was exhausting of one’s common law rights and represented the failure to take advantage of a contingent statutory requirement. This right of first publication did not amount to the broad concept of literary property advocated by Blackstone, and the right of first publication should not be treated as the exclusive right to reproduce, distribute, publicly perform and display the work that applies to statutory copyright.

(5) In *Flo & Eddie, Inc. v. SIRIUS*, 28 NY 3d 583 - NY: Court of Appeals 2016, the New York Court of Appeals held that the common law of New York does not recognize a right of public performance for the creators of sound recordings fixed prior to February 15, 1972).

(6) The Copyright Act of 1976 vests copyright protection in a work from the moment it is fixed in a tangible medium of expression, thus rendering the common-law right of first publication redundant. Accordingly, the 1976 Act expressly preempts common-law copyright. Note that special rules apply for determining the duration of copyright for works created before 1978 but unpublished and unregistered as of January 1, 1978.

The effect of publication of derivative works

In *Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 168 F.3d 586, 593 (2d Cir. 1999) the Second Circuit held that the publication of a Motion Picture based on a screenplay had the effect of publishing the screenplay “to the extent that the screenplay was thereby disclosed.” But note that in *TCA TV Corp. v. McCollum*, 839 F.3d 168, 187–92 (2d Cir. 2016) the court held the “Who’s on first” comedy routine did not merge into the film (*One Night in the Tropics*) that incorporated it for the purposes of copyright renewal.

[Placeholder: This issue is worth exploring in greater depth.]

Copyright Duration

An abridged timeline of copyright duration follows:

1710: Statute of Anne establishes statutory copyright for the first time. 14 year term, renewable for an additional 14 years.

1774: *Donaldson vs. Beckett* holds that there is no common law copyright that survives first publication.

1790: United States Copyright Act follows the Statute of Anne and adopts 14 years, renewable for 14.

1793: France—The revolutionary government establishes a copyright term of life plus 10 posthumous years if the author has heirs.

1810: France—Napoleon establishes copyright for the life of the author and of the surviving spouse (if there is one), plus 20 years if there are children.

1826: France—The Bourbon restoration proposes life plus 50 years

1831: The United States extends copyright to 28 years from publication, still renewable for only 14 years.

1836: France—The July Monarchy proposes life plus 50 years.

1837: Prussia adopts copyright term of author's life plus 30 posthumous years.

1845: The German Federation adopts term of author's life plus 30 posthumous years.

1854: France adopts life plus 30 years.

1856: Germany adds ten years for certain classic authors.

1866: France adopts life plus 50 years

1879: Spain adopts life plus 80 years

1891: The United States recognizes international copyright.

1909: United States extends copyright to 28 years from publication, renewable for an additional 28 years.

1928: Berne Convention supports life plus 50 years, but leaves terms up to individual countries.

1934: Germany's Nazi government adopts life plus 50 years.

1948: Life plus 50 years is made obligatory for Berne Convention members

1957: France passes a copyright act that keeps "material" rights at life plus 50 years, but makes "immaterial" rights (including "moral" ones) perpetual/eternal.

1965: West Germany adopts life plus 70 years

1976: United States adopts life of the author plus 50 years

1985: France extends copyright to life plus 70 years.

1987: Spain reduces copyright to life plus 60 years (it had been 80)

1988: The United States joins the Berne Convention (effective March 1989)

1993: The European Union standardizes copyright at life plus 70 years.

1998: The United States extends copyright to life plus 70 years and adds 20 years to all existing terms.

International Norms and Agreements Concerning Copyright Duration

The Berne Formula: life of the author plus 50 years

Article 7 of the Berne Convention provides for a general minimum term of copyright protection of the life of the author plus 50 years. The Berne Convention authorizes countries to apply fixed terms of at least 50 years for cinematographic works, anonymous or pseudonymous works. Presumably, because of the difficulties in determining the exact identity of the author to use as a measuring life. The Berne Convention also allows that photographic works and works of applied art protected as artistic works can be protected for a term as little as 25 years.

Berne Convention (Paris 1971) Article 7.

(1) The term of protection granted by this Convention shall be the life of the author and fifty years after his death.

(2) However, in the case of cinematographic works, the countries of the Union may provide that the term of protection shall expire fifty years after the work has been made available to the public with the consent of the author, or, failing such an event within fifty years from the making of such a work, fifty years after the making.

(3) In the case of anonymous or pseudonymous works, the term of protection granted by this Convention shall expire fifty years after the work has been lawfully made available to the public. However, when the pseudonym adopted by the author leaves no doubt as to his identity, the term of protection shall be that provided in paragraph (1). If the author of an anonymous or pseudonymous work discloses his identity during the above-mentioned period, the term of protection applicable shall be that provided in paragraph (1). The countries of the Union shall not be required to protect anonymous or pseudonymous works in respect of which it is reasonable to presume that their author has been dead for fifty years.

(4) It shall be a matter for legislation in the countries of the Union to determine the term of protection of photographic works and that of works of applied art in so far as they are protected as artistic works; however, this term shall last at least until the end of a period of twenty-five years from the making of such a work.

(6) The countries of the Union may grant a term of protection in excess of those provided by the preceding paragraphs.

Beyond Berne

The Berne Convention is a floor, not a ceiling: Article 7(6) expressly authorizes countries of the Union to grant terms of protection in excess of the Berne Convention minimum requirements. The United States and the European Union have done so by extending the basic copyright term to the life of the author plus 70 years. Australia also agreed to extend its copyright term as part of the Australian-US free trade agreement. In Mexico, copyright lasts for the life of the author plus 100 years.

Note also that TRIPs Article 14(5) provides for a minimum term of 50 years for the rights of performers and producers and a minimum term of 20 years for the rights of broadcasters. The WIPO Performances and Phonograms Treaty Article 17 recognizes a minimum term of 50 years for performances.

Copyright Duration in the United States

Overview

Like the English Statute of Anne in 1710, the first United States Copyright Act, enacted in 1790, provided a 14-year term of protection from the date of registration, renewable for an additional 14 years upon application. In 1831 the initial term of protection was extended to 28 years, and in 1909 the renewal period was also extended to 28 years. Thus the potential term of copyright protection for works under the 1909 Act was 56 years from the date of publication.

In practice, however, very few copyright owners applied for the second term of protection. Sometimes this failure was inadvertent, primarily it was because 28 years after publication the vast majority of works had no obvious economic value.

The Copyright Act of 1976 changed the basic term from 28 plus 28 from the date of registration to the life of the author plus 50 years in preemptive compliance with the Berne Convention. In 1998 Congress passed the Copyright Term Extension Act adding an additional 20 years of protection. Under the current law, copyright lasts for the life of the author plus 70 years, or 95 years from the date of creation in the case of a work made for hire or a work made anonymously or under a pseudonym (unless the identity of the pseudonymous author is actually known).

17 U.S. Code § 302. Duration of copyright: Works created on or after January 1, 1978

(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, 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. ...

Complexity

Determining whether a work still subject to copyright protection is actually much more complicated than the preceding summary indicates. Some of these complications are no longer relevant. The 1976 Act gave works that had already been published before its effective date, but were still in force, an additional 19 years of protection, for a total of 75 years. Works published prior to January 1, 1978 and still in their first period of copyright protection still had to be renewed—however this requirement was abolished in 1992—which means that works published or registered between 1964 and 1977 are automatically treated as having been renewed.

Figure 12 Arthur Conan Doyle, *The Problem of Thor Bridge* (1922), Illustration by Alfred Gilbert, in *The Strand Magazine*



Arthur Conan Doyle's "The Problem of Thor Bridge", published in February and March 1922, had an initial term of protection lasting until 1950. *Thor Bridge* was renewed, and was due to expire in 1978, however, under the 1976 Act the renewal term was extended by 19 years. So the renewal term expired in 1997.

Figure 13 Arthur Conan Doyle, *The Adventure of the Creeping Man* (1923), Illustration by Howard K. Elcock



However, "The Adventure of the Creeping Man", published in 1923, was due to expire in 1998 and was thus ineligible to benefit from the 20 year extension in the Copyright Term Extension Act of that year. Copyright in the *Creeping Man* expired at midnight on December 31, 2018.

For guidelines for calculating copyright term, see the Cornell University Library's Copyright Information Center, Copyright Term and the Public Domain in the United States at <https://copyright.cornell.edu/publicdomain>.⁹⁶

Copyright Duration for unpublished works

17 U.S. Code § 303. Duration of copyright: Works created but not published or copyrighted before January 1, 1978

(a) Copyright in a work created before January 1, 1978, but not theretofore in the public domain or copyrighted, subsists from January 1, 1978, and endures for the term provided by section 302. In no case, however, shall the term of copyright in such a work expire before December 31, 2002; and, if the work is published on or before December 31, 2002, the term of copyright shall not expire before December 31, 2047.

(b) The distribution before January 1, 1978, of a phonorecord shall not for any purpose constitute a publication of any musical work, dramatic work, or literary work embodied therein.

The copyright term for a work that has never been published and was never registered for federal copyright expires 70 years after the death of the author. So the unpublished works of authors who died before 1949 were in the public domain as of 2019. What if we don't know when the author died because we don't know who the author was? Unpublished anonymous and pseudonymous works are given 120 years of copyright protection under the Act, measured from the date of creation. So, unpublished anonymous and pseudonymous works created before 1899 became part of the public domain in 2019. This is also true of unpublished works made for hire. What if we know who the author was, but we don't know when the author died? In that case, the Copyright Act also provides that the work gets 120 years of copyright protection.⁹⁷

Special rules apply to sound recordings

Although sound recordings have existed since the 19th century, they were only made the subject of federal copyright in the United States in 1972. The 1972 law forward looking and did not grant retrospective protection to recordings prior to February 15, 1972. Many sound recordings were protected by state laws prior to 1972, and some even argue (probably incorrectly in this author's view) that state common law provided copyright-like protection to sound recordings.

This changed in 2018 when Congress passed the Music Modernization Act (or MMA). The Music Modernization Act bundled together three different proposals: the Musical Works Modernization Act (now Title I), the Classics Protection and Access Act (now Title II), and the Allocation for Music Producers Act (now Title III). Other features of the Music Modernization Act are discussed elsewhere in these materials.

⁹⁶ Chart based on Peter B. Hirtle, "Recent Changes To The Copyright Law: Copyright Term Extension," Archival Outlook, January/February 1999 and updated on a regular basis, at least as of 2019.

⁹⁷ Note that a certification from the Copyright Office that it has no record to indicate whether the person is living or died less than 70 years before is a complete defense to any action for infringement. See 17 U.S.C. § 302(e).

The important thing to note for present purposes is that Title II of the MMA (originally called the Classics Act) provides a new federal right for sound recordings fixed before February 15, 1972. The Act includes a rolling timeline for these pre-72 sound recordings to enter the public domain, with sound recordings receiving protection for a period of at least 95 years after publication.

17 U.S. Code § 1401. Unauthorized use of pre-1972 sound recordings

(a) In General.—

(1) Unauthorized acts.—

Anyone who, on or before the last day of the applicable transition period under paragraph (2), and without the consent of the rights owner, engages in covered activity with respect to a sound recording fixed before February 15, 1972, shall be subject to the remedies provided in sections 502 through 505 and 1203 to the same extent as an infringer of copyright or a person that engages in unauthorized activity under chapter 12.

(2) Term of prohibition.—

(A) In general.—The prohibition under paragraph (1)—

(i) subject to clause (ii), shall apply to a sound recording described in that paragraph—

(I) through December 31 of the year that is 95 years after the year of first publication; and

(II) for a further transition period as prescribed under subparagraph (B) of this paragraph; and

(ii) shall not apply to any sound recording after February 15, 2067.

(B) Transition periods.—

(i) Pre-1923 recordings.—

In the case of a sound recording first published before January 1, 1923, the transition period described in subparagraph (A)(i)(II) shall end on December 31 of the year that is 3 years after the date of enactment of this section.

(ii) 1923–1946 recordings.—

In the case of a sound recording first published during the period beginning on January 1, 1923, and ending on December 31, 1946, the transition period described in subparagraph (A)(i)(II) shall end on the date that is 5 years after the last day of the period described in subparagraph (A)(i)(I).

(iii) 1947–1956 recordings.—

In the case of a sound recording first published during the period beginning on January 1, 1947, and ending on December 31, 1956, the transition period described in subparagraph (A)(i)(II) shall end on the date that is 15 years after the last day of the period described in subparagraph (A)(i)(I).

(iv) Post-1956 recordings.—

In the case of a sound recording fixed before February 15, 1972, that is not described in clause (i), (ii), or (iii), the transition period described in subparagraph (A)(i)(II) shall end on February 15, 2067.

The new Section 1401 also preempts certain claims that might have been made under state common law or state statutes. See Section 1401(e). Like the rights in Section 106 of the Act, the new Section 1401 rights are limited by sections 107, 108, 109, 110, and 112(f) of the Act and subject to the Internet safe harbors in section 512. See Section 1401(f). Significantly, Section 1401(g) specifies that the new rights in section 1401(a) “shall be considered to be a ‘law pertaining to intellectual property’” for purposes of section 230 of the Communications Act. Thus the broad immunity from state law causes of action that Internet platforms obtain under section 230 of the CDA does not apply to claims of copyright infringement for pre-1972 sound recordings, just as it doesn’t apply to other federal copyright infringement claims.

Notice that the new section 1401 doesn’t speak of “authors” or “copyright owners,” instead it uses the term “rights owner.” For the purposes of section 1401, “rights owner” means either “the person that ha[d] the exclusive right to reproduce a sound recording under the laws of any State, as of the day before the date of enactment of this section.” Future cases will need to determine who exactly had “had the exclusive right to reproduce a sound recording under the laws of any State” on October 10, 2018. The MMA does not appear to contemplate that the answer might have been different in different states, but the correct interpretation of this awkward definition is probably that any person who “had the exclusive right to reproduce a sound recording under the laws of any State” qualifies, even if they must share that right with other people.

Section 1401(l) Definitions.

In this section: ... (2) Rights owner.—The term “rights owner” means—(A) the person that has the exclusive right to reproduce a sound recording under the laws of any State, as of the day before the date of enactment of this section; or (B) any person to which a right to enforce a violation of this section may be transferred, in whole or in part, after the date of enactment of this section, under—(i) subsections (d) and (e) of section 201; and (ii) section 204.

The constitutionality and wisdom of copyright term extension

Thomas Macaulay, *Speeches to House of Commons* on Feb. 5, 1841.

[T]he evil effects of the monopoly are proportioned to the length of its duration. But the good effects for the sake of which we bear with the evil effects are by no means proportioned to the length of its duration. A monopoly of sixty years produces twice as much evil as a monopoly of thirty years, and thrice as much evil as a monopoly of twenty years. But it is by no means the fact that a posthumous monopoly of sixty years gives to an author thrice as much pleasure and thrice as strong a motive as a posthumous monopoly of twenty years. On the contrary, the difference is so small as to be hardly perceptible. We all know how faintly we are affected by the prospect of very distant advantages, even when they are advantages which we may reasonably hope that we shall ourselves enjoy. But an advantage that is to be enjoyed more than half a century after we are dead, by somebody, we know not by whom, perhaps by somebody unborn, by somebody utterly unconnected with us, is really no motive at all to action.

The *Sonny Bono* Copyright Term Extension Act of 1998 extended the term of copyright protection by 20 years, both prospectively and retrospectively. This law was widely decried

as “a classic instance of almost pure rent-seeking legislation,” and a triumph of special interest lobbying over a diffuse and unrepresented public interest.⁹⁸

The political economy that led to the CTEA is neatly summarized in a forthcoming article by Kristelia A. García & Justin McCrary.

Kristelia A. García & Justin McCrary, *A Reconsideration Of Copyright’s Term*, (2019 working paper)

The Sonny Bono Act was introduced in 1995. Backed by the entertainment industries who were led by the Disney Corporation, the bill sought an extension that was both prospective and retrospective. Disney’s Mickey Mouse copyright—worth \$8 billion in 1998—was set to expire in 2003, and the company had much to gain by extending this revenue stream (among others). To that end, Disney’s then-CEO Michael Eichner met with Senate Majority Leader Trent Lott, who shortly thereafter signed on as co-sponsor of the bill. Of the thirteen sponsors of the House bill, Disney contributed directly to ten of them. In the Senate, Disney contributed to eight of the twelve sponsors. Three years after its introduction, the Sonny Bono Act was signed into law by President Clinton on October 27, 1998.

Beaten but not defeated, the coalition of librarians, scholars and others who opposed the CTEA focused their litigation efforts on the retrospective component of the extension. Led by Harvard law professor Larry Lessig, the lawsuit originally titled *Eldred v. Reno* when filed at the District Court for the District of Columbia²⁵ made it to the Supreme Court as *Eldred v. Ashcroft* in 2002.

Eldred v. Ashcroft, 537 U.S. 186 (2003)

In 2003, the Supreme Court rejected a constitutional challenge to the copyright term extension act in the case of *Eldred v. Ashcroft*. The challengers argued that the retrospective extension of copyright protection was beyond Congressional power because it obviously did nothing to “promote the progress of science and useful arts” and that extending existing terms also defied the concept of “limited times”. The Supreme Court majority disagreed, for reasons that say more about constitutional law than the merits of the extension as a matter of public policy. Justices Breyer and Stevens dissented.

Golan v. Holder, 565 U.S. 302 (2012)

In 2012, the Supreme Court also rejected a constitutional challenge to copyright restoration for a class of foreign works in the public domain. The challenge legislation restored protection to works originating abroad that did not obtain, or at some point lost, American copyright protection because (1) the author failed to comply with applicable American copyright formalities (such as notice or renewal), or (2) the nation in which they were first published then lacked copyright relations with the United States, or (3) they are sound recordings fixed before February 15, 1972.

Petitioners challenged the constitutionality of the application of Section 514 of the Uruguay Round Agreements Act. The Act restored copyright status to foreign works previously in the public domain by virtue of their failure to comply with United States copyright formalities.

⁹⁸ Robert P. Merges, *One Hundred Years of Solicitude: Intellectual Property Law, 1900–2000*, 88 CALIF. L. REV. 2187, 2236 (2000).

The United States no longer imposes such formalities, but at the relevant times, publication without copyright notice and registration made a work ineligible for copyright protection in the United States.

The law applied mainly to works first published abroad from 1923 to 1989 that had not been eligible for copyright protection under American law. It was unclear how many works might be affected, but United States register of copyrights, said in 1996 that it was “probably number in the millions.”

Works eligible for restoration under the law included: films by Alfred Hitchcock, books by C.S. Lewis and Virginia Woolf, symphonies by Prokofiev and by Stravinsky, and paintings by Picasso. The law was challenged by a variety of people who had relied on the free availability of such works. One of the best examples of such reliance was a local community orchestra that had invested in mastering works in the public domain, precisely because they were in the public domain. The Petitioners’ primary arguments were that restoring copyright violates the “limited time” language of the United States Constitution’s Copyright Clause, and that restoring to copyright works that had passed into the public domain interferes with the public’s First Amendment rights to use, copy, and otherwise exploit public domain works as part of their freedom of expression.

The majority rejected all of the petitioners’ arguments and upheld the constitutionality of the challenged law. As Justice Ginsburg, writing for the majority, explained, although the purpose of copyright law is to promote the progress of science (meaning knowledge), its review is quite deferential. Justice Ginsburg said (at 888):

In *Eldred*, we rejected an argument nearly identical to the one petitioners rehearse. The Eldred petitioners urged that the CTEA's extension of existing copyrights categorically fails to “promote the Progress of Science,” because it does not stimulate the creation of new works. In response to this argument, we held that the Copyright Clause does not demand that each copyright provision, examined discretely, operate to induce new works. Rather, we explained, the Clause empowers Congress to determine the intellectual property regimes that, overall, in that body's judgment, will serve the ends of the Clause. And those permissible ends, we held, extended beyond the creation of new works.

Justices Breyer and Alito took a different view.

Justice Breyer, with whom Justice Alito joins, dissenting

In order “[t]o promote the Progress of Science” (by which term the Founders meant “learning” or “knowledge”), the Constitution’s Copyright Clause grants Congress the power to “secur[e] for limited Times to Authors ... the exclusive Right to their ... Writings.” Art. I, § 8, cl. 8. This “exclusive Right” allows its holder to charge a fee to those who wish to use a copyrighted work, and the ability to charge that fee encourages the production of new material. In this sense, a copyright is, in Macaulay’s words, a “tax on readers for the purpose of giving a bounty to writers”—a bounty designed to encourage new production. As the Court said in *Eldred*, “the economic philosophy behind the Copyright Clause is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors.” *Eldred v. Ashcroft*, 537 U.S. 186, 212, n. 18 (2003).

The statute before us, however, does not encourage anyone to produce a single new work. By definition, it bestows monetary rewards only on owners of old works—works that have already been created and already are in the American public domain. At the same time, the statute inhibits the dissemination of those works, foreign works published abroad after 1923, of which there are many millions, including films, works of art, innumerable photographs, and, of course, books—books that (in the absence of the statute) would assume their rightful places in computer-accessible databases, spreading knowledge throughout the world. See *infra*, at 904-906. In my view, the Copyright Clause does not authorize Congress to enact this statute. And I consequently dissent.

The possibility of eliciting new production is, and always has been, an essential precondition for American copyright protection. The Constitution’s words, “exclusive Right,” “limited Times,” “Progress of Science,” viewed through the lens of history underscore the legal significance of what the Court in *Eldred* referred to as the “economic philosophy behind the Copyright Clause.” That philosophy understands copyright’s grants of limited monopoly privileges to authors as private benefits that are conferred for a public reason—to elicit new creation.

Yet, as the Founders recognized, monopoly is a two-edged sword. On the one hand, it can encourage production of new works. In the absence of copyright protection, anyone might freely copy the products of an author’s creative labor, appropriating the benefits without incurring the nonrepeatable costs of creation, thereby deterring authors from exerting themselves in the first place. On the other hand, copyright tends to restrict the dissemination (and use) of works once produced either because the absence of competition translates directly into higher consumer prices or because the need to secure copying permission sometimes imposes administrative costs that make it difficult for potential users of a copyrighted work to find its owner and strike a bargain. Consequently, the original British copyright statute, the Constitution’s Framers, and our case law all have recognized copyright’s resulting and necessary call for balance.

[Historical discussion omitted] The upshot is that text, history, and precedent demonstrate that the Copyright Clause places great value on the power of copyright to elicit new production. Congress in particular cases may determine that copyright’s ability to do so outweighs any concomitant high prices, administrative costs, and restrictions on dissemination. And when it does so, we must respect its judgment. But does the Clause empower Congress to enact a statute that withdraws works from the public domain, brings about higher prices and costs, and in doing so seriously restricts dissemination, particularly to those who need it for scholarly, educational, or cultural purposes—all without providing any additional incentive for the production of new material? That is the question before us. And, as I have said, I believe the answer is no. Congress in this statute has exceeded what are, under any plausible reading of the Copyright Clause, its permissible limits.

The Act before us says that it “restores” American copyright to a set of works, which, for the most part, did not previously enjoy American copyright protection. These works had fallen into America’s public domain, but as of the “restoration” date, they had not yet fallen into the public domain of the foreign country where they originated.

The statute covers works originating almost anywhere outside the United States. See 17 U.S.C. § 104A(h)(3) (setting out eligibility criteria); U.S. Copyright Office, Circular No. 38A: International Copyright Relations of the United States (2010). The relevant set of works consists primarily of works originating abroad that did not obtain, or at some point lost, American copyright protection because (1) the author failed to comply with applicable American copyright formalities (such as notice or renewal), or (2) the nation in which they were first published then lacked copyright relations with the United States, or (3) they are sound recordings fixed before February 15, 1972. § 104A(h)(6)(C). A work must also satisfy other technical requirements: It must have had a rightholder who was a national or resident of an eligible country on the day it was created; and it cannot have been published in the United States within 30 days of its first publication. § 104A(h)(6)(D). The Act grants these works a copyright that expires at the time it would have expired had the author obtained a full American copyright term starting from the date on which the work was first published (in the foreign country). § 104A(a)(1)(B).

The Act mainly applies to works first published abroad between 1923 and 1989. It does not apply significantly to earlier works because any work published before 1921 would have fallen into the public domain before 1977 had it received a full American copyright term, while works published between 1921 and 1923 obtained a “restored” copyright that expired before the 1998 Sonny Bono Copyright Term Extension Act, and so could have lasted two years at most. It has less impact on more recent works because in 1989 the United States became a Berne member, abolished the copyright notice requirement, and thenceforth provided prospective copyright protection throughout the Berne Union.

Despite these temporal limitations, the Act covers vast numbers of works. The first category includes works published in countries that had copyright relations with the United States during this time period, such as most of Western Europe and Latin America, Australia, and Japan, whose authors did not satisfy American copyright formalities, perhaps because the author, who may not have sought an American copyright, published the book abroad without proper American notice, or perhaps because the author obtained a valid American copyright but failed to renew it.

The second category (works that entered the public domain due to a lack of copyright relations) includes, among others, all works published in Russia and other countries of the former Soviet Union before May 1973 (when the U.S.S.R. joined the Universal Copyright Convention (UCC)), all works published in the People’s Republic of China before March 1992 (when bilateral copyright relations between the People’s Republic and the United States were first established), all South Korean works published before October 1987 (when South Korea joined the UCC), and all Egyptian and Turkish works published before March 1989 (when the United States joined Berne).

The third category covers all sound recordings from eligible foreign countries published after February 15, 1972. The practical significance of federal copyright restoration to this category of works is less clear, since these works received, and continued to receive, copyright protection under state law. See 17 U.S.C. § 301(c).

Apparently there are no precise figures about the number of works the Act affects, but in 1996 the then-Register of Copyrights, Marybeth Peters, thought that they “probably number in the millions.”

The provision before us takes works from the public domain, at least as of January 1, 1996. See § 104A(h)(2)(A) (setting “restoration” dates). It then restricts the dissemination of those works in two ways.

First, “restored copyright” holders can now charge fees for works that consumers previously used for free. The price of a score of Shostakovich’s Preludes and Fugues for example, has risen by a multiple of seven. And, as the Court recognizes, an orchestra that once could perform “Peter and the Wolf. . . free of charge” will now have to buy the “right to perform it . . . in the marketplace.” But for the case of certain “derivative” works, § 104A(d)(3), the “restored copyright” holder, like other copyright holders, can charge what the market will bear. If a school orchestra or other nonprofit organization cannot afford the new charges, so be it. They will have to do without—aggravating the already serious problem of cultural education in the United States. See Brief for Conductors Guild et al. as Amici Curiae 4-5, 7-8 (describing the inability of many orchestras to pay for the rental of sheet music covered by “restored copyright[s]”).

Second, and at least as important, the statute creates administrative costs, such as the costs of determining whether a work is the subject of a “restored copyright,” searching for a “restored copyright” holder, and negotiating a fee. Congress has tried to ease the administrative burden of contacting copyright holders and negotiating prices for those whom the statute calls “reliance part[ies],” namely those who previously had used such works when they were freely available in the public domain. § 104A(h)(4). But Congress has done nothing to ease the administrative burden of securing permission from copyright owners that is placed upon those who want to use a work that they did not previously use, and this is a particular problem when it comes to “orphan works”—older and more obscure works with minimal commercial value that have copyright owners who are difficult or impossible to track down. Unusually high administrative costs threaten to limit severely the distribution and use of those works—works which, despite their characteristic lack of economic value, can prove culturally invaluable.

There are millions of such works. For example, according to European Union figures, there are 13 million orphan books in the European Union (13% of the total number of books in-copyright there), 225,000 orphan films in European film archives, and 17 million orphan photographs in United Kingdom museums. How is a university, a film collector, a musician, a database compiler, or a scholar now to obtain permission to use any such lesser known foreign work previously in the American public domain? Consider the questions that any such individual, group, or institution usually must answer: Is the work eligible for restoration under the statute? If so, who now holds the copyright—the author? an heir? a publisher? an association? a long-lost cousin? Whom must we contact? What is the address? Suppose no one answers? How do we conduct a negotiation?

To find answers to these, and similar questions, costs money. The cost to the University of Michigan and the Institute of Museum and Library Services, for

example, to determine the copyright status of books contained in the HathiTrust Digital Library that were published in the United States from 1923 to 1963 will exceed \$1 million.

It is consequently not surprising to learn that the Los Angeles Public Library has been unable to make its collection of Mexican folk music publicly available because of problems locating copyright owners, that a Jewish cultural organization has abandoned similar efforts to make available Jewish cultural music and other materials, or that film preservers, museums, universities, scholars, database compilers, and others report that the administrative costs associated with trying to locate foreign copyright owners have forced them to curtail their cultural, scholarly, or other work-preserving efforts.

These high administrative costs can prove counterproductive in another way. They will tempt some potential users to “steal” or “pirate” works rather than do without. And piracy often begets piracy, breeding the destructive habit of taking copyrighted works without paying for them, even where payment is possible. Such habits ignore the critical role copyright plays in the creation of new works, while reflecting a false belief that new creation appears by magic without thought or hope of compensation.

I recognize that ordinary copyright protection also comes accompanied with dissemination-restricting royalty charges and administrative costs. But here the restrictions work special harm. For one thing, the foreign location of restored works means higher than ordinary administrative costs. For another, the statute’s technical requirements make it very difficult to establish whether a work has had its copyright restored by the statute.

Worst of all, “restored copyright” protection removes material from the public domain. In doing so, it reverses the payment expectations of those who used, or intended to use, works that they thought belonged to them. Were Congress to act similarly with respect to well-established property rights, the problem would be obvious. This statute analogously restricts, and thereby diminishes, Americans’ preexisting freedom to use formerly public domain material in their expressive activities.

Thus, while the majority correctly observes that the dissemination-restricting harms of copyright normally present problems appropriate for legislation to resolve, the question is whether the Copyright Clause permits Congress seriously to exacerbate such a problem by taking works out of the public domain without a countervailing benefit. This question is appropriate for judicial resolution. Indeed, unlike *Eldred* where the Court had to decide a complicated line-drawing question—when is a copyright term too long?²—here an easily administrable standard is available—a standard that would require works that have already fallen into the public domain to stay there.

The several, just mentioned features of the present statute are important, for they distinguish it from other copyright laws. By removing material from the public domain, the statute, in literal terms, “abridges” a preexisting freedom to speak. In practical terms, members of the public might well have decided what to say, as well as when and how to say it, in part by reviewing with a view to repeating, expression that they reasonably believed was, or would be, freely available. Given these speech

implications, it is not surprising that Congress has long sought to protect public domain material when revising the copyright laws. And this Court has assumed the particular importance of public domain material in roughly analogous circumstances. See *Graham*, 383 U.S., at 6, (“Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain”); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 484 (1974) (trade secret protection is not incompatible with “policy that matter once in the public domain must remain in the public domain”); *Cox Broadcasting Corp. v. Cohn*, 420 U.S. 469, 496, (1975) (First Amendment prohibits sanctioning press for publishing material disclosed in public court documents); see also *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33 (2003) (“The right to copy once a copyright has expired passes to the public”).

Moreover, whereas forward-looking copyright laws tend to benefit those whose identities are not yet known (the writer who has not yet written a book, the musician who has not yet composed a song), when a copyright law is primarily backward looking the risk is greater that Congress is trying to help known beneficiaries at the expense of badly organized unknown users who find it difficult to argue and present their case to Congress. In *Eldred*, I thought this problem was severe. And in light of the fact that Congress, with one minor exception, heard testimony only from the representatives of existing copyright holders, who hoped that passage of the statute would enable them to benefit from reciprocal treatment of American authors abroad, I cannot say that even here the problem, while much diminished, was nonexistent.

I agree with the majority that, in doing so, this statute does not discriminate among speakers based on their viewpoints or subject matter. But such considerations do not exhaust potential First Amendment problems.

Taken together, these speech-related harms (e.g., restricting use of previously available material; reversing payment expectations; rewarding rent-seekers at the public’s expense) at least show the presence of a First Amendment interest. And that is enough. For present purposes, I need not decide whether the harms to that interest show a violation of the First Amendment. I need only point to the importance of interpreting the Constitution as a single document—a document that we should not read as setting the Copyright Clause and the First Amendment at cross-purposes. Nor need I advocate the application here of strict or specially heightened review. I need only find that the First Amendment interest is important enough to require courts to scrutinize with some care the reasons claimed to justify the Act in order to determine whether they constitute reasonable copyright-related justifications for the serious harms, including speech-related harms, which the Act seems likely to impose. ...

This statute does not serve copyright’s traditional public ends, namely the creation of monetary awards that “motivate the creative activity of authors,” *Sony*, 464 U.S., at 429, “encourage individual effort,” *Mazer*, 347 U.S., at 219, and thereby “serve the cause of promoting broad public availability of literature, music, and the other arts,” *Twentieth Century Music*, 422 U.S., at 156. The statute grants its “restored copyright[s]” only to works already produced. It provides no monetary incentive to produce anything new. Unlike other American copyright statutes from the time of the Founders onwards, including the statute at issue in *Eldred*, it lacks any significant copyright-related quid pro quo.

The majority seeks to avoid this awkward fact by referring to past congressional practice that mostly suggests that Congress may provide new or increased protection both to newly created and to previously created, works. I do not dispute that copyright power. Insofar as such a statute does the former, i.e., extends protection to newly created material, it embodies copyright's traditional justification—eliciting new production. And I do not doubt that Congress may then also include existing works within the scope of, say, increased protection for equitable and administrative reasons. See *Eldred*, 537 U.S. at 204, 214-215 (describing equitable reasons for applying newly extended copyright terms to future and existing copyrights alike). The statute before us, however, does not directly elicit any new production.

The other statutes to which the majority refers are private bills, statutes retroactively granting protection in wartime, or the like. But special circumstances, like wars, hurricanes, earthquakes, and other disasters, prevent the realization in practice of a reasonable expectation of securing or maintaining a preexisting right. Private bills are designed to provide special exceptions for comparable equitable reasons. To find in these laws an important analogy to the present law, which for the most part covers works that the author did not expect to protect in America (and often did not particularly want to protect), seems somewhat farfetched.

In fact, Congressional practice shows the contrary. It consists of a virtually unbroken string of legislation preventing the withdrawal of works from the public domain.

The majority makes several other arguments. First, it argues that the Clause does not require the “creation of at least one new work,” but may instead “promote the Progress of Science” in other ways. And it specifically mentions the “dissemination of existing and future works” as determinative here. The industry experts to whom the majority refers argue that copyright protection of already existing works can help, say, music publishers or film distributors raise prices, produce extra profits and consequently lead them to publish or distribute works they might otherwise have ignored. But ordinarily a copyright—since it is a monopoly on copying—restricts dissemination of a work once produced compared to a competitive market. And simply making the industry richer does not mean that the industry, when it makes an ordinary forward-looking economic calculus, will distribute works not previously distributed. The industry experts might mean that temporary extra profits will lead them to invest in the development of a market, say, by advertising. But this kind of argument, which can be made by distributors of all sorts of goods, ranging from kiwi fruit to Swedish furniture, has little if anything to do with the nonrepeatable costs of initial creation, which is the special concern of copyright protection.

Moreover, the argument proves too much. It is the kind of argument that the Stationers' Company might well have made and which the British Parliament rejected. Cf. *Patterson* 154-155 (describing failed booksellers' bill seeking protection from foreign competition through an extension of the copyright term). It is the kind of argument that could justify a legislature's withdrawing from the public domain the works, say, of Hawthorne or of Swift or for that matter the King James Bible in order to encourage further publication of those works; and, it could even more easily justify similar action in the case of lesser known early works, perhaps those of the Venerable Bede. The Court has not, to my knowledge, previously accepted such a rationale—a rationale well removed from the special economic circumstances that

surround the nonrepeatable costs of the initial creation of a “Writing.” And I fear that doing so would read the Copyright Clause as if it were a blank check made out in favor of those who are not themselves creators.

It is not surprising that the copyright holders’ representatives who appeared before Congress did not emphasize this argument. Rather, they focused on the Berne Convention itself. By that time, Congress had already protected all new works of Berne members. But it had not provided additional protection to preexisting foreign works that were then in the American public domain. Industry witnesses testified that withdrawing such works from the American public domain would permit foreign copyright owners to charge American consumers more for their products; and that, as a result, the United States would be able to persuade foreign countries to allow American holders of preexisting copyrights to charge foreign customers more money for their products.

This argument, whatever its intrinsic merits, is an argument that directly concerns a private benefit: how to obtain more money from the sales of existing products. It is not an argument about a public benefit, such as how to promote or to protect the creative process.

Third, the majority points out that the statute “gives [authors] nothing more than the benefit of their labors during whatever time remains before the normal copyright term expires.” But insofar as it suggests that copyright should in general help authors obtain greater monetary rewards than needed to elicit new works, it rests upon primarily European, but not American, copyright concepts.

Fourth, the majority argues that this statutory provision is necessary to fulfill our Berne Convention obligations. The Treaty, in Article 18, says that the “Convention shall apply to all works which, at the moment of its coming into force [i.e., 1989 in the case of the United States] have not yet fallen into the public domain in the country of origin through the expiry of the term of protection.” Berne Convention for the Protection of Literary and Artistic Works, Art. 18(1), Sept. 9, 1886, as revised at Stockholm on July 14, 1967, 828 U.N.T.S. 221, 251. The majority and Government say that this means we must protect the foreign works at issue here. And since the Berne Convention, taken as a whole, provides incentives for the creation of new works, I am willing to speculate, for argument’s sake, that the statute might indirectly encourage production of new works by making the United States’ place in the international copyright regime more secure.

Still, I cannot find this argument sufficient to save the statute. For one thing, this is a dilemma of the Government’s own making. The United States obtained the benefits of Berne for many years despite its failure to enact a statute implementing Article 18. But in 1994, the United States and other nations signed the Agreement on Trade-Related Aspects of Intellectual Property Rights, which enabled signatories to use World Trade Organization dispute resolution mechanisms to complain about other members’ Berne Convention violations. But at that time the Government, although it successfully secured reservations protecting other special features of American copyright law, made no effort to secure a reservation permitting the United States to keep some or all restored works in the American public domain. And it made no effort to do so despite the fact that Article 18 explicitly authorizes countries to

negotiate exceptions to the Article's retroactivity principle. See Art. 18(3), *ibid.* ("The application of [the retroactivity] principle shall be subject to any provisions contained in special conventions to that effect existing or to be concluded between countries of the Union" (emphasis added)).

For another thing, the Convention does not require Congress to enact a statute that causes so much damage to public domain material. Article 18(3) also states that "the respective countries shall determine, each in so far as it is concerned, the conditions of application of this principle." Congress could have alleviated many of the costs that the statute imposes by, for example, creating forms of compulsory licensing, requiring "restored copyright" holders to provide necessary administrative information as a condition of protection, or insisting upon "reasonable royalties."

To say this is not to criticize the Convention or our joining it. Rather, it is to argue that the other branches of Government should have tried to follow the Convention and in particular its provisions offering compliance flexibility. The fact that the statute has significant First Amendment costs is relevant in this respect, for that Amendment ordinarily requires courts to evaluate less restrictive, alternative possibilities. Doing so here, reveals that neither Congress nor the Executive took advantage of less-restrictive methods of compliance that the Convention itself provides. And that fact means that the Convention cannot provide the statute with a constitutionally sufficient justification that is otherwise lacking.

The fact that, by withdrawing material from the public domain, the statute inhibits an important preexisting flow of information is sufficient, when combined with the other features of the statute that I have discussed, to convince me that the Copyright Clause, interpreted in the light of the First Amendment, does not authorize Congress to enact this statute.

I respectfully dissent from the Court's contrary conclusion.

Notes and questions

(1) In *Golan v. Holder*, 565 U.S. 302 (2012), the Supreme Court upheld the constitutionality of Section 514 of the Uruguay Round Agreements Act which restored copyright status to foreign works previously in the public domain in the United States. The majority held that the "limited time" language of Copyright Clause did not preclude the extension of copyright protections to works previously in the public domain. It held further that restoring to copyright works that had passed into the public domain did not violate the First Amendment.

(2) Why does Justice Breyer conclude that "the Copyright Clause, interpreted in the light of the First Amendment" should not allow for extending copyright protection to works previously in the public domain? Are his objections grounded in copyright policy, Constitutional theory, both, or neither?

Orphan works

The U.S. Copyright Office uses the term “orphan works” to describe the situation where the owner of a copyrighted work cannot be identified and located by someone who wishes to make use of the work in a manner that requires permission of the copyright owner.⁹⁹

Determining whether a work is an “orphan work” requires some context. In any given situation, opinions will vary as to how much effort a potential user should be expected to exert to track down missing rightsholders and negotiate with them. The owners of some copyrighted works will never be identifiable with reasonable certainty either because initial authorship is ambiguous or because the copyright ownership has been passed along a chain of title too complex to unravel. In contrast to these “pure orphans,” there are “contextual orphans,” works for which the copyright owner could be found, but for which the expenses of so doing is prohibitive or unjustifiable based on a cost-benefit analysis. Potential users of both *pure* and *contextual* orphan works often choose not to use or display such works out of concern that they may be subject to injunctions and statutory damages if the owner of an orphan work subsequently comes into the picture and sues for infringement.

Tracing the ownership of copyright requires more than just tracking down the original author—copyrights are transferred by the operation of certain statutory provisions, private contracts, corporate mergers, divestitures and bankruptcies, and as part of estates. As the Library Copyright Alliance notes:

A person seeking permission to use an older work needs to untangle the complicated history of mergers and acquisitions of the original publisher to identify the corporation that now might own the rights to the work. This corporation, however, might not have adequate records concerning all the works to which it holds title. And since the person typically is seeking to use the work for at most nominal compensation, the corporation has no incentive to invest adequate resources in locating the records concerning the work.¹⁰⁰

The orphan works problem is particularly acute for users who need to assemble large collections of rights (library digitization and archive digitization are two good examples) and the problem is exacerbated by:

- the elimination of formalities such as notice and registration
- copyright term extension
- retroactive restoration of copyright in works previously in the public domain

By uniformly extending copyright far beyond the commercial lifespan of almost all copyrighted works, we have increased the transaction costs of previously unforeseen uses for no actual benefit in terms of the copyright’s incentive value.

⁹⁹ See U.S. Copyright Office, Report on Orphan Works 15 (2006), available at <http://www.copyright.gov/orphan/orphan-report.pdf>.

¹⁰⁰ Miriam M. Nisbet, *Orphan Works Reply Comment*, U.S. Copyright Office 2 (Mar. 25, 2005), <http://www.copyright.gov/orphan/comments/OW0658-LCA.pdf>.

Does the fair use doctrine justify the use of orphan works?

It seems unlikely that courts would accept that the use of orphan works is always fair use, but there are definitely some circumstances in which the fact that a work was an orphan work will be an essential element of a claim to fair use.

Orphan works example 1: the Civil Rights Movement Veterans Website

Bruce Hartford, the webmaster of the [Civil Rights Movement Veterans Website](#) presented this fascinating story to Berkeley Law School's "[Orphan works and Mass Digitization](#)" conference on April 12, 2012. The Civil Rights Movement Veterans Website recounts the history of the civil rights movement:

This website is created by Veterans of the Southern Freedom Movement (1951-1968). It is where we tell it like it was, the way we lived it, the way we saw it, the way we still see it. With a few minor exceptions, everything on this site was written, created, or spoken by Movement activists who were direct participants in the events they chronicle.¹⁰¹

Much of the material on the Civil Rights Movement Veterans website is used with permission or requires no permission because it is in the public domain. However, according to Bruce Hartford, that still leaves a significant proportion of material that he would classify as orphan works. When Hartford uses the term orphan works he means (i) material that was originally copyrighted by an organization which no longer exists and made no provision for its copyrights upon dissolution; (ii) material where the copyright owner cannot be found; (iii) or material where the identity of the copyright owner was always unknown.

The photo below of James Forman (October 4, 1928 – January 10, 2005), an American Civil Rights leader active in the Student Nonviolent Coordinating Committee.

¹⁰¹ Civil Rights Movement Veterans Website, <http://www.crmvet.org> (last visited April 30, 2013.)

Figure 14 Orphan works example: image of civil rights leader James Forman available at the Civil Rights Movement Veterans Website



As Hartford described it:

The camera was smuggled into the jail, given to an unknown prisoner who clicked the button and took the picture. Under copyright law, as I am told, the copyright to the picture is owned by the unknown prisoner who pressed the button on the camera, who then gave it back to whoever smuggled the camera into the prison, to smuggle it out of the prison.

Now I know this is off topic, but I am just going to say, some of us are a little annoyed about this stupid rule that the person who presses the button totally owns the rights and those of us who are risking our lives to do whatever it was that they were taking the picture of have no say so in whatever happens to that and they can make lots of money on it and we can look and weep.

Orphan works example 2: Trove, The National Library of Australia's Digital Archive

Trove is the National Library of Australia's primary vehicle to assist users to access digital content held by collecting institutions across Australia. Trove is used by tens of thousands of Australians every day. In July 2008, Trove opened up Australian newspaper articles published from the 1800s to 1955 to full-text searching and display.

Figure 15 Newspaper Image from Trove (The Sydney Morning Herald, Page 1, Thursday, February 1, 1951)



Trove goes beyond 1955 by agreement with newspaper publishers, but for anything prior to 1955 the National Library of Australia and the libraries in its network proceed on the assumption that there is no requirement to obtain permission.¹⁰²

The National Library of Australia does not embrace the term “orphan works”, but it clearly has an implicit orphan works policy. In selecting 1955 as the cut-off date, the National Library of Australia has adopted what they would call a sensible risk management policy and others would recognize as an orphan works policy. Under Australian copyright law (Australian Copyright Act 1968), the date on which the copyright in a literary work expires depends on the date of publication and the date of the author.

- If a literary work was published in the lifetime of the author, and that author died before January 1, 1957, the work is out of copyright.
- Any literary work published in the lifetime of an author who died on or after January 1, 1957 and before 2005, will be out of copyright 50 years after that author’s death.
- If a work was first published anonymously and the identity of the author cannot be ascertained on reasonable inquiry, the period of copyright protection is measured from the year of publication and not the year of the author’s death. (See Section 34 of the Australian Copyright Act 1968).

¹⁰² See e.g., NLA, Selection Policy “The newspapers must not have copyright restrictions i.e. anything before 1955 is suitable”. <http://www.nla.gov.au/content/selection-policy> last visited May 2, 2013.

- The law relating to photographs in Australia is a little easier: any photograph taken before 1955 is in the public domain. (See Section 33 of the Australian Copyright Act 1968).

Newspapers contain works by many different authors. For each individual article in a newspaper, the period of copyright protection is measured from the death of the author, even if the author assigned the copyright to the publisher.

When Trove made Australian newspapers from the early 1950s available online in 2008, some of those individual articles were still protected by copyright, but no one knew specifically which ones. For example, if a work was published in 1953 and the author died in 1973, then the copyright would not expire until 2023. This information is not unknowable in most cases, but acquiring that knowledge would be time consuming and expensive.

Before he retired in 2011, Warwick Cathro was the Assistant Director-General of Resource Sharing and Innovation at the National Library of Australia. Warwick was a pioneer in the delivery of innovative network services to the Australian library community and is considered the founder of Trove. I spoke to Warwick about the library's approach to newspaper digitization and he said:

The NLA thus took a “risk management” approach to copyright issues in its newspaper digitization program.

We did this because of the manifest public benefit in digitising this content. We never attempted to clear copyright in individual articles; how could we ever do this for tens of millions of articles?

To my knowledge, in the five years since this content has been made available online, not one copyright owner has objected. If any were to do so the NLA would discuss the purpose of its digitization program and seek permission to include the creator's work in the newspaper database. If this could not be negotiated the NLA would take down the item or article in question.¹⁰³

Notes and questions

(1) Is displaying the photo of James Forman on the Civil Rights Movement Veterans Website fair use? Is reproducing the photo of James Forman in these Extended Readings on Copyright fair use? If the National Library of Australia's policy was judged by American fair use standards, would it pass muster?

(2) For a broader discussion of these issues, see Jennifer M. Urban, *How Fair Use Can Help Solve The Orphan Works Problem*, 27 Berkeley Technology Law Journal 1379 (2012).

Legislative responses to the orphan works problem in the European Union

Directive 2012/28/EU of the European Parliament and the Council of 25 October 2012 on certain permitted uses of orphan works, 2012 OJ (L 299)5. In addition, the Digital Single

¹⁰³ Email exchange between Matthew Sag and Warwick Cathro, April 22, 2013 to May 2, 2013.

Market Directive of 2019 now also addresses the issue of orphan works.¹⁰⁴ The DSM Directive focuses on the use of out-of-commerce works by cultural heritage institutions and it provides that all Member States must allow cultural heritage institutions to make available, for non-commercial purposes, out-of-commerce works or other subject matter that are permanently in their collections under certain conditions. The key provisions of the DSM are extracted below.

Out-of-commerce works and other subject matter

Article 8

Use of out-of-commerce works and other subject matter by cultural heritage institutions

1. Member States shall provide that a collective management organisation, in accordance with its mandates from rightholders, may conclude a non-exclusive licence for non-commercial purposes with a cultural heritage institution for the reproduction, distribution, communication to the public or making available to the public of out-of-commerce works or other subject matter that are permanently in the collection of the institution, irrespective of whether all rightholders covered by the licence have mandated the collective management organisation, on condition that:

(a) the collective management organisation is, on the basis of its mandates, sufficiently representative of rightholders in the relevant type of works or other subject matter and of the rights that are the subject of the licence; and

(b) all rightholders are guaranteed equal treatment in relation to the terms of the licence.

2. Member States shall provide for an exception or limitation to the rights provided for in [various directives], in order to allow cultural heritage institutions to make available, for non-commercial purposes, out-of-commerce works or other subject matter that are permanently in their collections, on condition that:

(a) the name of the author or any other identifiable rightholder is indicated, unless this turns out to be impossible; and

(b) such works or other subject matter are made available on non-commercial websites.

3. Member States shall provide that the exception or limitation provided for in paragraph 2 only applies to types of works or other subject matter for which no collective management organisation that fulfils the condition set out in point (a) of paragraph 1 exists.

4. Member States shall provide that all rightholders may, at any time, easily and effectively, exclude their works or other subject matter from the licensing mechanism set out in paragraph 1 or from the application of the exception or limitation provided for in paragraph 2, either in general or in specific cases, including after the conclusion of a licence or after the beginning of the use concerned.

¹⁰⁴ The Directive on Copyright in the Digital Single Market (DSM Directive) was approved by the European Parliament on 26 March 2019. The directive will become law in the European Union when it is approved by the European Council (a vote scheduled for 9 April 2019).

5. A work or other subject matter shall be deemed to be out-of-commerce when it can be presumed in good faith that the whole work or other subject matter is not available to the public through customary channels of commerce, after a reasonable effort has been made to determine whether it is available to the public.

Member States may provide for specific requirements, such as a cut-off date, to determine whether works and other subject matter can be licensed in accordance with paragraph 1 or used under the exception or limitation provided for in paragraph 2. Such requirements shall not extend beyond what is necessary and reasonable, and shall not preclude being able to determine that a set of works or other subject matter as a whole is out-of-commerce, when it is reasonable to presume that all works or other subject matter are out-of-commerce.

6. Member States shall provide that the licences referred to in paragraph 1 are to be sought from a collective management organisation that is representative for the Member State where the cultural heritage institution is established.

7. This Article shall not apply to sets of out-of-commerce works or other subject matter if, on the basis of the reasonable effort referred to in paragraph 5, there is evidence that such sets predominantly consist of:

- (a) works or other subject matter, other than cinematographic or audiovisual works, first published or, in the absence of publication, first broadcast in a third country
- (b) cinematographic or audiovisual works, of which the producers have their headquarters or habitual residence in a third country; or
- (c) works or other subject matter of third country nationals, where after a reasonable effort no Member State or third country could be determined pursuant to points (a) and (b).

By way of derogation from the first subparagraph, this Article shall apply where the collective management organisation is sufficiently representative, within the meaning of point (a) of paragraph 1, of rightholders of the relevant third country.

Article 9 Cross-border uses

1. Member States shall ensure that licences granted in accordance with Article 8 may allow the use of out-of-commerce works or other subject matter by cultural heritage institutions in any Member State.

2. The uses of works and other subject matter under the exception or limitation provided for in Article 8(2) shall be deemed to occur solely in the Member State where the cultural heritage institution undertaking that use is established.

Article 10 Publicity measures

1. Member States shall ensure that information from cultural heritage institutions, collective management organisations or relevant public authorities, for the purposes of the identification of the out-of-commerce works or other subject matter, covered by a licence granted in accordance with Article 8 (1), or used under the exception or limitation provided for in Article 8(2), as well as information about the options available to rightholders as referred to in Article 8(4), and, as soon as it is available and where relevant, information on the parties to the licence, the territories covered and the uses, is made permanently, easily and effectively accessible on a public single

online portal from at least six months before the works or other subject matter are distributed, communicated to the public or made available to the public in accordance with the licence or under the exception or limitation.

The portal shall be established and managed by the European Union Intellectual Property Office in accordance with Regulation (EU) No 386/2012.

2. Member States shall provide that, if necessary for the general awareness of rightholders, additional appropriate publicity measures are taken regarding the ability of collective management organisations to license works or other subject matter in accordance with Article 8, the licences granted, the uses under the exception or limitation provided for in Article 8(2) and the options available to rightholders as referred to in Article 8(4).

The appropriate publicity measures referred to in the first subparagraph of this paragraph shall be taken in the Member State where the licence is sought in accordance with Article 8(1) or, for uses under the exception or limitation provided for in Article 8(2), in the Member State where the cultural heritage institution is established. If there is evidence, such as the origin of the works or other subject matter, to suggest that the awareness of rightholders could be more efficiently raised in other Member States or third countries, such publicity measures shall also cover those Member States and third countries.

Article 11 Stakeholder dialogue

Member States shall consult rightholders, collective management organisations and cultural heritage institutions in each sector before establishing specific requirements pursuant to Article 8(5), and shall encourage regular dialogue between representative users' and rightholders' organisations, including collective management organisations, and any other relevant stakeholder organisations, on a sector-specific basis, to foster the relevance and usability of the licensing mechanisms set out in Article 8(1) and to ensure that the safeguards for rightholders referred to in this Chapter are effective.

The effect of long copyright terms on the availability of older works

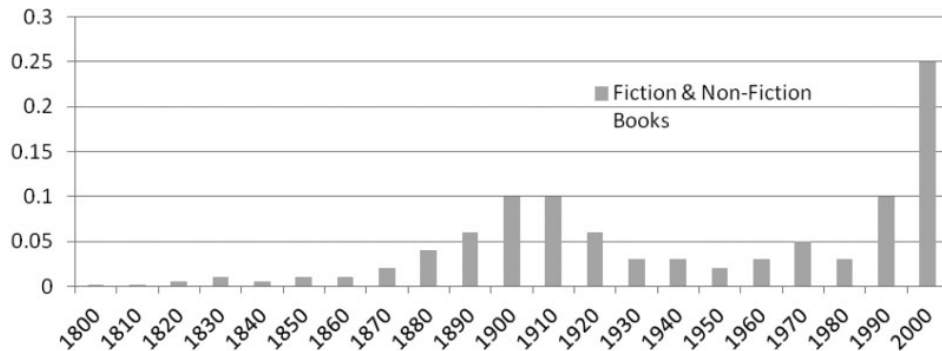
In *Eldred v. Ashcroft*, 537 U.S. 186, 207 (2003), the majority of the Supreme Court gave some credence to “projections that longer terms would encourage copyright holders to invest in the restoration and public distribution of their works.” The argument here is that the absence of copyright protection might impair incentives to invest in maintaining and exploiting these works that have fallen into the public domain.¹⁰⁵

Paul Heald has empirically tested this under-exploitation thesis in a number of studies. In a study of bestselling novels from 1913 to 1932, Heald found that that public-domain status significantly increased the chance that a book would be in print and increased the number of publishers of it.¹⁰⁶ Similarly, in a follow up study Heald and his coauthor Christopher

¹⁰⁵ See e.g. William M. Landes & Richard A. Posner, *Indefinitely Renewable Copyright*, 70 U. CHI. L. REV. 471, 475 (2003).

¹⁰⁶ Paul J. Heald, *Property Rights and the Efficient Exploitation of Copyrighted Works: An Empirical Analysis of Copyrighted and Public Domain Fiction Bestsellers*, 92 MINN. L. REV. 1031 (2008).

Buccafusco found the same effect for audio books: i.e., being in the public domain made a modern audiobook release significantly more likely, not less.¹⁰⁷ In a different study, Heald took a random sample of 2,266 new books available on Amazon during the fall of 2012 and sorted them by the decade of the original publication date for the corresponding title. Heald found that editions of books in the public domain (those published prior to 1923) constituted 72 percent of the total, while editions of titles still under copyright constitute 28 percent. Adjusting the figures to take into account the fact that one public domain title could be published by more than one publisher, Heald produced the following graph of titles on Amazon in 2012 by year of first publication:



The figure clearly shows a sharp drop off in availability once works cross the line from public domain to in-copyright (which was in 1923 at the time Heald collected this data.)¹⁰⁸

As Heald summarizes:

In a world without copyright, one would expect a fairly smoothly downward sloping curve from the decade 2000–2010 to the decade of 1800–1810 based on the assumption that works generally become less popular as they age (and therefore are less desirable to market). If age were the only factor, one would expect to see fewer titles available from each successively older decade. Instead, the curve declines sharply and quickly, and then rebounds significantly for books currently in the public domain initially published before 1923. Since age should be a factor that depresses availability, the most plausible conclusion from the data is that the expiration of copyright makes older works reappear. A corollary hypothesis is also supported by the data: copyright helps make books disappear.¹⁰⁹

Heald found a similar pattern in the age of musical works in the top 100 highest grossing films of all time.¹¹⁰

Notes and questions:

(1) It is very hard to think of a rational argument for the 95 year copyright term that applies to works made for hire or to the life of the author plus 70 years formula. If you were writing

¹⁰⁷ Christopher Buccafusco & Paul J. Heald, *Do Bad Things Happen When Works Enter the Public Domain?: Empirical Tests of Copyright Term Extension*, 28 Berkeley Tech. L.J. 1, 10–12 (2013).

¹⁰⁸ Paul J. Heald, *How Copyright Keeps Works Disappeared*, 11(4) Journal Of Empirical Legal Studies, 829 (2014).

¹⁰⁹ *Id.* at 841.

¹¹⁰ *Id.*

on a blank slate, what term of copyright would you propose? What theory or perspective on copyright law does your answer reflect?

13. COPYRIGHT AND INDUSTRIAL DESIGN

Different Approaches to Functional Art

Figure 16 Screenshot of MoMA Website (March 8, 2018)

MoMA

Exhibitions and events

Art and artists



Donald T. Chadwick, William Stumpf

Aeron Office Chair

1992

There is no question that copyright protects drawings, paintings, and sculptures. However, when aesthetic and creative choices are embodied in utilitarian or useful articles, such as the shape of a chair or the design of a piece of consumer electronics, the appropriate scope of copyright protection is a point of contention.

Consider, for example, the Aeron office chair designed in 1992 by Don Chadwick and Bill Stumpf. One of America's best-selling and most recognizable chairs in the early late 1990's and 2000's, the Aeron chair is also featured in the Museum of Modern Art's permanent collection. Is the chair a functional object, an artistic design, or both?

The European tradition of intellectual property protection draws a distinction between "artistic and literary works of authorship" on the one hand and "industrial property" on the other. Around the world, industrial designs are protected, variously, under sui generis design right regimes, under as special types of patents, and/or under the umbrella of copyright. Articles 25 and 26 of the TRIPs Agreement require the protection of industrial designs for a minimum period of 10 years.

TRIPs Article 25(1)

Members shall provide for the protection of independently created industrial designs that are new or original. Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.

TRIPs Article 26

(1) The owner of a protected industrial design shall have the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.

- (3) The duration of protection available shall amount to at least 10 years.

The Berne Convention (Paris 1971) requires that member nations protect “every production in the literary, scientific and artistic domain” as a literary work. However, Article 2(7) of the Berne Convention leaves it up to member countries to determine the extent to which copyright law should apply to “works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected.” But note that subsection 7 also provides that if a country has no special protection for designs and models, they must be protected as artistic works.

Berne Convention (Paris 1971) Article 2

(1) The expression “literary and artistic works” shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression ...

(7) ... it shall be a matter for legislation in the countries of the Union to determine the extent of the application of their laws to works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected. Works protected in the country of origin solely as designs and models shall be entitled in another country of the Union only to such special protection as is granted in that country to designs and models; however, if no such special protection is granted in that country, such works shall be protected as artistic works.

Accordingly, the TRIPs Agreement and the Berne Convention require some type of protection for applied art and industrial design, but they leave considerable discretion open to member nations.

Design Patents in the United States

In the United States, the ornamental design of a functional item is eligible for a design patent as long as it meets the threshold requirements of novelty and non-obviousness.

35 U.S. Code § 171 - Patents for designs

(a) Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

(b) The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

Jewelry, furniture, the shapes of containers, and even computer icons have been patented as designs. A design patent confers the exclusive right to make, use, and sell objects embodying the design, regardless of whether the defendant’s product was copied or independently conceived. However, design patents only last for 15 years from the date that they are issued. There is obviously a great deal more to be said about design patents, but it will not be said here.

Protecting industrial designs and other PGS works through copyright

PGS works

The subject matter of copyright as initially conceived, related to things written, not just works of literature such as books, but also maps, charts, and tables. Over time, however, the subject matter of copyright expanded to include works of authorship of a non-literary nature. One important classification of copyright subject matter under the US Copyright Act of 1976 Act is “pictorial, graphic, and sculptural works,” usually abbreviated to PGS works. This category includes maps and diagrams as well as drawings, paintings, and photographs. It also includes three-dimensional objects, and “the design of a useful article,” but only in some circumstances.

17 U.S. Code § 102(a)

Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression[.] Works of authorship include the following categories: ... (5) pictorial, graphic, and sculptural works;

17 U.S. Code § 101

“Pictorial, graphic, and sculptural works” include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, [including architectural plans]. ... Such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; *the design of a useful article*, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be *identified separately from, and are capable of existing independently of*, the utilitarian aspects of the article. (emphasis added)

Useful Articles and Conceptual Severability

The expression “useful article” is a term of art in copyright law with some profound implications. Section 101 of the Copyright Act provides that PGS works include “works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned.” It also provides that the design of a work that constitutes a “useful article” is protectable as a PGS work “only if and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”

The upshot of these provisions and the case law interpreting them is that a work of design is protectable under copyright where its expressive “pictorial, graphic, or sculptural features” are separable from its “utilitarian aspects.”

Where does this concept of useful articles and conceptual severability come from? A useful place to start is with the Supreme Court’s opinion in *Mazer v. Stein* in 1954.

Mazer v. Stein, 347 U.S. 201 (1954)

Mr. Justice Reed delivered the opinion of the Court.

This case involves the validity of copyrights obtained by respondents for statuettes of male and female dancing figures made of semivitreous china. The controversy centers around the fact that although copyrighted as “works of art,” the statuettes were intended for use and used as bases for table lamps, with electric wiring, sockets and lamp shades attached.

Respondents are partners in the manufacture and sale of electric lamps. One of the respondents created original works of sculpture in the form of human figures by traditional clay-model technique. From this model, a production mold for casting copies was made. The resulting statuettes, without any lamp components added, were submitted by the respondents to the Copyright Office for registration as “works of art” or reproductions thereof and certificates of registration issued. Thereafter, the statuettes were sold in quantity throughout the country both as lamp bases and as statuettes. The sales in lamp form accounted for all but an insignificant portion of respondents’ sales.

Petitioners are partners and, like respondents, make and sell lamps. Without authorization, they copied the statuettes, embodied them in lamps and sold them. Petitioners, charged by the present complaint with infringement of respondents’ copyrights of reproductions of their works of art, seek here a reversal of the Court of Appeals decree upholding the copyrights.

The case requires an answer, not as to a manufacturer’s right to register a lamp base but as to an artist’s right to copyright a work of art intended to be reproduced for lamp bases. Petitioners question the validity of a copyright of a work of art for “mass” production. Their position is that a copyright does not cover industrial reproduction of the protected article. Thus their reply brief states:

When an artist becomes a manufacturer or a designer for a manufacturer he is subject to the limitations of design patents and deserves no more consideration than any other manufacturer or designer.

It is not the right to copyright an article that could have utility under §§ 5 (g) and (h) that petitioners oppose. . . . It is publication as a lamp and registration as a statue to gain a monopoly in manufacture that they assert is such a misuse of copyright as to make the registration invalid.

The successive acts, the legislative history of the 1909 Act and the practice of the Copyright Office unite to show that “works of art” and “reproductions of works of art” are terms that were intended by Congress to include the authority to copyright these statuettes. Individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art. As a standard we can hardly do better than the words of the present Regulation, § 202.8, naming the things that appertain to the arts. They must be original, that is, the author’s tangible expression of his ideas.¹¹¹

But petitioners assert that congressional enactment of the design patent laws should be interpreted as denying protection to artistic articles embodied or reproduced in

¹¹¹ The Court is referring to the then applicable 37 CFR, 1949, § 202.8: “Works of art (Class G)—(a) In General. This class includes works of artistic craftsmanship, in so far as their form but not their mechanical or utilitarian aspects are concerned, such as artistic jewelry, enamels, glassware, and tapestries, as well as all works belonging to the fine arts, such as paintings, drawings and sculpture. . . .”

manufactured articles. ... Their argument is that design patents require the critical examination given patents to protect the public against monopoly. ... Petitioner urges that overlapping of patent and copyright legislation so as to give an author or inventor a choice between patents and copyrights should not be permitted. We assume petitioner takes the position that protection for a statuette for industrial use can only be obtained by patent, if any protection can be given.

As we have held the statuettes here involved copyrightable, we need not decide the question of their patentability. Though other courts have passed upon the issue as to whether allowance by the election of the author or patentee of one bars a grant of the other, we do not. We do hold that the patentability of the statuettes, fitted as lamps or unfitted, does not bar copyright as works of art. Neither the Copyright Statute nor any other says that because a thing is patentable it may not be copyrighted. We should not so hold.

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. The copyright protects originality rather than novelty or invention—conferring only “the sole right of multiplying copies.” Absent copying there can be no infringement of copyright. Thus, respondents may not exclude others from using statuettes of human figures in table lamps; they may only prevent use of copies of their statuettes as such or as incorporated in some other article. Regulation § 202.8 makes clear that artistic articles are protected in “form but not their mechanical or utilitarian aspects.” The dichotomy of protection for the aesthetic is not beauty and utility but art for the copyright and the invention of original and ornamental design for design patents. We find nothing in the copyright statute to support the argument that the intended use or use in industry of an article eligible for copyright bars or invalidates its registration. We do not read such a limitation into the copyright law.

... Nor do we think the subsequent registration of a work of art published as an element in a manufactured article, is a misuse of the copyright. This is not different from the registration of a statuette and its later embodiment in an industrial article.

Notes and questions

(1) Although the lamp base in *Mazer v. Stein* had features that might have made it more appropriate for either utility patent or design patent protection, the Court held as a matter of statutory interpretation that independent works of art may be copyrighted even if they are incorporated into useful articles. Under the regulations in force at the time, copyright extended to “works of artistic craftsmanship, in so far as their form but not their mechanical or utilitarian aspects are concerned.” *Mazer* is usually read as authority for this distinction. Although the term “conceptual separability” does not appear in *Mazer*, the idea is embedded in the Court’s recognition that to be copyrightable, the statuettes “must be original, that is, the author’s tangible expression of his ideas” even though they appeared on an otherwise mundane utilitarian object.

The definition of “pictorial, graphic, and sculptural works” in the Copyright Act of 1976

The Supreme Court’s ruling in *Mazer v. Stein* led directly to the definition of “pictorial, graphic, and sculptural works” in the Copyright Act of 1976. As noted above, Section 101 defines pictorial graphic and sculptural works to include two-dimensional and three-dimensional works of fine, graphic and applied art, and more. The definition distinguishes between the form and the “mechanical or utilitarian aspects” of works of artistic craftsmanship and provides that the design of a useful article shall be considered a PGS work “only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be *identified separately from, and are capable of existing independently of,* the utilitarian aspects of the article.”

Distinguishing Between Useful and Useless Articles

For a pictorial, graphical, or sculptural work to qualify as copyright subject matter it must meet the thresholds of originality and the requirement of fixation like any other work of authorship, but if it is a “useful article” it must also satisfy the requirement of “conceptual separability.” However, not every PGS work is a useful article.

Section 101 also contains a definition of “useful article.”

17 U.S. Code § 101.

A “useful article” is an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article that is normally a part of a useful article is considered a “useful article”.

Christopher Buccafusco and Mark Lemley, provide a nice summary of this issue.

Christopher Buccafusco & Mark Lemley *Functionality Screens*, 103 Virginia Law Review, 1293, 1329–31 (2017)

Many PGS works will have no intrinsic utilitarian function. Although a painting may serve to cover a hole in the wall or a sculpture may offer shade from the sun, we would not treat them as being intrinsically utilitarian. These works are not useful articles, are protectable to the extent that they are original, and, yet, any residual functional aspects of the works will not receive protection. If, however, the work does have an intrinsic utilitarian function, then it constitutes a useful article. For example, clothing garments, automobiles, personal electronics, and furniture all have some significant usefulness.

[If a work] constitutes a useful article, the next step of the analysis has been to apply the separability criterion. As noted above, this requires the court to determine whether pictorial, graphic, or sculptural features of the work can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article. Thus, the court must determine which parts of the work are purely aesthetic features, which parts are purely utilitarian aspects, and which parts are dual-nature, those that simultaneously exhibit aesthetics and functionality. Although the nature of this inquiry is not entirely clear, the best reading of the statute treats as “utilitarian aspects” any components of the work that do not “merely ... portray the appearance of the article or ... convey information.”

Having analyzed the components of the work, the court can now apply the separability criterion by asking whether the aesthetic features can be identified

separately from, and are capable of existing independently of, the utilitarian aspects of the article. That is, the court will ask whether the useful article exhibits any purely aesthetic features. These features, and only these features, can receive copyright protection. In some cases, this inquiry is easy, because the aesthetic features can be physically removed from the useful article. For example, the sculpted hood ornament on a Jaguar automobile can simply be removed from the car leaving both a sculpture and a car. Here, the aesthetic features are said to be “physically separable.”

In other cases, however, the aesthetic features cannot be removed from an article. Nonetheless, courts typically hold that the aesthetic features of useful articles may still be copyrightable if they are “conceptually separable.” Here, in particular, courts and scholars have struggled to understand how to make this determination. Although different formulations for the conceptual separability criterion exist, they all tend to ask a similar question: is the work (or its separable features) primarily aesthetic or utilitarian?

What is “conceptual separability” after *Star Athletica v. Varsity Brands*?

Before Star Athletica

In 2017, the Supreme Court announced its decision in a case involving the copyrightability of designs for cheerleading uniforms, *Star Athletica v. Varsity Brands*; a case that squarely presented the question of how the concept of conceptual separability should be understood and applied. Since the 1976 Act came into effect, lower courts and the Copyright Office had proposed a variety of tests for conceptual separability, including:

- whether the aesthetic features and utilitarian aspects could exist side by side and be perceived as fully realized, separate works;
- whether the aesthetic features are primary to a subsidiary utilitarian function;
- whether the aesthetic features can be identified as reflecting the designer’s artistic judgment exercised independently of functional influences; and
- whether there is a substantial likelihood that the aesthetic features would still be marketable to a significant segment of the community if the work had no utilitarian function.¹¹²

The different formulations all appear to converge on a central question: how important are the aesthetic features relative to the utilitarian aspects of the article?

It is helpful to consider how copyright has historically dealt with fashion before getting into the details of the Supreme Court’s decision in *Star Athletica*. Two propositions with respect to copyright in fashion design had been well settled prior to *Star Athletica*. First, printed designs on clothes are copyrightable because the ornamentation is separable from the useful aspects of the article. Second, items of clothing as such are generally not eligible for copyright protection because they are considered useful articles in which any artistic element is hopelessly merged with the items utilitarian function.

Compendium III of U.S. Copyright Office Practices, § 924.3(A)(1).

Clothing Designs

¹¹² See 1-2 Nimmer on Copyright, § 2.08.

Clothing such as shirts, dresses, pants, coats, shoes, and outerwear are not eligible for copyright protection because they are considered useful articles. This is because clothing provides utilitarian functions, such as warmth, protection, and modesty. As a result, the U.S. Copyright Office will not register a claim in clothing or clothing designs.

The plaintiff in the *Star Athletica* case, Varsity Brands, did not attempt to register the design of a cheerleading uniform *per se*, it registered five different sets of two-dimensional artwork to be embodied in a uniform. This is tricky. A drawing of dress is not the dress, nor even necessarily the design of the dress. It could be a pleasing visual image in its own right. However, applying Section 113(b), copyright in the drawing does not extend protection to the creation of a three-dimensional dress that itself would be a useful article.

17 U.S. Code § 113(b)

This title does not afford, to the owner of copyright in a work that portrays a useful article as such, any greater or lesser rights with respect to the making, distribution, or display of the useful article so portrayed than those afforded to such works under [copyright law].

Pursuant to this section, an artist would be entitled to copyright in a drawing of a mousetrap, but would have no claim against anyone who made an actual mousetrap based on her drawing.

Star Athletica LLC v. Varsity Brands Inc. 137 S.Ct. 1002 (2017)¹¹³

Justice Thomas delivered the opinion of the Court.

Congress has provided copyright protection for original works of art, but not for industrial designs. The line between art and industrial design, however, is often difficult to draw. This is particularly true when an industrial design incorporates artistic elements. Congress has afforded limited protection for these artistic elements by providing that “pictorial, graphic, or sculptural features” of the “design of a useful article” are eligible for copyright protection as artistic works if those features “can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” 17 U.S.C. §101.

We granted certiorari to resolve widespread disagreement over the proper test for implementing §101’s separate-identification and independent-existence requirements. We hold that a feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article into which it is incorporated. Because that test is satisfied in this case, we affirm.

Respondents Varsity Brands, Inc., Varsity Spirit Corporation, and Varsity Spirit Fashions & Supplies, Inc., design, make, and sell cheerleading uniforms. Respondents have obtained or acquired more than 200 U.S. copyright registrations

¹¹³ This edited version of the case is based on Eric E Johnson’s edit.

for two-dimensional designs appearing on the surface of their uniforms and other garments. These designs are primarily “combinations, positionings, and arrangements of elements” that include “chevrons . . . , lines, curves, stripes, angles, diagonals, inverted [chevrons], coloring, and shapes.” At issue in this case are Designs 299A, 299B, 074, 078, and 0815. See *infra*.

Figure 17 Varsity’s Claimed Designs



Design 299A

Design 299B



Design 074



Design 078



Design 0815

Petitioner Star Athletica, L.L.C., also markets and sells cheerleading uniforms. Respondents sued petitioner for infringing their copyrights in the five designs.

The Copyright Act establishes a special rule for copyrighting a pictorial, graphic, or sculptural work incorporated into a “useful article,” which is defined as “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.” The statute does not protect useful articles as such. Rather, “the design of a useful article” is “considered a pictorial, graphical, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” In this case, our task is to determine whether the arrangements of lines, chevrons, and colorful shapes appearing on the surface of respondents’ cheerleading uniforms are eligible for copyright protection as separable features of the design of those cheerleading uniforms.

We must decide when a feature incorporated into a useful article “can be identified separately from” and is “capable of existing independently of” “the utilitarian aspects” of the article. This is not a free-ranging search for the best copyright policy, but rather “depends solely on statutory interpretation.” “The controlling principle in this case is the basic and unexceptional rule that courts must give effect to the clear meaning of statutes as written.” We thus begin and end our inquiry with the text, giving each word its “ordinary, contemporary, common meaning.”

The statute provides that a pictorial, graphic, or sculptural feature incorporated into the design of a useful article is eligible for copyright protection if it (1) “can be identified separately from,” and (2) is “capable of existing independently of, the utilitarian aspects of the article.” §101. The first requirement—separate identification—is not onerous. The decisionmaker need only be able to look at the useful article and spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities.

The independent-existence requirement is ordinarily more difficult to satisfy. The decisionmaker must determine that the separately identified feature has the capacity to exist apart from the utilitarian aspects of the article. In other words, the feature must be able to exist as its own pictorial, graphic, or sculptural work as defined in §101 once it is imagined apart from the useful article. If the feature is not capable of existing as a pictorial, graphic, or sculptural work once separated from the useful article, then it was not a pictorial, graphic, or sculptural feature of that article, but rather one of its utilitarian aspects.

Of course, to qualify as a pictorial, graphic, or sculptural work on its own, the feature cannot itself be a useful article or “[a]n article that is normally a part of a useful article” (which is itself considered a useful article). §101. Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.

In sum, a feature of the design of a useful article is eligible for copyright if, when identified and imagined apart from the useful article, it would qualify as a pictorial, graphic, or sculptural work either on its own or when fixed in some other tangible medium.

Applying this test to the surface decorations on the cheerleading uniforms is straightforward. First, one can identify the decorations as features having pictorial, graphic, or sculptural qualities. Second, if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium—for example, on a painter’s canvas—they would qualify as “two-dimensional ... works of ... art,” §101. And imaginatively removing the surface decorations from the uniforms and applying them in another medium would not replicate the uniform itself. Indeed, respondents have applied the designs in this case to other media of expression—different types of clothing—without replicating the uniform. The decorations are therefore separable from the uniforms and eligible for copyright protection.

Footnote: We do not today hold that the surface decorations are copyrightable. We express no opinion on whether these works are sufficiently original to qualify for copyright protection, see *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340–359 (1991), or on whether any other prerequisite of a valid copyright has been satisfied.

The dissent argues that the designs are not separable because imaginatively removing them from the uniforms and placing them in some other medium of expression—a canvas, for example—would create “pictures of cheerleader uniforms.” Petitioner similarly argues that the decorations cannot be copyrighted because, even when extracted from the useful article, they retain the outline of a cheerleading uniform.

This is not a bar to copyright. Just as two-dimensional fine art corresponds to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied. A fresco painted on a wall, ceiling panel, or dome would not lose copyright protection, for example, simply because it was designed to track the dimensions of the surface on which it was painted. Or consider, for example, a design etched or painted on the surface of a guitar. If that entire design is imaginatively removed from the guitar’s surface and placed on an album cover, it would still resemble the shape of a guitar. But the image on the cover does not “replicate” the guitar as a useful article. Rather, the design is a two-dimensional work of art that corresponds to the shape of the useful article to which it was applied. The statute protects that work of art whether it is first drawn on the album cover and then applied to the guitar’s surface, or vice versa. Failing to protect that art would create an anomaly: It would extend protection to two-dimensional designs that cover a part of a useful article but would not protect the same design if it covered the entire article. The statute does not support that distinction, nor can it be reconciled with the dissent’s recognition that “artwork printed on a t-shirt” could be protected.

To be clear, the only feature of the cheerleading uniform eligible for a copyright in this case is the two-dimensional work of art fixed in the tangible medium of the uniform fabric. Even if respondents ultimately succeed in establishing a valid copyright in the surface decorations at issue here, respondents have no right to prohibit any person from manufacturing a cheerleading uniform of identical shape, cut, and dimensions to the ones on which the decorations in this case appear. They may prohibit only the reproduction of the surface designs in any tangible medium of expression—a uniform or otherwise.

Footnote: The dissent suggests that our test would lead to the copyrighting of shovels. But a shovel, like a cheerleading uniform, even if displayed in an art gallery, is “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.” 17 U.S.C. §101. It therefore cannot be copyrighted. A drawing of a shovel could, of course, be copyrighted. And, if the shovel included any artistic features that could be perceived as art apart from the shovel, and which would qualify as protectable pictorial, graphic, or sculptural works on their own or in another medium, they too could be copyrighted. But a shovel as a shovel cannot.

According to petitioner, if a feature of a useful article “advance[s] the utility of the article,” then it is categorically beyond the scope of copyright. The designs here are not protected, it argues, because they are necessary to two of the uniforms’ “inherent, essential, or natural functions”—identifying the wearer as a cheerleader and enhancing the wearer’s physical appearance. Because the uniforms would not be equally useful without the designs, petitioner contends that the designs are inseparable from the “utilitarian aspects” of the uniform.

The Government suggests that the appropriate test is whether the useful article with the artistic feature removed would “remain similarly useful.” In the view of the United States, however, a plain white cheerleading uniform is “similarly useful” to uniforms with respondents’ designs.

The debate over the relative utility of a plain white cheerleading uniform is unnecessary. The focus of the separability inquiry is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require the decisionmaker to imagine a fully functioning useful article without the artistic feature. Instead, it requires that the separated feature qualify as a nonuseful pictorial, graphic, or sculptural work on its own.

Of course, because the removed feature may not be a useful article—as it would then not qualify as a pictorial, graphic, or sculptural work—there necessarily would be some aspects of the original useful article “left behind” if the feature were conceptually removed. But the statute does not require the imagined remainder to be a fully functioning useful article at all, much less an equally useful one.

Because we reject the view that a useful article must remain after the artistic feature has been imaginatively separated from the article, we necessarily abandon the distinction between “physical” and “conceptual” separability, which some courts and commentators have adopted based on the Copyright Act’s legislative history.

The statutory text indicates that separability is a conceptual undertaking. Because separability does not require the underlying useful article to remain, the physical-conceptual distinction is unnecessary.

Petitioner next argues that we should incorporate two “objective” components into our test to provide guidance to the lower courts: (1) “whether the design elements can be identified as reflecting the designer’s artistic judgment exercised independently of functional influence,” and (2) whether “there is [a] substantial likelihood that the pictorial, graphic, or sculptural feature would still be marketable to some significant segment of the community without its utilitarian function.”

We reject this argument because neither consideration is grounded in the text of the statute. The statute’s text makes clear that our inquiry is limited to how the article and feature are perceived, not how or why they were designed. See *Brandir Int’l, Inc. v. Cascade Pacific Lumber Co.*, 834 F. 2d 1142, 1152 (CA2 1987) (Winter, J., concurring in part and dissenting in part) (“The statute “expressly states that the legal test is how the final article is perceived, not how it was developed through various stages”).

The same is true of marketability. Nothing in the statute suggests that copyrightability depends on market surveys. Moreover, asking whether some segment of the market would be interested in a given work threatens to prize popular art over other forms, or to substitute judicial aesthetic preferences for the policy choices embodied in the Copyright Act.

Finally, petitioner argues that allowing the surface decorations to qualify as a “work of authorship” is inconsistent with Congress’ intent to entirely exclude industrial design from copyright. Petitioner notes that Congress refused to pass a provision that would have provided limited copyright protection for industrial designs, including clothing, when it enacted the 1976 Act and that it has enacted laws

protecting designs for specific useful articles—semiconductor chips and boat hulls—while declining to enact other industrial design statutes. From this history of failed legislation petitioner reasons that Congress intends to channel intellectual property claims for industrial design into design patents. It therefore urges us to approach this question with a presumption against copyrightability

We do not share petitioner’s concern. As an initial matter, “congressional inaction lacks persuasive significance” in most circumstances. Moreover, we have long held that design patent and copyright are not mutually exclusive. In any event, as explained above, our test does not render the shape, cut, and physical dimensions of the cheerleading uniforms eligible for copyright protection.

Justice Ginsburg, concurring in the judgment.

I concur in the Court’s judgment but not in its opinion. Unlike the majority, I would not take up in this case the separability test appropriate under 17 U.S.C. §101. Consideration of that test is unwarranted because the designs at issue are not designs of useful articles. Instead, the designs are themselves copyrightable pictorial or graphic works reproduced on useful articles.

The designs here in controversy are standalone pictorial and graphic works that respondents Varsity Brands reproduce on cheerleading uniforms. Varsity’s designs first appeared as pictorial and graphic works that Varsity’s design team sketched on paper. Varsity then sought copyright protection for those two-dimensional designs, not for cheerleading costumes; its registration statements claimed “2-Dimensional artwork” and “fabric design (artwork).” Varsity next reproduced its two-dimensional graphic designs on cheerleading uniforms, also on other garments, including T-shirts and jackets.

In short, Varsity’s designs are standalone PGS works that may gain copyright protection as such, including the exclusive right to reproduce the designs on useful articles.

Justice Breyer, with whom Justice Kennedy joins, dissenting.

I agree with much in the Court’s opinion. But I do not agree that the designs that Varsity Brands, Inc., submitted to the Copyright Office are eligible for copyright protection. Even applying the majority’s test, the designs cannot “be perceived as ... two- or three-dimensional works of art separate from the useful article.”

Look at the designs that Varsity submitted to the Copyright Office. You will see only pictures of cheerleader uniforms. And cheerleader uniforms are useful articles. A picture of the relevant design features, whether separately “perceived” on paper or in the imagination, is a picture of, and thereby “replicate[s],” the underlying useful article of which they are a part. Hence the design features that Varsity seeks to protect are not “capable of existing independently o[f] the utilitarian aspects of the article.” 17 U.S.C. §101.

The relevant statutory provision says that the “design of a useful article” is copyrightable “only if, and only to the extent that, such design incorporates pictorial,

graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” But what, we must ask, do the words “identified separately” mean? The most direct, helpful aspect of the Court’s opinion answers this question by stating:

Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyright-able, it would not give rise to any rights in the useful article that inspired it.

Exactly so. These words help explain the Court’s statement that a copyrightable work of art must be “perceived as a two- or three-dimensional work of art separate from the useful article.” They help clarify the concept of separateness. They are consistent with Congress’ own expressed intent.

Consider, for example, the explanation that the House Report for the Copyright Act of 1976 provides. It says:

“Unless the shape of an automobile, airplane, ladies’ dress, food processor, television set, or any other industrial product contains some element that, *physically or conceptually*, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted” House Report at 55 (emphasis added).

These words suggest two exercises, one physical, one mental. Can the design features (the picture, the graphic, the sculpture) be physically removed from the article (and considered separately), all the while leaving the fully functioning utilitarian object in place? If not, can one nonetheless conceive of the design features separately without replicating a picture of the utilitarian object? If the answer to either of these questions is “yes,” then the design is eligible for copyright protection. Otherwise, it is not.

An example will help. Imagine a lamp with a circular marble base, a vertical 10-inch tall brass rod (containing wires) inserted off center on the base, a light bulb fixture emerging from the top of the brass rod, and a lampshade sitting on top. In front of the brass rod a porcelain Siamese cat sits on the base facing outward. Obviously, the Siamese cat is physically separate from the lamp, as it could be easily removed while leaving both cat and lamp intact. And, assuming it otherwise qualifies, the designed cat is eligible for copyright protection.

Now suppose there is no long brass rod; instead the cat sits in the middle of the base and the wires run up through the cat to the bulbs. The cat is not physically separate from the lamp, as the reality of the lamp’s construction is such that an effort to physically separate the cat and lamp will destroy both cat and lamp. The two are integrated into a single functional object, like the similar configuration of the ballet dancer statuettes that formed the lamp bases at issue in *Mazer v. Stein*, 347 U.S. 201 (1954). But we can easily imagine the cat on its own, as did Congress when conceptualizing the ballet dancer. See House Report, at 55 (the statuette in *Mazer* was “incorporated into a product without losing its ability to exist independently as a work of art”). In doing so, we do not create a mental picture of a lamp (or, in the Court’s words, a “replica” of the lamp), which is a useful article. We simply perceive the cat separately, as a small cat figurine that could be a copyrightable design work standing alone that does not replicate the lamp. Hence the cat is conceptually

separate from the utilitarian article that is the lamp. The pair of lamps pictured at Figures 1 and 2 illustrate this principle.

Justice Breyer's Figures 1 and 2 (Cat Lamps)



Fig. 1



Fig. 2

By way of contrast, Van Gogh's painting of a pair of old shoes, though beautifully executed and copyrightable as a painting, would not qualify for a shoe design copyright. See fig. 3. Courts have similarly denied copyright protection to objects that begin as three-dimensional designs, such as measuring spoons shaped like heart-tipped arrows, candleholders shaped like sailboats, and wire spokes on a wheel cover. None of these designs could qualify for copyright protection that would prevent others from selling spoons, candleholders, or wheel covers with the same design. Why not? Because in each case the design is not separable from the utilitarian aspects of the object to which it relates. The designs cannot be physically separated because they themselves make up the shape of the spoon, candleholders, or wheel covers of which they are a part. One cannot easily imagine or otherwise conceptualize the design of the spoons or the candleholders or the shoes without that picture, or image, or replica being a picture of spoons, or candleholders, or wheel covers, or shoes. The designs necessarily bring along the underlying utilitarian object. Hence each design is not conceptually separable from the physical useful object.

Justice Breyer's Figure 3



Fig. 3: Vincent Van Gogh, "Shoes"

To repeat: A separable design feature must be “capable of existing independently” of the useful article as a separate artistic work that is not itself the useful article. If the claimed feature could be extracted without replicating the useful article of which it is a part, and the result would be a copyrightable artistic work standing alone, then there is a separable design. But if extracting the claimed features would necessarily bring along the underlying useful article, the design is not separable from the useful article. In many or most cases, to decide whether a design or artistic feature of a useful article is conceptually separate from the article itself, it is enough to imagine the feature on its own and ask, “Have I created a picture of a (useful part of a) useful article?” If so, the design is not separable from the useful article. If not, it is.

In referring to imagined pictures and the like, I am not speaking technically. I am simply trying to explain an intuitive idea of what separation is about, as well as how I understand the majority’s opinion. So understood, the opinion puts design copyrights in their rightful place. The law has long recognized that drawings or photographs of real world objects are copyrightable as drawings or photographs, but the copyright does not give protection against others making the underlying useful objects. That is why a copyright on Van Gogh’s painting would prevent others from reproducing that painting, but it would not prevent others from reproducing and selling the comfortable old shoes that the painting depicts.

To ask this kind of simple question—does the design picture the useful article?—will not provide an answer in every case, for there will be cases where it is difficult to say whether a picture of the design is, or is not, also a picture of the useful article. But the question will avoid courts focusing primarily upon what I believe is an unhelpful feature of the inquiry, namely, whether the design can be imagined as a “two- or

three-dimensional work of art.” That is because virtually any industrial design can be thought of separately as a “work of art”: Just imagine a frame surrounding the design, or its being placed in a gallery. Consider Marcel Duchamp’s “readymades” series, the functional mass-produced objects he designated as art. See fig. 4, [picture of shovel]. What design features could not be imaginatively reproduced on a painter’s canvas?

Justice Breyer’s Figure 4



Fig. 4: Marcel Duchamp, “In Advance of the Broken Arm”

The conceptual approach that I have described reflects Congress’ answer to a problem that is primarily practical and economic. Years ago Lord Macaulay drew attention to the problem when he described copyright in books as a “tax on readers for the purpose of giving a bounty to writers.” He called attention to the main benefit of copyright protection, which is to provide an incentive to produce copyrightable works and thereby “promote the Progress of Science and useful Arts.” But Macaulay also made clear that copyright protection imposes costs. Those costs include the higher prices that can accompany the grant of a copyright monopoly. They also can include (for those wishing to display, sell, or perform a design, film, work of art, or piece of music, for example) the costs of discovering whether there are previous copyrights, of contacting copyright holders, and of securing permission to copy. Sometimes, as Thomas Jefferson wrote to James Madison, costs can outweigh “the benefit even of limited monopolies.” And that is particularly true in light of the fact that Congress has extended the “limited Times” of protection, from the “14 years” of Jefferson’s day to potentially more than a century today.

The Constitution grants Congress primary responsibility for assessing comparative costs and benefits and drawing copyright’s statutory lines. Courts must respect those lines and not grant copyright protection where Congress has decided not to do so. And it is clear that Congress has not extended broad copyright protection to the fashion design industry.

Congress' decision not to grant full copyright protection to the fashion industry has not left the industry without protection. Patent design protection is available. A maker of clothing can obtain trademark protection under the Lanham Act for signature features of the clothing. And a designer who creates an original textile design can receive copyright protection for that pattern as placed, for example, on a bolt of cloth, or anything made with that cloth.

The fashion industry has thrived against this backdrop, and designers have contributed immeasurably to artistic and personal self-expression through clothing. But a decision by this Court to grant protection to the design of a garment would grant the designer protection that Congress refused to provide. It would risk increased prices and unforeseeable disruption in the clothing industry, which in the United States alone encompasses nearly \$370 billion in annual spending and 1.8 million jobs. That is why I believe it important to emphasize those parts of the Court's opinion that limit the scope of its interpretation. That language, as I have said, makes clear that one may not "claim a copyright in a useful article merely by creating a replica of that article in some other medium," which "would not give rise to any rights in the useful article that inspired it."

If we ask the "separateness" question correctly, the answer here is not difficult to find. The majority's opinion, in its appendix, depicts the cheerleader dress designs that Varsity submitted to the Copyright Office. Can the design features in Varsity's pictures exist separately from the utilitarian aspects of a dress? Can we extract those features as copyrightable design works standing alone, without bringing along, via picture or design, the dresses of which they constitute a part?

Consider designs 074, 078, and 0815. They certainly look like cheerleader uniforms. That is to say, they look like pictures of cheerleader uniforms, just like Van Gogh's old shoes look like shoes. I do not see how one could see them otherwise. Designs 299A and 2999B present slightly closer questions. They omit some of the dresslike context that the other designs possess. But the necklines, the sleeves, and the cut of the skirt suggest that they too are pictures of dresses. Looking at all five of Varsity's pictures, I do not see how one could conceptualize the design features in a way that does not picture, not just artistic designs, but dresses as well.

Were I to accept the majority's invitation to "imaginatively remov[e]" the chevrons and stripes as they are arranged on the neckline, waistline, sleeves, and skirt of each uniform, and apply them on a "painter's canvas," that painting would be of a cheerleader's dress. The esthetic elements on which Varsity seeks protection exist only as part of the uniform design—there is nothing to separate out but for dress-shaped lines that replicate the cut and style of the uniforms. Hence, each design is not physically separate, nor is it conceptually separate, from the useful article it depicts, namely, a cheerleader's dress. They cannot be copyrighted.

Varsity, of course, could have sought a design patent for its designs. Or, it could have sought a copyright on a textile design, even one with a similar theme of chevrons and lines.

But that is not the nature of Varsity's copyright claim. It has instead claimed ownership of the particular " 'treatment and arrangement' " of the chevrons and lines of the design as they appear at the neckline, waist, skirt, sleeves, and overall cut

of each uniform. The majority imagines that Varsity submitted something different—that is, only the surface decorations of chevrons and stripes, as in a textile design. As the majority sees it, Varsity’s copyright claim would be the same had it submitted a plain rectangular space depicting chevrons and stripes, like swaths from a bolt of fabric. But considered on their own, the simple stripes are plainly unoriginal. Varsity, then, seeks to do indirectly what it cannot do directly: bring along the design and cut of the dresses by seeking to protect surface decorations whose “treatment and arrangement” are coextensive with that design and cut. As Varsity would have it, it would prevent its competitors from making useful three-dimensional cheerleader uniforms by submitting plainly unoriginal chevrons and stripes as cut and arranged on a useful article. But with that cut and arrangement, the resulting pictures on which Varsity seeks protection do not simply depict designs. They depict clothing. They depict the useful articles of which the designs are inextricable parts. And Varsity cannot obtain copyright protection that would give them the power to prevent others from making those useful uniforms, any more than Van Gogh can copyright comfortable old shoes by painting their likeness.

I fear that, in looking past the three-dimensional design inherent in Varsity’s claim by treating it as if it were no more than a design for a bolt of cloth, the majority has lost sight of its own important limiting principle. One may not “claim a copyright in a useful article merely by creating a replica of that article in some other medium,” such as in a picture. That is to say, one cannot obtain a copyright that would give its holder “any rights in the useful article that inspired it.”

With respect, I dissent.

Questions & Comments

(1) In *Star Athletica, L.L.C. v. Varsity Brands* 137 S. Ct. 1002 (2017), the Supreme Court considered whether design elements on cheerleading uniforms (namely, the arrangement of colors, stripes, and chevrons on the fabric) were eligible for copyright protection. The majority found that such designs were copyrightable despite the fact that they were part of a useful article. In reaching this conclusion, the majority invoked a two-part test to determine the copyrightability of a useful article. Justice Thomas, writing for the Supreme Court majority held (at 1014–15) that

... a feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were *imagined separately from the useful article into which it is incorporated.*” (emphasis added)

In addition to setting out the two-part test, Justice Thomas also explicitly abrogated a number of other tests, including the physical separability test and the designer’s perspective test.

Applying its two-part test to the surface decorations on the cheerleading uniforms, the majority found that the surface decorations had pictorial, graphic, or sculptural qualities and thus met the first prong. Moving on to the second prong, the Court found that if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading

uniforms were separated from the uniform and applied to another medium they would qualify as two-dimensional works of art. Moreover, removing the surface decorations and applying them to a different medium did not replicate the uniform itself. Consequently, the majority found the decorations separable from the uniforms and eligible for copyright protection.

(2) Is it fair to say that Justice Breyer agreed with the majority's test, but not its application?

(3) Other than shovels, what exactly is excluded under the majority's approach to the useful article doctrine?

(4) How should we apply Section 113(b) after *Star Athletica*? In *DC Comics v. Towle*, 802 F.3d 1012 (9th Cir. 2015), the court ruled that copyright in the *Batmobile* as visually depicted in Batman comic books, television programs, and movies, was violated by a manufacturer of replica kits that attached to actual automobiles to make them look like the *Batmobile*. The court did not consider whether the copyright in the depiction of a useful article like an automobile could extend protection to the production of actual car parts. Should it have?

(5) Is clothing on a doll protectable under copyright law? See *Mattel, Inc. v. MGA Entertainment, Inc.*, 616 F.3d 904, 916 n.12 (9th Cir. 2010).

(6) In *Inbale, Inc. v. Starbuzz Tobacco, Inc.*, 2017 WL 4163990 (C.D. Cal. May 8, 2017), the district court noted that plaintiff's "water container at issue here is no Noguchi Table" and helpfully included the following image.

Figure 5 The Noguchi Table, Isamo Noguchi



The first version of what became the iconic *Noguchi Table* was designed by Isamo Noguchi in 1939. The version of the table still current today was commissioned by the then president of the Museum of Modern Art in New York City, the original remains in the museum's permanent collection. Is the *Noguchi Table* copyrightable under *Star Athletica*?

Noguchi was born in Los Angeles to an American mother and a Japanese father in 1904. He was placed in an internment camp in Arizona during WWII.

(7) We all know that judges in copyright cases are not supposed to rest their decisions on their personal views of aesthetic quality, does *Star Athletica* give courts or the Copyright Office the analytical tools to do anything else?

(8) Mala Chatterjee, proposes a different test:

Mala Chatterjee, *Conceptual Separability As Conceivability: A Philosophical Analysis Of The Useful Articles Doctrine*, 93 NYU LAW REVIEW (2018)

“When you conceive of the article as lacking the design element in question, is the article you imagine *functionally identical* to the actual article?” If the answer to this question is yes, then we can conclude that the design element is conceptually separable from the article’s utilitarian aspects; if not, then the element has failed the test, and it is not entitled to copyright protection.

Is this an improvement? Can Chatterjee’s approach be reconciled with Justice Thomas’ majority opinion (at 1013):

The focus of the separability inquiry is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require the decisionmaker to imagine a fully functioning useful article without the artistic feature.

Copyright and design in the wake of *Star Athletica, L.L.C. v. Varsity Brands*

How does *Star Athletica* change the law? One view is that *Star Athletica* is a significant change to copyright law. For example, Christopher Buccafusco and Mark Lemley argue that the Court’s opinion “eliminates the threshold Congress imposed between useful and non-useful articles, and it alters the treatment of dual-nature features, which are now potentially protectable.” They also contend that as a result of the second prong of the *Star Athletica* test, “PGS features are protectable simply if they can be depicted in some medium other than that of a useful article.”¹¹⁴

Christopher Buccafusco & Mark A. Lemley, *Functionality Screens*, 103 Virginia Law Review, 1293, 1334–36 (2017)

While much of the Court’s opinion remains mysterious—including how to determine whether a feature is functional or not, or even whether a court should engage in that inquiry at all—its variation from accepted doctrine is fairly clear. For example, the Court rejected the notion that only “solely artistic features” of a useful article are protectable. The Court explained that a feature could be considered separable “even if it makes [the] article more useful.” Once the PGS features are imagined away from the useful article, there is no requirement, according to the opinion, that what is “left behind” ... be a fully functioning useful article at all, much less an equally useful one.”

Because *Star Athletica* does not consider the language of Section 101 requiring protection only for non-functional aspects of the design, it is possible that courts will treat the new conceptual separability test only as a first step in the functionality inquiry. While virtually everything will be separable under the Court’s new test, courts may—indeed, should—nonetheless filter out the functional aspects of those works in a next step, as the statute commands.

Thus, the most charitable reading of the Court’s opinion is that it flips copyright law’s treatment of dual-nature features of PGS works. Where previously only those

¹¹⁴ Christopher Buccafusco & Mark A. Lemley, *Functionality Screens*, 103 Virginia Law Review, 1293, 1332–1334 (2017).

features that were purely non-functional were protectable, after *Star Athletica*, only those aspects that are purely functional will be filtered out.

... a second possibility for rationalizing *Star Athletica* with the rest of copyright law is that while there won't be much, if any, filtering under the conceptual separability rubric, courts can and will filter out functional elements on other grounds, like the idea-expression dichotomy and the exclusion of "processes" and "systems" under Section 102(b).

Another view is that *Star Athletica* may not be such a radical change because it really does not say anything at all. Consider the following critique in a recent law review note:

***Copyright Act of 1976-Useful Articles-Star Athletica, L.L.C. v. Varsity Brands, Inc.*, 131 Harvard Law Review, 363, 370–71 (2017):**

Additionally, the Court may have invited various interpretations of the opinion by not providing more guidance on how the text of § 101 should be construed. The Court's test does little more than restate the statute's language.

"Features that can be identified separately" becomes "features [that] can be perceived as a ... separate" work. "Features that ... are capable of existing independently" becomes "features ... [that] would qualify as a protectable ... work."

Paraphrases are ordinarily helpful, as they provide other ways of thinking through a question. But the number of approaches developed by lower courts renders it "obvious" that there was no settled way to understand the statute's text, how it should be applied, or under what standard. A gloss on the text will likely not resolve those questions.

Yeezy Boost

On May 8, 2019 the Copyright Office overturned an examination decision refusing to register "2-D artwork and sculpture claims" for two pairs of sneakers, the Yeezy Boost 350 Version 1 and Yeezy Boost 350 Version 2.

In Adidas' first request for reconsideration, the Copyright Office took the view that the works were useful articles. Applying the useful article doctrine the Office argued that although the works contained separable designs, "those designs did not meet the originality requirement as they consisted of simple shapes arranged into common, expected patterns in very simple color schemes." However, after Adidas' second request, the Copyright Office Review Board applied the law as follows:

Re: Second Request for Reconsideration for Refusal to Register Yeezy Boost 350 Version 1, Yeezy Boost 350 Version 2

... As an initial matter, copyright does not protect useful articles as such. 17 U.S.C. § 101. Under the Copyright Act, a useful article is an "article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information" and "[a]n article that is normally a part of a useful article is [also] considered a 'useful article.'" *Id.* Importantly, however, an artistic feature applied on or incorporated into a useful article may be eligible for copyright protection if it: "(1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article into which it is incorporated." *Star Athletica, LLC v. Varsity Brands, Inc.*, 137 S. Ct. 1002,

1007 (2017); see also *Mazer v. Stein*, 347 U.S. 201 (1954) (holding ballet-dancer-shaped lamp base to be copyrightable).

The Board agrees that the Works can be perceived as two- or three-dimensional works of art separate from the useful article, that is, the sneaker. Thus, the only remaining issue is whether the Works are protectable as original works of authorship if imagined separately from the sneaker.

The Board believes that the Works contain a sufficient amount of original and creative two- and three-dimensional authorship for registration. Our decision to register the Works is based on the low standard for copyrightability articulated in *Feist Publications v. Rural Telephone Service Co.*, 499 U.S. 340 (1991). But the Board's decision relates only to the Works as a whole, and does not extend individually to any of the standard and common elements depicted in the Works such as lines, stripes, or swirl designs. ... When reviewed as a whole, the Works reflect that the common constituent shapes were "combined in a distinctive manner indicating some ingenuity." *Atari Games Corp. v. Oman*, 888 F.2d 878, 883 (D.C. Cir. 1989). Thus, the Board believes that the Works contain a sufficient amount of original and creative authorship.

Figure 18 Various Illustrations of the Yeezy Boost 350 Version 1 Included in the Copyright Office's Letter Granting Adidas' Second Request for Reconsideration

Yeezy Boost 350 Version 1





Notes and questions

- (1) Would it be fair to say that if the shape of the Yeezy Boost can be perceived as two- or three-dimensional works of art separate from the Yeezy qua useful article that the first limb of the *Star Athletica* has no screening function at all?
- (2) The Board says that, having passed the first limb of the *Star Athletica* test, “the only remaining issue is whether the Works are protectable as original works of authorship if imagined separately from the sneaker.” But notice that the Board does not explain at all how or why the Yeezy Works can be “imagined separately from the sneaker”, instead it simply says that they exhibit enough originality to get past the low threshold of creativity required under *Feist*.

Recent cases

- (1) In *Silvertop Assocs. v. Kangaroo Manufacturing* (August 1, 2019) the Third Circuit held under *Star Athletica* that a banana costume is (likely) copyrightable, i.e. original and non-utilitarian.

Figure 19 Appendix A from *Silvertop v. Kangaroo*

RASTA IMPOSTA



KANGAROO ITEM 10477



KANGAROO ITEM 10478



14. COPYRIGHT IN COMPUTER SOFTWARE

Copyright in Computer Programs under Berne and TRIPs

The Berne Convention does not address the copyrightability of software. However, by 1994 several countries had included computer software within their concept of literary works—either through judicial decisions recognizing software as yet another written form and thus a type literature, or through an explicit amendment to the copyright law.

Article 10 of the TRIPs Agreement, which was strongly championed by the United States, requires member nations to protect computer programs, whether in source code or object code,¹¹⁵ as literary works under the Berne Convention.

TRIPs Article 10(1)

Computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention (1971).

An overview of copyright protection for computer software in the United States

Copyright protection for computer software makes sense for several reasons. First, source code is clearly a form of writing and usually contains phrases and comments that would be recognized as expressive—although much of what is recognizably expressive is actually unnecessary for the program to run. Second, like many other types of copyrighted works, computer software can take enormous time and effort to create, but once created it is easily copied. Third, at the time the TRIPs Agreement was being negotiated, the patentability of computer software was quite uncertain. In fact, although there is a general consensus that software is to some extent patentable, the extent of patent protection for software remains controversial and uncertain—at least in the United States.

Nonetheless, copyright protection for computer software raises some inherent contradictions. Writing software obviously involves considerable human ingenuity, however, no one buys software to appreciate the expressive attributes of its source code.¹¹⁶ The difference between software and other forms of written communication can be demonstrated by asking the question, “what makes it good?” For most works of authorship, there really is no consensus. For example, many people would say the *DaVinci Code* was a good book, and many would not. The two sides of that debate have very different ideas about what makes something a good book. However, computer scientists and software engineers will inevitably respond that good code is simple, readable, efficient, and well structured. No one says that software should be expressive, moving, that it should speak to

¹¹⁵ The computer code that programmers and software engineers write is called source code. Source code is human-readable by those familiar with the relevant programming language. However, source code does not actually do anything inside a computer. For a computer to do anything, instructions written in source code must be translated into a series of ones and zeros called object code or machine code.

¹¹⁶ Pamela Samuelson, et al., *A Manifesto Concerning the Legal Protection of Computer Programs*, 94 COLUM. L. REV. 2308, 2317 (1994) (“No one would want to buy a program that did not behave, i.e., that did nothing, no matter how elegant the source code ‘prose’ expressing that nothing.”).

the human condition, or have emotional resonance. Software is primarily functional and good software is good because it functions well and does things that people want done. This creates a “paradox ... in that software’s value is usually measured precisely by its functionality and efficiency, aspects expressly excluded from copyright protection. In light of that disconnect, judges are faced with the prospect of having to fit a square peg into a round hole.”¹¹⁷

The importance of function in software raises some obvious questions with respect to Section 102(b) of the Copyright Act.

17 U.S. Code § 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 which it is described, explained, illustrated, or embodied in such work.

Section 102(b) of the 1976 Copyright Act clearly states that copyright protection does not extend to any “process, system, [or] method of operation” Indeed, exclusive rights in processes and methods of operation are generally left to the patent system. And yet, thanks to an amendment made in 1980, the Copyright Act clearly extends copyright protection to computer programs, which are defined as “a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result.”

17 U.S. Code § 101

Computer program ~ “a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result.”

A “set of instructions” used “in order to bring about a certain result” appears to be the very essence of the “process, system, method of operation” exclusion under Section 102(b).

How should this contradiction be resolved? Copyright provides the software industry with a useful set of exclusive rights and robust remedies against infringement. Copyright is extremely useful in taking action against blatant piracy where the entirety of a computer program is simply copied without authorization.¹¹⁸ Given that most software is only distributed in object code and that object code does not lend itself to partial reproduction, this may be the most important aspect of copyright law for the computer industry.

Software should not be denied copyright protection because it is functional—that would contradict Congress’ clearly expressed legislative intent—but the scope of copyright protection for software must be carefully policed to ensure that it does not confer a patent like exclusive right on particular functional features. The modern software industry has thrived on interoperability and open competition. Allowing copyright protection to confer exclusive rights on particular programming methods, functions, or conceptual elements such

¹¹⁷ Lothar Determann & David Nimmer, *Software Copyright’s Oracle from the Cloud*, 30 *BERKELEY TECH. L.J.* 161, 169-70 (2015)

¹¹⁸ *Computer Associates v. Altai*, 982 F.2d at 702 (“It is now well settled that the literal elements of computer programs, i.e., their source and object codes, are the subject of copyright protection.”) See also *Johnson Controls*, 886 F.2d at 1175 (source and object code have been “consistently held protected by a copyright on the program.”)

as the trashcan or pull down menu in a graphical user interface would make the software industry far less dynamic and competitive.

The history of software copyright litigation in the United States

Professor Peter Menell provides an excellent overview of the history of software copyright litigation from the early 1980's up to and including the Federal Circuit's decision in *Oracle v. Google*.

Peter S. Menell, API Copyrightability Bleak House: Unraveling and Repairing the Oracle v. Google Jurisdictional Mess, 31 Berkeley Technology Law Journal, 1515 (2016)

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The rapid growth of the microcomputer and consumer software industries fueled more than a decade of litigation centered on the scope of copyright protection for computer software. These cases spanned Apple's litigation to bar clones of its breakthrough Apple II computer, Apple's effort to block Microsoft Windows from competing with the Macintosh's graphical user interface, mobile phone companies' copyright claims to codes for cellular phone networks, Sega's effort to control access to its Genesis videogame console, and Lotus's effort to control the menu command hierarchy of the Lotus 1-2-3 spreadsheet program. These cases, and many other software copyright battles, centered on the idea-expression dichotomy: to what extent could platform innovators protect application program interfaces through copyright protection?

The early cases suggested a broad scope of copyright protection for computer software and interoperable features. The first major software copyright cases pitted Apple Computer Corporation, then a young, break-out microcomputer company, against brash competitors offering inexpensive "interoperable" Apple II clones.¹¹⁹ The clone makers quickly entered the market by copying, bit by bit, Apple's operating system and application programs. The defendants argued that copyright protection did not extend to non-human readable (object code) formats of computer software and that the idea-expression doctrine barred copyright protection for operating system programs. They further argued that copyright protection should not stand in the way of selling computers that can run programs written for the Apple II.

The courts had little difficulty finding that copying the entirety of sophisticated computer programs constituted copyright infringement. In reaching these findings, however, the courts went overboard in their dicta. Addressing the defendant's interoperability argument, the Third Circuit opined that "total compatibility with independently developed application programs ... is a commercial and competitive objective which does not enter into the somewhat metaphysical issue of whether

¹¹⁹ See *Apple Comput., Inc. v. Franklin Comput. Corp.*, 545 F. Supp. 812 (E.D. Pa. 1982), rev'd, 714 F.2d 1240 (3d Cir. 1983); *Apple Comput., Inc. v. Formula Int'l, Inc.*, 562 F. Supp. 775 (C.D. Cal. 1983), aff'd, 725 F.2d 521 (9th Cir. 1984).

particular ideas and expressions have merged.”¹²⁰ Since two entirely different programs can achieve the same “certain result[s]”—for example, generate the same set of protocols needed for interoperability—the court was not justified in making such an expansive statement about the scope of copyright protection for computer program elements. Given the verbatim copying of millions of bits of object code, there was no need to address the interoperability issue. The defendant offered no explanation of which elements of the program were protectable and which were not.

The next major software copyright appellate decision also arose from the Third Circuit. In *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.*, 797 F.2d 1222 (3d Cir. 1986) a computer programmer sued the dental laboratory, for which it had developed a computer program for managing its bookkeeping functions, for copyright infringement after an officer of the laboratory set out to create a version of the program that would run on other computer systems. The competing software did not literally copy Whelan’s code, but there were overall structural similarities between the two programs. To distinguish protectable expression from unprotectable idea, the court reasoned:

The purpose or function of a utilitarian work would be the work’s idea, and everything that is not necessary to that purpose or function would be part of the expression of the idea. Where there are many means of achieving the desired purpose, then the particular means chosen is not necessary to the purpose; hence, there is expression, not idea.¹²¹

In applying this rule, the court defined the idea as “the efficient management of a dental laboratory,” which could be expressed in countless ways. Drawing the idea-expression dichotomy at such a high level of abstraction implies an expansive scope of copyright protection. Furthermore, the court’s conflation of merger analysis and the idea-expression dichotomy implicitly allows copyright protection of procedures, processes, systems, and methods of operation that § 102(b) expressly excludes. ...

Commentators roundly criticized the *Whelan* test, and other courts began to refine the scope of copyright protection to comport with the fundamental principles (including limitations) of copyright protection. A few months after the *Whelan* decision, the Fifth Circuit confronted a similar claim of copyright infringement based upon structural similarities between two programs designed to provide cotton growers with information regarding cotton prices and availability, accounting services, and a means for conducting cotton transactions electronically.¹²² In declining to follow the *Whelan* approach, the court found that the similarities in the programs were dictated largely by standard practices and forms in the cotton market—what the court called “externalities”—which constitute unprotectable ideas.¹²³

¹²⁰ See *Apple Computer, Inc. v. Franklin Computer. Corp.*, 714 F.2d 1240, 1253 (3d Cir. 1983).

¹²¹ *Id.* at 1236 (emphasis in original) (citations omitted).

¹²² *Plains Cotton Coop. Ass’n v. Goodpasture Computer Serv., Inc.*, 807 F.2d 1256 (5th Cir. 1987).

¹²³ *Id.* at 1262 (finding the commonly used “cotton recap sheet,” for summarizing basic transaction information, to be unprotectable).

In 1992, the Second Circuit adapted Learned Hand's seminal abstraction-filtration-comparison framework¹²⁴ to computer software analysis.¹²⁵ Computer Associates (CA), a leading mainframe software provider, had developed SCHEDULER, a job-scheduling program that worked with three IBM mainframe computers. Part of the success of this program was that it had a subcomponent, called ADAPTER, which would interoperate with any of the three IBM mainframes (DOS/VSE, MVS, and VM/CMS). As a result, the user did not need to customize its programs for each of the IBM mainframes. ADAPTER ensured that programs written for SCHEDULER would interoperate with any of the three IBM mainframes.

In developing a competing job scheduling computer program (ZEKE), which had its own code layer (OSCAR) for interoperating with the three IBM mainframes, Altai relied on James Arney, a former CA programmer. Unbeknownst to Altai's management, Arney improperly copied 30% of OSCAR from CA's ADAPTER program. When Altai's executives learned of the illicit copying, the company initiated a clean-room rewrite of the program. Drawing on the *Whelan* decision, CA challenged the revised version of ZEKE based on structural similarities. The district court criticized *Whelan*'s "simplistic test" for determining similarity between computer programs, rejecting the notion that there is but one idea per program and that as long as there were alternative ways of expressing that one idea, then any particular version was protectable under copyright law. Focusing on the various levels of the computer programs at issue, the court determined that the similarities between the programs were dictated by external factors--such as the interface specifications of the IBM operating system and the demands of functionality-- and hence no protected code was infringed.

The Second Circuit decision fleshed out the analytical framework for determining copyright infringement of computer program code:

In ascertaining substantial similarity ... a court would first break down the allegedly infringed program into its constituent structural parts. Then, by examining each of these parts for such things as incorporated ideas, expression that is necessarily incidental to those ideas, and elements that are taken from the public domain, a court would then be able to sift out all nonprotectable material. Left with a kernel, or perhaps kernels, of creative expression after following this process of elimination, the court's last step would be to compare this material with the structure of an allegedly infringing program.¹²⁶

The court's abstraction-filtration-comparison test recognized that an idea could exist at multiple levels of a computer program and not solely at the most abstract level. Furthermore, the ultimate comparison is not between the programs as a whole but rather between a program's protectable elements and those that allegedly copy them. Of most importance with regard to fostering interoperability, the court held copyright protection did not extend to those program elements where the programmer's freedom to choose is:

¹²⁴ *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d Cir. 1930).

¹²⁵ See *Computer Assocs. Int'l v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992).

¹²⁶ *Altai*, 982 F.2d at 706.

circumscribed by extrinsic considerations such as (1) mechanical specifications of the computer on that a particular program is intended to run; (2) compatibility requirements of other programs with which a program is designed to operate in conjunction; (3) computer manufacturers' design standards; (4) demands of the industry being serviced; and (5) widely accepted programming practices within the computer industry.¹²⁷

Directly rejecting the dictum in *Apple v. Franklin*, the Second Circuit recognized that external factors such as interface specifications, de facto industry standards, and accepted programming practices are not protectable under copyright law. The Second Circuit test evaluates these external factors at the time of the allegedly infringing activities (i.e., ex post), not at the time that the first program is written.

Commentators warmly embraced the *Altai* decision, and courts have universally adopted the abstraction-filtration-comparison. The Ninth Circuit's decision in *Sega Enterprises Ltd. v. Accolade*¹²⁸ expressly recognized the legitimacy of deciphering and copying lockout codes for purposes of developing interoperable products. Sega developed a successful video game platform (Genesis) for which it licensed access to video game developers. Accolade, a manufacturer of video games, wanted to distribute versions of its games on the Genesis platform. It did not, however, want to limit distribution exclusively to Genesis, as Sega required. Rather than license Sega's code, Accolade reverse engineered the access code through a painstaking effort that entailed making hundreds of intermediate copies of Sega's computer code. Accolade then incorporated only the code (approximately 25 bytes in games containing between 500,000 and 1.5 million bytes) necessary to achieve interoperability with the Genesis platform.¹²⁹

Sega sued Accolade for copyright infringement. Given the relatively small amount of Sega code in the Accolade game cartridges, Sega focused its copyright claim on the making of intermediate copies of its full computer program made during the process of reverse engineering. The district court rejected Accolade's argument that such intermediate copies constituted fair use and granted a preliminary injunction.¹³⁰

The Ninth Circuit reversed, holding that "the functional requirements for compatibility with the Genesis [video game console are] aspects of Sega's programs that are not protected by copyright."¹³¹ Building on that foundation, the court ruled that "disassembly of object code in order to gain an understanding of the ideas and functional concepts embodied in the code is a fair use that is privileged by section 107 of the Act."¹³² The court determined that policies underlying the Copyright Act

¹²⁷ Id. at 709-10. The court observed that "while, hypothetically, there might be a myriad of ways in which a programmer may effectuate certain functions within a program-i.e., express the idea embodied in a given subroutine-efficiency concerns may so narrow the practical range of choice as to make only one or two forms of expression workable operations." Id. at 708.

¹²⁸ 977 F.2d 1510 (9th Cir. 1992) [hereinafter *Sega Enters. II*].

¹²⁹ Id. at 1516.

¹³⁰ See *Sega Enters. Ltd. v. Accolade, Inc.*, 785 F. Supp. 1392, 1397-1400 (N.D. Cal. 1992), rev'd, 977 F.2d 1510 (9th Cir. 1992).

¹³¹ *Sega Enters. II*, 977 F.2d at 1522 (citing 17 U.S.C. § 102(b) (2012)).

¹³² Id. at 1517-18.

authorize disassembly of copyrighted object code and the making of intermediate copies to discover unprotectable elements of code. The Ninth Circuit reaffirmed and expanded this doctrine in *Sony Computer Entertainment, Inc. v. Connectix Corp.*¹³³

The Northern District of California and the Ninth Circuit applied the *Altai* framework to the graphical user interface features of a computer program in *Apple Computer, Inc. v. Microsoft Corp.*¹³⁴ Apple Computer alleged that Microsoft's Windows operating system infringed Apple's copyrights in the desktop graphical user interface of its Macintosh computer system. A licensing agreement authorizing the defendants' use of aspects of Apple's graphical user interface muddied the copyright issue. The court determined, however, that the licensing agreement was not a complete defense to the copyright infringement claims and consequently analyzed the scope of copyright protection for a range of audiovisual display elements.

The district court found that the unlicensed similarities between Apple's works and Microsoft's Windows were either unprotectable or subject to at least one of copyright law's limiting doctrines. In evaluating the compilation of these elements as a whole, the court applied the "virtual identity" standard and determined that no infringement had occurred. On appeal, the Ninth Circuit affirmed the district court's dissection of Apple's graphical user interface to determine which elements are protectable, filtering of unprotectable elements, and application of the "virtual identity" standard.

The copyrightability of command systems for computer software arose in litigation over spreadsheet technology. Building upon the success of the VisiCalc program developed for the Apple II computer, Lotus Corporation marketed a spreadsheet program for the IBM PC platform--Lotus 1-2-3--which offered many of VisiCalc's features and commands while integrating charting and database capabilities. Lotus 1-2-3 quickly became the market leader for spreadsheets running on IBM and IBM-compatible machines. As a result, knowledge of the program became especially valuable for accountants and managers. The 1-2-3 command hierarchy provided a logically structured menu of more than 200 commands and enabled users to develop customized programs (called macros) for their particular accounting and business planning functions. These investments locked users into the 1-2-3 command structure as their library of macros grew. By the late 1980s, software developers seeking to enter the spreadsheet market could not ignore the large premiums that many consumers placed on transferring their investments in the 1-2-3 system to a new spreadsheet environment, even where a new spreadsheet product offered significant technical improvements over the Lotus spreadsheet.

After three years of intensive development efforts, Borland International, developer of several successful software products including Turbo Pascal and Sidekick, introduced Quattro Pro, its entry into the spreadsheet market. Quattro Pro made substantial design and operational improvements and earned accolades in the computer product review magazines. Quattro Pro offered a new interface for its users, which many purchasers of spreadsheets preferred over the 1-2-3 interface.

¹³³ 203 F.3d 596 (9th Cir. 2000)

¹³⁴ 799 F. Supp. 1006 (N.D. Cal. 1992), aff'd in part, rev'd in part, 35 F.3d 1435 (9th Cir. 1994).

Nonetheless, because of the large number of users already familiar with the 1-2-3 command structure and those who had made substantial investments in developing macros to run on the 1-2-3 platform, Borland considered it essential to offer an operational mode based on the 1-2-3 command structure as well as macro compatibility. Borland's visual representation of the 1-2-3 command mode substantially differed from the 1-2-3 screen displays.

The lower court held that a menu command structure was protectable if there were many such structures available.¹³⁵ The court also found that Borland was not permitted to achieve macro compatibility with the 1-2-3 product, distinguishing the treatment of external constraints noted in the *Altai* decision on the ground that such constraints had to exist at the time that the first program was created. The First Circuit reversed, holding that the menu command hierarchy was a "method of operation" that fell within the copyright exclusion set forth in § 102(b).¹³⁶ The U.S. Supreme Court granted certiorari and affirmed without opinion by an equally divided vote.¹³⁷

Subsequent appellate decisions reached similar outcomes, although they have not fully subscribed to the First Circuit's reasoning.¹³⁸ Thus, after an inauspicious start, the federal courts implemented a balanced framework for both protecting computer software against piracy and interpreting the idea-expression dichotomy in such a way to ensure that copyright law does not extend to functional features of computer technology. Following resolution of the first API copyright war, the software engineering community believed that copyright law did not protect high-level functions, labeling conventions, and APIs. Software copyright litigation subsided, and there were no new major API copyright judicial decisions until *Oracle v. Google* more than a decade later.

¹³⁵ See *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 831 F. Supp. 202, 215 (D. Mass. 1993) ("[A]lthough functional considerations may have some effect on the design of a menu tree, they do not impose any practical limitation on the possible forms of expression to a number far enough short of infinity that any way of expressing the number in English words has come into common usage"), rev'd, 49 F.3d 807 (1st Cir. 1995), aff'd without opinion by equally divided court, 516 U.S. 233 (1996).

¹³⁶ *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 49 F.3d 807, 814-15 (1st Cir. 1995), aff'd without opinion by equally divided court, 516 U.S. 233 (1996).

¹³⁷ *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 516 U.S. 233 (1996) (Justice Stevens recused himself from participation in consideration of the case). As a result, the First Circuit's *Lotus* decision remained the law in the First Circuit but did not bind other circuits.

¹³⁸ See *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1373-74 (10th Cir. 1997) (holding that a computer system for automating the selection of telephone long-distance carrier and remotely activating optional telecommunications features lacked the minimal degree of creativity to qualify for copyright protection and should be denied copyright protection under the *scènes à faire* doctrine because such systems are largely dictated by external factors including compatibility requirements and industry practices; but declining to hold that menu command hierarchies are categorically excluded from copyright protection); *MiTek Holdings, Inc. v. ARCE Eng'g Co.*, 89 F.3d 1548, 1556-57 (11th Cir. 1996) (holding that the menu and submenu command structure of a software program for designing wood trusses for the framing of building roofs was uncopyrightable under § 102(b) of the Copyright Act because it represents a process).

The *Oracle v. Google* Cases

The extent to which copyright should protect more abstract features of computer software was thrown into doubt by the Federal Circuit’s decision in *Oracle America, Inc. v. Google Inc.*, 750 F.3d 1339 (Fed. Cir. 2014).

The case concerns Google’s copying of the Java APIs (application protocol interfaces) that are part of the widely used Java programming language as part of its Android mobile phone operating system. When Google developed its android mobile phone operating system it rewrote almost all of the code necessary to make third party programs work on a mobile phone. However, to enable programmers familiar with Java to easily port their programs to this new environment, Google used the same declarations – effectively the same names for various commands – as those contained in Java. The case is difficult because although Google appears to have only copied what was necessary to make its independently written software work with applications written in Java, *that turns out to be a very large amount of copying.*

In 2012, the district court in *Oracle America, Inc. v. Google Inc.* ruled that the Java APIs (or application protocol interfaces) that were part of the widely used Java programming language are not separately copyrightable.¹³⁹ In 2014, the Federal Circuit reversed the district court’s ruling that the structure, sequence, and organization of the 37 Java APIs were not copyrightable and remanded the issue of fair use for retrial with revised jury instructions.¹⁴⁰

The Federal Circuit’s conclusion that the declaring code in the individual Java APIs and the structure, sequence, and organization of the APIs as a whole were copyrightable. Seemed like a major departure from settled Ninth Circuit precedent. The court’s views on merger are particularly interesting. The Federal Circuit saw no place for the application of copyright’s limiting doctrines to negate or diminish that copyrightability. It held (at 1358) that merger and *scènes à faire* are affirmative defenses to infringement, not limitations on copyrightability.

In the Ninth Circuit, while questions regarding originality are considered questions of copyrightability, concepts of merger and scenes a faire are affirmative defenses to claims of infringement.

Moreover, the Federal Circuit said (at 1361) that merger would not apply in this case because

... merger cannot bar copyright protection for any lines of declaring source code unless Sun/Oracle had only one way, or a limited number of ways, to write them.

The court was saying in effect that was not interested in Google’s choices after the fact, only the fact that there were choices available to Sun (Oracle’s predecessor in interest) at the time the code was first created. The Federal Circuit also held that the short phrases doctrine¹⁴¹ did not bar copyright protection for compilations of words and short phrases as reflected in declaring code. The Federal Circuit argued that short phrases are copyrightable if they are creative (!) and that an original combination of short phrases can be copyrightable.

Furthermore, the Federal Circuit held that whether Google’s software was “interoperable” in some sense with any aspect of the Java platform had no bearing on the threshold question of

¹³⁹ *Oracle America, Inc. v. Google Inc.*, 872 F. Supp. 2d 974 (N.D. Cal. 2012).

¹⁴⁰ *Oracle America, Inc. v. Google Inc.*, 750 F.3d 1339 (Fed. Cir. 2014)

¹⁴¹ As noted in a previous chapter, the Copyright Office has a long established practice of refusing registration to words and short phrases on this basis. See 37 C.F.R. § 202.1(a) Material not subject to copyright.

whether Oracle's software was copyrightable. At 1367, the court of appeals explained that Oracle's constraints at the time of writing are part of the copyrightability analysis, but Google's need to emulate Oracle is not.

Section 102(b) does not, as Google seems to suggest, automatically deny copyright protection to elements of a computer program that are functional. Instead, as noted, Section 102(b) codifies the idea/expression dichotomy and the legislative history confirms that, among other things, Section 102(b) was "intended to make clear that the expression adopted by the programmer is the copyrightable element in a computer program." Therefore, even if an element directs a computer to perform operations, the court must nevertheless determine whether it contains any separable expression entitled to protection.

Really?

The Federal Circuit takes the position, that as long as the original authors made some choices that were not entirely dictated by the program's functionality, those choices were entitled to copyright protection. As Professor Menell summarizes:

The Federal Circuit resurrected the flawed analysis in the Third Circuit's *Apple* and *Whelan* cases: analyzing copyrightability of computer software based on whether the high-level function(s) of the software could be implemented in multiple ways rather than viewing a particularized set of software functions as an unprotectable "method of operation."¹⁴²

The decision of Court of Appeals for the Federal Circuit in *Oracle v. Google* threatens to unsettle the law relating to computer software. Lothar Determann and David Nimmer predicted shortly after the decision:

If this precedent takes hold future defendants will have to prove fair use, merger, or *scènes à faire* in order to vindicate copying of interfaces, lock-out codes, and other gateways to interoperability.¹⁴³

Do copyright cases belong at the Federal Circuit?

Oracle had initially alleged both patent and copyright infringement. Although the jury found that Oracle's patents were not infringed, the patent issues in the case gave the Federal Circuit jurisdiction to hear the appeal. The Federal Circuit is a specialized appellate court in the United States that was primarily created to hear patent cases. The Federal Circuit has very little experience with copyright law and its ruling struck many commentators as a remarkable departure from established Ninth Circuit precedent. Nevertheless, the Supreme Court decided not to grant cert when Google appealed,¹⁴⁴ although in light of the Federal Circuit's 2018 decision there is a now new cert petition for the Court to consider.

Subsequent jury trial

¹⁴² Peter S. Menell, *API Copyrightability Bleak House: Unraveling and Repairing the Oracle v. Google Jurisdictional Mess*, 31 BERKELEY TECH. L.J. 1515, 1557 (2016).

¹⁴³ Lothar Determann & David Nimmer, *Software Copyright's Oracle from the Cloud*, 30 Berkeley Tech. L.J. 161, 170 (2015)

¹⁴⁴ Petition for a Writ of Certiorari, *Google, Inc. v. Oracle Am., Inc.*, 135 S. Ct. 2887 (2015), denying cert. to 750 F.3d 1339 (Fed. Cir. 2014) (No. 14-410), 2014 WL 5319724.

On remand, the trial court put the question of whether Google’s use of the Java declarations and the like constituted fair use to the jury. After an eight day trial and three days of deliberation, the jury found that Google had “shown by a preponderance of the evidence that its use in Android of the declaring lines of code and their structure, sequence, and organization from Java 2 Standard Edition Version 1.4 and Java 2 Standard Edition Version 5.0 constitutes a ‘fair use’ under the Copyright Act.”¹⁴⁵

Oracle America, Inc. v. Google LLC 886 F.3d 1179 (Fed. Cir. 2018)

Circuit Judge O’Malley

This copyright case returns to us after a second jury trial, this one focusing on the defense of fair use. Oracle America, Inc. (“Oracle”) filed suit against Google Inc. (“Google”) in the United States District Court for the Northern District of California, alleging that Google’s unauthorized use of 37 packages of Oracle’s Java application programming interface (“API packages”) in its Android operating system infringed Oracle’s patents and copyrights.

At the first trial, the jury found that Google infringed Oracle’s copyrights in the Java Standard Edition platform, but deadlocked on the question of whether Google’s copying was a fair use. After the verdict, however, the district court found that the API packages were not copyrightable as a matter of law and entered judgment for Google. *Oracle Am., Inc. v. Google Inc.*, 872 F.Supp.2d 974 (N.D. Cal. 2012). Oracle appealed that determination to this court, and we reversed, finding that declaring code and the structure, sequence, and organization (“SSO”) of the Java API packages are entitled to copyright protection. *Oracle Am., Inc. v. Google Inc.*, 750 F.3d 1339, 1348 (Fed. Cir. 2014). We remanded with instructions to reinstate the jury’s infringement verdict and for further proceedings on Google’s fair use defense and, if appropriate, on damages.

At the second jury trial, Google prevailed on its fair use defense. After the jury verdict, the district court denied Oracle’s motion for judgment as a matter of law (“JMOL”) and entered final judgment in favor of Google. Oracle filed a renewed motion for JMOL and separately moved for a new trial. The district court denied both motions in a single order. Consistent with these determinations, no damages verdict was rendered. Oracle now appeals from the district court’s final judgment and its decisions denying Oracle’s motions for JMOL and motion for a new trial.

Because we conclude that Google’s use of the Java API packages was not fair as a matter of law, we reverse the district court’s decisions denying Oracle’s motions for JMOL and remand for a trial on damages. We also dismiss Google’s cross-appeal.

I. BACKGROUND

A. The Technology

Oracle’s predecessor, Sun Microsystems, Inc. (“Sun”), developed the Java platform for computer programming in the 1990s, and Oracle purchased Sun in 2010. The Java platform is software used to write and run programs in the Java programming

¹⁴⁵ See Special Verdict Form, *Oracle Am., Inc. v. Google Inc.*, 872 F. Supp. 2d 946 (N.D. Cal. 2012), rev’d and remanded, 750 F.3d 1339 (Fed. Cir. 2014) (3:10-cv-03561-WHA) (filed May 7, 2012)

language. It allows programmers to write programs that run on different types of computer hardware without having to rewrite them for each different type. With Java, programmers can “write once, run anywhere.”

The Java 2 Standard Edition (“Java SE”) of the platform includes, among other things, the Java Virtual Machine and the Java Application Programming Interface (“API”). The Java API is a collection of pre-written Java source code programs for common and more advanced computer functions. These APIs allow programmers to use the prewritten code to build certain functions into their own programs rather than write their own code to perform those functions from scratch. They are shortcuts. The prewritten programs are organized into packages, classes, and methods. Specifically, an API package is a collection of classes and each class contains methods and other elements. Each method performs a specific function, sparing a programmer the need to write Java code from scratch to perform that function.

To include a particular function in a program, the programmer invokes the Java “declaring code.” As the district court explained, the declaring code is the line or lines of source code that “declares or defines (i) the method name and (ii) the input(s) and their type as expected by the method and the type of any outputs.” After the declaring code, each method includes “implementing code,” which takes the input(s) and gives the computer step-by-step instructions to carry out the declared function.

By 2008, Java SE included 166 API packages divided into 3,000 classes containing more than 30,000 methods. At issue in this appeal are 37 API packages from Java SE Version 1.4 and Version 5.0. We have already concluded that the declaring code and the SSO of the 37 Java API packages at issue are entitled to copyright protection.

The Java programming language itself is free and available for use without permission. At this stage, it is undisputed that, to write in the Java programming language, 62 classes (and some of their methods), spread across three packages within the Java API library, must be used. Otherwise the language itself will fail. It is also undisputed that anyone using the Java programming language can write their own library of prewritten programs to carry out various functions.

Although Oracle makes the Java platform freely available to programmers building applications (“apps”), it devised a licensing scheme to attract programmers while simultaneously commercializing the platform. In relevant part, Oracle charges a licensing fee to those who want to use the APIs in a competing platform or embed them in an electronic device. To preserve the “write once, run anywhere” philosophy, Oracle imposes strict compatibility requirements on licensees. Oracle also made available without charge under an open source license a version of Java called “OpenJDK.” Oracle maintains, however, that OpenJDK came with an important catch: any company that improved on the packages in OpenJDK had to “give away those changes for free” to the Java community.

The evidence showed that Oracle licensed Java in 700 million PCs by 2005. Although Oracle never successfully developed its own smartphone platform using Java, it licensed Java SE for mobile devices. According to Oracle, the “mobile device

market was particularly lucrative,” and “Java quickly became the leading platform for developing and running apps on mobile phones.”

B. Google’s Android Platform

In 2005, Google acquired Android, Inc. as part of a plan to develop a software platform for mobile devices. That same year, Google and Sun began discussing the possibility of Google taking a license to use and adapt the Java platform for mobile devices. The parties were unable to reach an agreement, in part because Google wanted device manufacturers to be able to use Oracle’s APIs in Android for free with no limits on modifying the code, which would jeopardize the “write once, run anywhere” philosophy.

The jury heard evidence that Google wanted to move quickly to develop a platform that would attract Java developers to build apps for Android. The Android team had been working on creating its own APIs, but was unable to do so successfully. After negotiations between the parties reached an impasse, Google elected to “do Java anyway and defend its decision, perhaps making enemies along the way.” It is undisputed that Google copied verbatim the declaring code of the 37 Java API packages — 11,500 lines of Oracle’s copyrighted code. It also copied the SSO of the Java API packages. Google then wrote its own implementing code.

Google announced its Android software platform for mobile devices in 2007, and the first Android phones went on sale the following year. Google provides the Android platform free of charge to smartphone manufacturers and publishes the source code for use without charge under an open source license. Although Google does not directly charge its users, Android has generated over \$42 billion in revenue from advertising. Oracle explains that Android was “devastating” to its licensing strategy and that many of its customers switched to Android. Even customers who stayed with Oracle cited Android as a reason to demand discounts. The jury heard evidence that Amazon, which had entered into a license to use Java for its Kindle tablet device, switched to Android for the subsequently released Kindle Fire and then used the existence of Android to leverage a steep discount from Oracle on the next generation Kindle.

C. Remand Proceedings

In the first appeal, we held that the declaring code and the SSO of the 37 API packages are entitled to copyright protection and ordered the district court to reinstate the jury’s infringement finding. *Oracle*, 750 F.3d at 1381. We also considered Oracle’s argument that it was entitled to judgment as a matter of law on Google’s fair use defense. Although we found that Oracle’s position was “not without force,” and that Google was overstating what could be fair use under the law, we found that the record evidence regarding the relevant fair use factors was insufficiently developed for us to resolve the issue on appeal. *Oracle*, 750 F.3d at 1376. In doing so, we pointed to sharp disputes between the parties, both legal and factual, including whether Google’s use was transformative, whether “functional aspects of the package” and Google’s “desire to achieve commercial ‘interoperability’” weighed in favor of the second and third factors, and whether Android caused market harm to

Oracle. Id. at 1376-77. We concluded that “due respect for the limit of our appellate function” required remand. Id. at 1376.

During the pendency of the first appeal, Google’s Android business expanded significantly.

When the case returned to the district court, Oracle filed a supplemental complaint adding allegations of market harm and damages resulting from new versions of Android released since the original complaint.

When the parties were unable to agree on the scope of the retrial, the district court limited it to: (1) the two versions of Java SE that Oracle asserted in the first trial; and (2) released versions of Android used in smartphones and tablets “which Google ... agreed would be subject to the prior jury’s adverse finding of infringement and which Oracle identified in its supplemental complaint.” The court explained that Oracle retained the right to sue Google for infringement with respect to the other versions and implementations of Android in a separate trial or proceeding. The court also granted Google’s motion in limine to exclude all evidence of the new Android products.

The district court bifurcated the issue of fair use from willfulness and monetary remedies, and the trial on fair use began on May 10, 2016. After roughly one week of evidence and several days of deliberations, the jury found that Google’s use of the declaring lines of code and the SSO of the 37 API packages constituted fair use.

Oracle moved for JMOL, which the district court denied. At the outset, the court noted that Oracle stipulated before the jury “that it was fair to use the 62 ‘necessary’ classes given that the Java programming language itself was free and open to use without a license.” “That the 62 ‘necessary’ classes reside without any identification as such within the Java API library (rather than reside within the programming language),” the court explained, “supports Google’s contention that the Java API library is simply an extension of the programming language itself and helps explain why some view the Java API declarations as free and open for use as the programming language itself.” Because Android and Java both “presupposed the Java programming language in the first place,” the court noted that a jury reasonably could have found that it “was better for both to share the same SSO insofar as they offered the same functionalities, thus maintaining usage consistency across systems and avoiding cross-system confusion.”

The district court then considered each of the four statutory fair use factors. As to factor one — the purpose and character of the use — the court concluded that a reasonable jury could have found that, although Google’s use was commercial, it was transformative because Google integrated only selected elements for mobile smartphones and added its own implementing code. With respect to factor two — the nature of the copyrighted work — the district court found that a reasonable jury could have concluded that, “while the declaring code and SSO were creative enough to qualify for copyright protection,” they were not “highly creative,” and that “functional considerations predominated in their design.”

As to factor three — the amount and substantiality of the portion used — the court concluded that a reasonable jury could have found that “Google copied only so

much as was reasonably necessary for a transformative use,” and that the number of lines duplicated was minimal. Finally, as to factor four — market harm — the court concluded that the jury “could reasonably have found that use of the declaring lines of code (including their SSO) in Android caused no harm to the market for the copyrighted works, which were for desktop and laptop computers.” The court determined that, on the record presented, the jury could have found for either side and that the jury was “reasonably within the record in finding fair use.”

Oracle subsequently renewed its motion for JMOL and separately moved for a new trial challenging several of the court’s discretionary decisions at trial. The district court denied both motions in a single order. With respect to JMOL, the court simply stated that it denied Oracle’s renewed motion for the same reasons it denied the original motion. With respect to the motion for a new trial, the court rejected Oracle’s argument that the court abused its discretion by limiting the evidence at trial to Google’s use of Android in smartphones and tablets.

The court also rejected Oracle’s allegation that Google engaged in discovery misconduct [and] Oracle’s argument that certain of the court’s evidentiary rulings were abuses of discretion.

On June 8, 2016, the district court entered final judgment in favor of Google and against Oracle. Oracle timely appealed from the district court’s judgment against it, including the court’s underlying decisions denying its motions for JMOL and for a new trial. Google timely cross-appealed from all adverse orders and rulings underlying that final judgment.

This court has exclusive jurisdiction over all appeals in actions involving patent claims, including where, as here, an appeal raises only non-patent issues. 28 U.S.C. § 1295(a)(1). Because copyright law is not within this court’s exclusive jurisdiction, we apply the law of the regional circuit in which the district court sits; here, the Ninth Circuit. *Atari Games Corp. v. Nintendo of Am., Inc.*, 975 F.2d 832, 837 (Fed. Cir. 1992).

II. ORACLE’S APPEAL

A. Legal Framework

It is undisputed that Google copied Oracle’s declaring code and SSO for the 37 API packages verbatim. The question is whether that copying was fair.

[The court’s boilerplate discussion of the fair use doctrine is omitted]

Because fair use is an affirmative defense to a claim of infringement, Google bears the burden to prove that the statutory factors weigh in its favor. Not all of the four factors must favor Google, however. See *Wall Data Inc. v. L.A. Cty. Sheriff’s Dep’t*, 447 F.3d 769, 778 (9th Cir. 2006). Instead, “fair use is appropriate where a ‘reasonable copyright owner’ would have consented to the use, i.e., where the ‘custom or public policy’ at the time would have defined the use as reasonable.” *Id.* (citation omitted).

On appeal, Oracle argues that each of the four statutory factors weighs against a finding of fair use. Specifically, it submits that: (1) the purpose and character of Google’s use was purely for commercial purposes; (2) the nature of Oracle’s work is highly creative; (3) Google copied 11,330 more lines of code than necessary to write in a Java language-based program; and (4) Oracle’s customers stopped licensing Java

SE and switched to Android because Google provided free access to it. In the alternative, Oracle argues that it is entitled to a new trial because the district court made several errors that deprived it of a fair opportunity to present its case. Because, as explained below, we agree with Oracle that Google's copying was not fair use as a matter of law, we need not address Oracle's alternative arguments for a new trial.

B. Standards of Review

Before turning to a consideration of the four statutory factors and any relevant underlying factual determinations, we first address the standard of review we are to employ in that consideration. While this section of most appellate opinions presents easily resolvable questions, like much else in the fair use context, that is not completely the case here.

There are several components to this inquiry. First, which aspects of the fair use determination are legal in nature and which are factual? Particularly, is the ultimate question of fair use a legal inquiry which is to be reviewed *de novo*? Second, what factual questions are involved in the fair use determination and under what standard are those determinations to be reviewed? Finally, though neither party addresses the question in detail, we consider what, if any, aspects of the fair use determination are for the jury to decide.

The Supreme Court has said that fair use is a mixed question of law and fact. *Harper & Row*, 471 U.S. at 560. Merely characterizing an issue as a mixed question of law and fact does not dictate the applicable standard of review, however.

[After an extensive discussion of a recent Supreme Court bankruptcy case that raised similar questions, *U.S. Bank Nat'l Ass'n ex rel. CWCapital Asset Mgmt. LLC* (2018), the federal circuit concluded that whether the court applied the correct legal standard to the fair use inquiry is a question of law subject to *de novo* review, whether the findings relating to any relevant "historical facts" were correct are questions of fact to be reviewed with deference, and whether the use at issue is ultimately a fair one is also a question of law subject to review *de novo*.]

In the fair use context, historical facts include the "origin, history, content, and defendant's use" of the copyrighted work. *Fitzgerald v. CBS Broad., Inc.*, 491 F.Supp.2d 177, 184 (D. Mass. 2007); see also *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 788 F.Supp. 78, 95 (D. Mass. 1992) (defining historical facts to include "who did what, where, and when"). When asked at oral argument to identify historical facts relevant to the fair use inquiry, counsel for Oracle agreed that they are the "who, what, where, when, how, and how much." Google did not dispute this characterization. This is, in part, because, in most fair use cases, defendants concede that they have used the copyrighted work, and "there is rarely dispute over the history, content, or origin of the copyrighted work." See Ned Snow, *Judges Playing Jury: Constitutional Conflicts in Deciding Fair Use on Summary Judgment*, 44 U.C. DAVIS L. REV. 483, 493 (2010).

While some courts once treated the entire question of fair use as factual, and, thus, a question to be sent to the jury, that is not the modern view. Since *Harper & Row*, the Ninth Circuit has described fair use as an "equitable defense." *Fisher v. Dees*, 794 F.2d 432, 435 (9th Cir. 1986) ("The fair-use doctrine was initially developed by courts as an equitable defense to copyright infringement."). Indeed, the Supreme Court

referred to fair use as “an equitable rule of reason” in *Harper & Row*. 471 U.S. at 560. Congress did the same when it codified the doctrine of fair use in 1976. If fair use is equitable in nature, it would seem to be a question for the judge, not the jury, to decide, even when there are factual disputes regarding its application. In that instance, it would be the judge’s factual determinations that would receive a deferential review — being assessed for clear error on the record before the court.

That said, the Supreme Court has never clarified whether and to what extent the jury is to play a role in the fair use analysis. *Harper & Row* involved an appeal from a bench trial where the district court concluded that the use of the copyrighted material was not a fair use. *Harper & Row Publishers, Inc. v. Nation Enters.*, 723 F.2d 195, 199 (2d Cir. 1983). The Court, thus, had no reason to discuss a jury determination of fair use and has not since taken an opportunity to do so.

Perhaps because of this silence, even after *Harper & Row*, several courts — including the Ninth Circuit — have continued to accept the fact that the question of fair use may go to a jury, albeit without analysis of why it may. The Ninth Circuit has clarified, however, that the jury role in this context is limited to determining disputed “historical facts,” not the inferences or conclusions to be drawn from those facts. See *Fisher*, 794 F.2d at 436. In *Fisher*, for example, the court explained that “no material historical facts are at issue in this case. The parties dispute only the ultimate conclusions to be drawn from the admitted facts. Because, under *Harper & Row*, these judgments are legal in nature, we can make them without usurping the function of the jury.” *Id.*; see also *Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1175 (9th Cir. 2013) (“As in *Fisher*, [n]o material historical facts are at issue in this case. The parties dispute only the ultimate conclusion to be drawn from the admitted facts.” (citing *Fisher*, 794 F.2d at 436)); *Hustler Magazine, Inc. v. Moral Majority, Inc.*, 606 F.Supp. 1526, 1532 (C.D. Cal. 1985) (noting that “fair use normally is a question of fact for the jury,” but concluding that “the issue of fair use, at least in the context of this case, presents primarily a question of law”). Accordingly, while inferences from the four-factor analysis and the ultimate question of fair use are “legal in nature,” in the Ninth Circuit, disputed historical facts represent questions for the jury. *Fisher*, 794 F.2d at 436. Where there are no disputed material historical facts, fair use can be decided by the court alone. *Id.*

Despite this case law, all aspects of Google’s fair use defense went to the jury with neither party arguing that it should not. Thus, the jury was asked not just what the historical facts were, but what the implications of those facts were for the fair use defense. During the first appeal, Google argued to this court that there were disputed issues of material historical fact relevant to its fair use defense. As discussed below, the parties stipulated — or at least ceased to dispute — some of those facts, and presented the remaining disputed historical facts to the jury on remand. The jury returned a verdict in favor of Google on its fair use defense. Because the verdict form — though captioned as a “special verdict” — did not ask the jury to articulate its fact findings in any detail, we must assume that the jury resolved all factual issues relating to the historical facts in favor of the verdict. Despite the posture of the fair use finding, we must break that finding into its constituent parts. We must then review the subsidiary and controverted findings of historical fact for substantial evidence. See *Seltzer*, 725 F.3d at 1175; see also *Brewer v. Hustler Magazine, Inc.*, 749

F.2d 527, 528 (9th Cir. 1984) (“We may disturb a jury verdict only if the evidence was insufficient as a matter of law.”).

All jury findings relating to fair use other than its implied findings of historical fact must, under governing Supreme Court and Ninth Circuit case law, be viewed as advisory only. Accordingly, while we might assess the jury’s role in the assessment of fair use differently if not bound by Ninth Circuit law, we proceed on the assumption both that: (1) it was not error to send the question to the jury, because the Ninth Circuit has at least implicitly endorsed doing so; and (2) we must assess all inferences to be drawn from the historical facts found by the jury and the ultimate question of fair use *de novo*, because the Ninth Circuit has explicitly said we must do so.

The parties have identified the following historical facts relating to Google’s use of the copyrighted work:

- the history and origin of the copyrighted work, including what declaring code is;
- how much of the copyrighted work was copied;
- whether there were other ways to write the API packages;
- whether the copied material was used for the same purpose as in the original work;
- whether the use was commercial in nature;
- whether Google acted in bad faith in copying the work;
- whether there are functional aspects to the copyrighted work that make it less deserving of protection; and
- whether there was harm to the actual or potential markets for the copyrighted work.

The parties now agree on the resolution of the first four factual questions: (1) what the declaring code is and what it does in Java SE and Android, and that the code at issue was a work created by Oracle; (2) how many lines of code were copied; (3) that there were other ways for Google to write API packages; and (4) that Google used the API packages in Android for the same purpose they were created for in Java. The parties dispute, however, the remaining historical facts they identified. We address those disputes in the context of our assessment of the statutory factors to which the respective historical fact is relevant.

C. Applying the Fair Use Factors

Factor 1: The Purpose and Character of the Use

The first factor in the fair use inquiry involves “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” 17 U.S.C. § 107(1). This factor has two primary components: (1) whether the use is commercial in nature, rather than for educational or public interest purposes; and (2) “whether the new work is transformative or simply supplants the original.” *Wall Data*, 447 F.3d at 778 (citing *Campbell*, 510 U.S. at 579). As explained below, the first is a question of fact and the second is a question of law. As Oracle points out, moreover, courts sometimes also consider whether the historical facts support the conclusion that the infringer acted in bad faith. See *Harper & Row*, 471 U.S. at 562. We address each component in turn.

a. Commercial Use

Analysis of the first factor requires inquiry into the commercial nature of the use. Use of the copyrighted work that is commercial “tends to weigh against a finding of fair use.” *Harper & Row*, 471 U.S. at 562. Courts have recognized, however, that, “[s]ince many, if not most, secondary users seek at least some measure of commercial gain from their use, unduly emphasizing the commercial motivation of a copier will lead to an overly restrictive view of fair use.” *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 921 (2d Cir. 1994); see also *Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104, 109 (2d Cir. 1998) (“Notwithstanding its mention in the text of the statute, commerciality has only limited usefulness to a fair use inquiry; most secondary uses of copyrighted material, including nearly all of the uses listed in the statutory preamble, are commercial.”). Accordingly, although the statute requires us to consider the “commercial nature” of the work, “the degree to which the new user exploits the copyright for commercial gain — as opposed to incidental use as part of a commercial enterprise — affects the weight we afford commercial nature as a factor.” *Elvis Presley Enters., Inc. v. Passport Video*, 349 F.3d 622, 627 (9th Cir. 2003).

It is undisputed that Google’s use of the declaring code and SSO from 37 Java API packages served commercial purposes. Although the jury was instructed that commercial use weighed against fair use, the district court explained that the jury “could reasonably have found that Google’s decision to make Android available open source and free for all to use had non-commercial purposes as well (such as the general interest in sharing software innovation).”

On appeal, Oracle argues that Android is “hugely profitable” and that “Google reaps billions from exploiting Java in Android.” As such, Oracle maintains that no reasonable jury could have found Android anything but “overwhelmingly commercial.”

Google responds that: (1) because it gives Android away for free under an open source license the jury could have concluded that Android has non-commercial purposes; and (2) the jury could have reasonably found that Google’s revenue flows from the advertisements on its search engine which preexisted Android. Neither argument has merit.

First, the fact that Android is free of charge does not make Google’s use of the Java API packages noncommercial. Giving customers “for free something they would ordinarily have to buy” can constitute commercial use. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1015 (9th Cir. 2001) (finding that “repeated and exploitative copying of copyrighted works, even if the copies are not offered for sale, may constitute a commercial use”). That Google might also have non-commercial motives is irrelevant as a matter of law. As the Supreme Court made clear when *The Nation* magazine published excerpts from Harper & Row’s book, partly for the purpose of providing the public newsworthy information, the question “is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.” *Harper & Row*, 471 U.S. at 562. Second, although Google maintains that its revenue flows from advertisements, not from Android, commerciality does not depend on how Google earns its money. Indeed, “[d]irect economic benefit is not

required to demonstrate a commercial use.” *A&M Records*, 239 F.3d at 1015. We find, therefore, that, to the extent we must assume the jury found Google’s use of the API packages to be anything other than overwhelmingly commercial, that conclusion finds no substantial evidentiary support in the record. Accordingly, Google’s commercial use of the API packages weighs against a finding of fair use.

b. Transformative Use

Although the Copyright Act does not use the word “transformative,” the Supreme Court has stated that the “central purpose” of the first fair use factor is to determine “whether and to what extent the new work is transformative.” *Campbell*, 510 U.S. at 579. Transformative works “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.” *Id.* (internal citation omitted).

A use is “transformative” if it “adds something new, with a further purpose or different character, altering the first with new expression, meaning or message.” *Id.* The critical question is “whether the new work merely supersede[s] the objects of the original creation ... or instead adds something new.” *Id.* (citations and internal quotation marks omitted). This inquiry “may be guided by the examples given in the preamble to § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like.” *Id.* at 578-79. “The Supreme Court has recognized that parodic works, like other works that comment and criticize, are by their nature often sufficiently transformative to fit clearly under the fair use exception.” *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 800 (9th Cir. 2003) (citing *Campbell*, 510 U.S. at 579).

“Although transformation is a key factor in fair use, whether a work is transformative is a often highly contentious topic.” *Seltzer*, 725 F.3d at 1176. Indeed, a “leading treatise on this topic has lamented the frequent misuse of the transformation test, complaining that it has become a conclusory label which is ‘all things to all people.’” *Id.* (quoting *Nimmer on Copyright*).

To be transformative, a secondary work must either alter the original with new expression, meaning, or message or serve a new purpose distinct from that of the original work. *Campbell*, 510 U.S. at 579; *Elvis Presley Enters.*, 349 F.3d at 629. Where the use “is for the same intrinsic purpose as [the copyright holder’s] ... such use seriously weakens a claimed fair use.” *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110, 1117 (9th Cir. 2000) (quoting *Weissmann v. Freeman*, 868 F.2d 1313, 1324 (2d Cir. 1989)).

Although “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.” *Campbell*, 510 U.S. at 579. As such, “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.” *Id.* Importantly, in the Ninth Circuit, whether a work is transformative is a question of law. See *Mattel*, 353 F.3d at 801 (explaining that parody — a well-established species of transformative use — “is a question of law, not a matter of public majority opinion”); see also *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169, 175-77 (2d Cir. 2018) (reassessing

whether the use in question was transformative and deciding it was as a matter of law).

In denying JMOL, the district court explained that “of course, the copied declarations serve the same function in both works, for by definition, declaring code in the Java programming language serves the [same] specific definitional purposes.”⁶

Footnote 6: According to the district court, if this fact were sufficient to defeat fair use, “it would be impossible ever to duplicate declaring code as fair use and presumably the Federal Circuit would have disallowed this factor on the first appeal rather than remanding for a jury trial.” *Id.* But in our prior decision, we remanded in part because Google represented to this court that there were disputes of fact regarding how Android was used and whether the APIs Google copied served the same function in Android and Java. *Oracle*, 750 F.3d at 1376. Without the benefit of briefs exploring the record on these issues, and Google’s later agreement with respect to these facts, we concluded that we could not say that there were no material facts in dispute. *Id.* As explained previously, however, those facts are no longer in dispute. The only question that remains regarding transformative use is whether, on the now undisputed facts, Google’s use of the APIs was, in fact, transformative.

The court concluded, however, that the jury could reasonably have found that Google’s selection of some, but not all, of the Java API packages — “with new implementing code adapted to the constrained operating environment of mobile smartphone devices,” together with new “methods, classes, and packages written by Google for the mobile smartphone platform” — constituted “a fresh context giving new expression, meaning, or message to the duplicated code.”

On appeal, Oracle argues that Google’s use was not transformative because it did not alter the APIs with “new expression, meaning, or message.” Because Google concedes that it uses the API packages for the same purpose, Oracle maintains that it was unreasonable for either the jury or the court to find that Google sufficiently transformed the APIs to overcome its highly commercial use.

Google responds that a reasonable jury could have concluded that Google used a small portion of the Java API packages to create a new work in a new context — “Android, a platform for smartphones, not desktops and servers.” Google argues that, although the declarations and SSO may perform the same functions in Android and Java, the jury could reasonably find that they have different purposes because the “point of Android was to create a groundbreaking platform for smartphones.”

Google’s arguments are without merit. As explained below, Google’s use of the API packages is not transformative as a matter of law because: (1) it does not fit within the uses listed in the preamble to § 107; (2) the purpose of the API packages in Android is the same as the purpose of the packages in the Java platform; (3) Google made no alteration to the expressive content or message of the copyrighted material; and (4) smartphones were not a new context.

First, though not dispositive, we turn to the examples given in the preamble to § 107, “looking to whether the use is for criticism, or comment, or news reporting, and the like.” *Campbell*, 510 U.S. at 578-79. Google’s use of the Java API packages does not fit within the statutory categories, and Google does not suggest otherwise. Instead, Google cites *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596 (9th Cir. 2000), for the proposition that the “Ninth Circuit has held other types of uses — specifically including uses of computer code — to be fair.” In *Sony*, the court found that the defendant’s reverse engineering and intermediate copying of Sony’s copyrighted software system “was a fair use for the purpose of gaining access to the unprotected elements of Sony’s software.” 203 F.3d at 602. The court explained that

Sony's software program contained unprotected functional elements and that the defendant could only access those elements through reverse engineering. *Id.* at 603. The defendant used that information to create a software program that let consumers play games designed for Sony's PlayStation console on their computers. The court found that the defendant's use was only "modestly transformative" where: (1) the defendant created "a wholly new product" with "entirely new ... code," and (2) the intermediate copying was performed to "produce a product that would be compatible." *Id.* at 606-07. As Oracle points out, even the "modest" level of transformation at issue in Sony is more transformative than what Google did here: copy code verbatim to attract programmers to Google's "new and incompatible platform."

It is undisputed that the API packages serve the same function in both works. And, as Oracle explains, the historical facts relevant to transformative use are also undisputed: what declaring code is, what it does in Java and in Android, how the audience of computer developers perceives it, how much Google took and added, what the added code does, and why Google used the declaring code and SSO. Indeed, Google conceded that "including the declarations (and their associated SSO) was for the benefit of developers, who — familiar with the Java programming language — had certain expectations regarding the language's APIs." The fact that Google created exact copies of the declaring code and SSO and used those copies for the same purpose as the original material "seriously weakens [the] claimed fair use." See *Wall Data*, 447 F.3d at 778 (finding that, where the "Sheriff's Department created exact copies of RUMBA's software ... [and] put those copies to the identical purpose as the original software," the use was not transformative); see also *Campbell*, 510 U.S. at 580 (noting that where the alleged infringer merely seeks "to avoid the drudgery in working up something fresh," any "claim to fairness ... diminishes accordingly").

Google argues that Android is transformative because Google selectively used the declarations and SSO of only 37 of the 166 Java SE API packages and wrote its own implementing code. But taking only select passages of a copyrighted work is, by itself, not transformative. See *L.A. News Serv. v. CBS Broad., Inc.*, 305 F.3d 924, 938-39 (9th Cir. 2002) ("Merely plucking the most visually arresting excerpt from LANS's nine minutes of footage cannot be said to have added anything new."). While, as discussed below, the volume of work copied is relevant to the fair use inquiry generally, thought must be given to the quality and importance of the copied material, not just to its relative quantity vis-à-vis the overall work. See *Campbell*, 510 U.S. at 586-87. To hold otherwise would mean that verbatim copying could qualify as fair use as long as the plagiarist stops short of taking the entire work. That approach is inconsistent with settled law and is particularly troubling where, as here, the portion copied is qualitatively significant. See *Harper & Row*, 471 U.S. at 569 (finding that verbatim copying of 300 words from a manuscript of more than 200,000 words was not a fair use); see also *Folsom v. Marsh*, 9 F. Cas. 342, 345 (C.C.D. Mass 1841) (Story, J.) ("There must be real, substantial condensation of the materials, and intellectual labor and judgment bestowed thereon; and not merely the facile use of the scissors; or extracts of the essential parts, constituting the chief value of the original work.").

That Google wrote its own implementing code is irrelevant to the question of whether use of the APIs was transformative. As we noted in the prior appeal, “no plagiarist can excuse the wrong by showing how much of his work he did not pirate.” *Oracle*, 750 F.3d at 1375 (quoting *Harper & Row*, 471 U.S. at 565). The relevant question is whether Google altered “the expressive content or message of the original work” that it copied — not whether it rewrote the portions it did not copy. See *Seltzer*, 725 F.3d at 1177 (explaining that a work is not transformative where the user “makes no alteration to the expressive content or message of the original work”). That said, even where the allegedly infringing work “makes few physical changes to the original or fails to comment on the original,” it will “typically [be] viewed as transformative as long as new expressive content or message is apparent.” *Id.* Here, however, there is no suggestion that the new implementing code somehow changed the expression or message of the declaring code. While Google’s use could have been transformative if it had copied the APIs for some other purpose — such as teaching how to design an API — merely copying the material and moving it from one platform to another without alteration is not transformative.

Google’s primary argument on appeal is that Android is transformative because Google incorporated the declarations and SSO of the 37 API packages into a new context — smartphones. But the record showed that Java SE APIs were in smartphones before Android entered the market. Specifically, Oracle presented evidence that Java SE was in SavaJe mobile phones and that Oracle licensed Java SE to other smartphone manufacturers, including Danger and Nokia. Because the Java SE was already being used in smartphones, Google did not “transform” the copyrighted material into a new context and no reasonable jury could conclude otherwise.

In any event, moving material to a new context is not transformative in and of itself — even if it is a “sharply different context.” *TCA Television Corp. v. McCollum*, 839 F.3d 168, 181-83 (2d Cir. 2016) (finding that use “at some length, almost verbatim,” of the copyrighted comedy routine “Who’s on First?” in a dramatic play was not transformative where the play neither “imbued the Routine with any new expression, meaning, or message,” nor added “any new dramatic purpose”). As previously explained, a use becomes transformative only if it serves a different purpose or alters the “expression, meaning, or message” of the original work. *Kelly*, 336 F.3d at 818. As such, “courts have been reluctant to find fair use when an original work is merely retransmitted in a different medium.” *A&M Records*, 239 F.3d at 1015. Accordingly, although a change of format may be “useful,” it “is not technically a transformation.” *Infinity Broad.*, 150 F.3d at 108 n.2 (finding that retransmitting copyrighted radio transmissions over telephone lines was not transformative because there was no new expression, meaning, or message).

The Ninth Circuit has stated that “[a] use is considered transformative only where a defendant changes a plaintiff’s copyrighted work or uses the plaintiff’s copyrighted work in a different context such that the plaintiff’s work is transformed into a new creation.” *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (quoting *Wall Data*, 447 F.3d at 778). In *Perfect 10*, for example, the court found Google’s use of thumbnail versions of copyrighted images “highly transformative” because, “although an image may have been created originally to serve an

entertainment, aesthetic, or informative function, a search engine transforms the image into a pointer directing a user to a source of information.” *Id.* Although the court discussed the change in context (moving the copyrighted images into the electronic reference tool), it emphasized that Google used the images “in a new context to serve a different purpose.” In reaching this conclusion, the court reiterated that “even making an exact copy of a work may be transformative so long as the copy serves a different function than the original work.” (citing *Kelly*, 336 F.3d at 818-19). It is clear, therefore, that the change in context alone was not dispositive in *Perfect 10*; rather, the change in context facilitated the change in purpose, which made the use transformative.

To some extent, any use of copyrighted work takes place in a slightly different context than the original. And of course, there is no bright line identifying when a use becomes transformative. But where, as here, the copying is verbatim, for an identical function and purpose, and there are no changes to the expressive content or message, a mere change in format (e.g., from desktop and laptop computers to smartphones and tablets) is insufficient as a matter of law to qualify as a transformative use.⁸

Footnote 8: As some amici note, to hold otherwise could encroach upon the copyright holder’s right to “prepare derivative works based upon the copyrighted work.” 17 U.S.C. § 106(2); *see* Br. of Amicus Curiae N.Y. Intell. Prop. L. Ass’n at 17-20.

c. Bad faith

In evaluating the “purpose and character” factor, the Ninth Circuit applies “the general rule that a party claiming fair use must act in a manner generally compatible with principles of good faith and fair dealing.” *Perfect 10*, 508 F.3d at 1164 n.8 (citing *Harper & Row*, 471 U.S. at 562-63). In part, this is based on the fact that, in *Harper & Row*, the Supreme Court expressly stated that “[f]air use presupposes ‘good faith’ and ‘fair dealing.’” 471 U.S. at 562 (citation omitted). It is also in part true because, as the Ninth Circuit has said, one who acts in bad faith should be barred from invoking the equitable defense of fair use. *Fisher*, 794 F.2d at 436 (calling the principle of considering the alleged infringer’s “bad conduct” as a “bar [to] his use of the equitable defense of fair use” a sound one).⁹

Footnote 9: As the district court recognized, there is some debate about whether good or bad faith should remain relevant to the factor one inquiry. Order Denying JMOL, 2016 WL 3181206, at *2 (“[T]here is a respectable view that good or bad faith should no longer be a consideration after the Supreme Court’s decision in *Campbell*.”); *see* also Hon. Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1128 (1990) (“Whether the secondary use is within the protection of the [fair use] doctrine depends on factors pertinent to the objectives of the copyright law and not on the morality or motives of either the secondary user or the copyright-owning plaintiff.”). In *Campbell*, the Supreme Court expressed skepticism about “the weight one might place on the alleged infringer’s state of mind.” *Campbell*, 510 U.S. at 585 n.18, 114 S.Ct. 1164. But the Ninth Circuit has not repudiated its view that “the propriety of the defendant’s conduct’ is relevant to the character of the use at least to the extent that it may knowingly have exploited a purloined work for free that could have been obtained for a fee.” *L.A. News Serv. v. KCAL-TV Channel 9*, 108 F.3d 1119, 1122 (9th Cir. 1997) (quoting *Harper & Row*, 471 U.S. at 562). For that reason, and because we conclude in any event that the jury must have found that Google did not act in bad faith, we address that question and the parties’ arguments relating thereto.

Consistent with this authority, and at Oracle’s request, the district court instructed the jury that it could consider whether Google acted in bad faith (or not) as part of its assessment of the first fair use factor. And, because Oracle was permitted to introduce evidence that Google acted in bad faith, the court permitted Google to try to prove its good faith.

At trial, Oracle introduced evidence suggesting that “Google felt it needed to copy the Java API as an accelerant to bring Android to the market quicker” and knew that it needed a license to use Java. For its part, Google presented evidence that it believed that the declaring code and SSO were “free to use and reimplement, both as a matter of developer practice and because the availability of independent implementations of the Java API enhanced the popularity of the Java programming language, which Sun promoted as free for all to use.” Given this conflicting evidence, the district court found that the jury could reasonably have concluded that “Google’s use of parts of the Java API as an accelerant was undertaken based on a good faith belief that at least the declaring code and SSO were free to use (which it did use), while a license was necessary for the implementing code (which it did not use).”

On appeal, Oracle argues that there was ample evidence that Google intentionally copied Oracle’s copyrighted work and knew that it needed a license to use Java. Google responds that the jury heard sufficient evidence of Google’s good faith based on industry custom and was entitled to credit that evidence.

But, while bad faith may weigh against fair use, a copyist’s good faith cannot weigh in favor of fair use. Indeed, the Ninth Circuit has expressly recognized that “the innocent intent of the defendant constitutes no defense to liability.” *Monge*, 688 F.3d at 1170). If it were clear, accordingly, that the jury found fair use solely or even largely because it approved of Google’s motives even if they were in bad faith, we would find such a conclusion improper. Because evidence of Google’s good faith was relevant to rebut evidence of its bad faith, however, and there is no objection to the instructions to the jury on this or any other point, we must assume that the jury simply did not find the evidence of Google’s bad faith persuasive.¹⁰

Footnote 10: The jury was instructed that, “in evaluating the extent to which Google acted in good faith or not, you may take into account, together with all other circumstances, the extent to which Google relied upon or contravened any recognized practices in the industry concerning reimplementing of API libraries.” Oracle has not challenged this instruction on appeal.

We note, moreover, that merely “being denied permission to use a work does not weigh against a finding of fair use.” *Campbell*, 510 U.S. at 585 n.18 (“If the use is otherwise fair, then no permission need be sought or granted.”).

Ultimately, we find that, even assuming the jury was unpersuaded that Google acted in bad faith, the highly commercial and non-transformative nature of the use strongly support the conclusion that the first factor weighs against a finding of fair use.

Factor 2: Nature of the Copyrighted Work

The second factor — the nature of the copyrighted work — “calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that fair use is more difficult to establish when the former works are copied.” *Campbell*, 510 U.S. at 586. This factor “turns on whether the work is informational or creative.” *Worldwide Church of God*, 227 F.3d at 1118; see also *Harper & Row*, 471 U.S. at 563 (“The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.”). Creative expression “falls within the core of the copyright’s protective purposes.” *Campbell*, 510 U.S. at 586. Although “software products are not purely creative works,” it is well established that copyright law protects computer software. *Wall Data*, 447 F.3d at

780 (citing *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1519 (9th Cir. 1992) (“The 1980 amendments to the Copyright Act unambiguously extended copyright protection to computer programs.”)).

Here, the district court found that the jury could have concluded that the process of designing APIs was “highly creative” and “thus at the core of copyright’s protection” or it could “reasonably have gone the other way and concluded that the declaring code was not highly creative.” While the jury heard testimony from Google’s own expert that API design is “an art, not a science,” other witnesses emphasized the functional role of the declaring code and the SSO and minimized the creative aspects. Accordingly, the district court concluded that the “jury could reasonably have found that, while the declaring code and SSO were creative enough to qualify for copyright protection, functional considerations predominated in their design.”

On appeal, Oracle emphasizes that designing the APIs was a highly creative process and that the organization of the packages was not mandated by function. Indeed, this court has already held that the declaring code and the SSO of the 37 API packages at issue were sufficiently creative and original to qualify for copyright protection. *Oracle*, 750 F.3d at 1356. According to Oracle, the district court erred in assuming that, because the APIs have a “functional role,” they cannot be creative.

As Google points out, however, all we found in the first appeal was that the declarations and SSO were sufficiently creative to provide the “minimal degree of creativity,” *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991), that is required for copyrightability. We also recognized that a reasonable jury could find that “the functional aspects of the packages” are “relevant to Google’s fair use defense.” *Oracle*, 750 F.3d at 1369, 1376-77. On remand, Oracle stipulated that some of the declarations were necessary to use the Java language and presented no evidence explaining how the jury could distinguish the functionality and creativity of those declarations from the others. Google maintains that it presented evidence that the declarations and SSO were functional and the jury was entitled to credit that evidence.

Although it is clear that the 37 API packages at issue involved some level of creativity — and no reasonable juror could disagree with that conclusion — reasonable jurors could have concluded that functional considerations were both substantial and important. Based on that assumed factual finding, we conclude that factor two favors a finding of fair use.

The Ninth Circuit has recognized, however, that this second factor “typically has not been terribly significant in the overall fair use balancing.” *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1402 (9th Cir. 1997) (finding that the “creativity, imagination and originality embodied in *The Cat in the Hat* and its central character tilts the scale against fair use”); *Mattel*, 353 F.3d at 803 (similar). Other circuits agree. *Fox News Network*, 883 F.3d at 178 (“This factor ‘has rarely played a significant role in the determination of a fair use dispute,’ and it plays no significant role here.” (quoting *Authors Guild v. Google, Inc.*, 804 F.3d 202, 220 (2d Cir. 2015))). We note, moreover, that allowing this one factor to dictate a conclusion of fair use in all cases involving copying of software could effectively negate Congress’s express declaration — continuing unchanged for some forty years — that software is

copyrightable. Accordingly, though the jury's assumed view of the nature of the copyrighted work weighs in favor of finding fair use, it has less significance to the overall analysis.

Factor 3: Amount and Substantiality of the Portion Used

The third factor focuses on the “amount and substantiality of the portion used in ... the context of the copyrighted work, not the infringing work.” *Oracle*, 750 F.3d at 1375. Indeed, the statutory language makes clear that “a taking may not be excused merely because it is insubstantial with respect to the infringing work.” *Harper & Row*, 471 U.S. at 565. “[T]he fact that a substantial portion of the infringing work was copied verbatim [from the original work] is evidence of the qualitative value of the copied material, both to the originator and to the plagiarist who seeks to profit from marketing someone else's copyrighted expression.” *Id.* Thus, while “whole-sale copying does not preclude fair use per se, copying an entire work militates against a finding of fair use.” *Worldwide Church of God*, 227 F.3d at 1118 (citation and quotation marks omitted). But, there is no relevance to the opposite — i.e., adding substantial content to the copyrighted work is not evidence that what was copied was insubstantial or unimportant.

The inquiry under this third factor “is a flexible one, rather than a simple determination of the percentage of the copyrighted work used.” *Monge*, 688 F.3d at 1179. The Ninth Circuit has explained that this third factor looks to the quantitative amount and qualitative value of the original work used in relation to the justification for its use. *Seltzer*, 725 F.3d at 1178. The percentage of work copied is not dispositive where the portion copied was qualitatively significant. *Harper & Row*, 471 U.S. at 566 (“In view of the expressive value of the excerpts and their key role in the infringing work, we cannot agree with the Second Circuit that the magazine took a meager, indeed an infinitesimal amount of Ford's original language.”) Google is correct that the Ninth Circuit has said that, “this factor will not weigh against an alleged infringer, even when he copies the whole work, if he takes no more than is necessary for his intended use.” *Id.* (citing *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 820-21 (9th Cir. 2003)). But the Ninth Circuit has only said that is true where the intended use was a transformative one, because the “extent of permissible copying varies with the purpose and character of the use.” *Id.* (quoting *Campbell*, 510 U.S. at 586-87). Here, we have found that Google's use was not transformative and Google has conceded both that it could have written its own APIs and that the purpose of its copying was to make Android attractive to programmers. “Necessary” in the context of the cases upon which Google relies does not simply mean easier.

In assessing factor three, the district court explained that the “jury could reasonably have found that Google duplicated the bare minimum of the 37 API packages, just enough to preserve inter-system consistency in usage, namely the declarations and their SSO only, and did not copy any of the implementing code,” such that Google “copied only so much as was reasonably necessary.” In reaching this conclusion, the court noted that the jury could have found that the number of lines of code Google duplicated was a “tiny fraction of one percent of the copyrighted works (and even less of Android, for that matter).” We disagree that such a conclusion would have been reasonable or sufficient on this record.

On remand, the parties stipulated that only 170 lines of code were necessary to write in the Java language. It is undisputed, however, that Google copied 11,500 lines of code — 11,330 more lines than necessary to write in Java. That Google copied more than necessary weighs against fair use. See *Monge*, 688 F.3d at 1179 (finding that, where the copyist “used far more than was necessary” of the original work, “this factor weighs against fair use”). And, although Google emphasizes that it used a small percentage of Java (11,500 lines of declarations out of roughly 2.86 million lines of code in the Java SE libraries), it copied the SSO for the 37 API packages in its entirety.

The district court emphasized Google’s desire to “preserve inter-system consistency” to “avoid confusion among Java programmers as between the Java system and the Android system.” As we noted in the prior appeal, however, Google did not seek to foster any “inter-system consistency” between its platform and Oracle’s Java platform. *Oracle*, 750 F.3d at 1371. And Google does not rely on any interoperability arguments in this appeal.¹¹

Footnote 11: In the prior appeal, we noted that “Google’s competitive desire to achieve commercial ‘interoperability’ ... may be relevant to a fair use analysis.” *Oracle*, 750 F.3d at 1376-77. But, although several amici in this appeal discuss interoperability concerns, Google has abandoned the arguments it once made about interoperability. This change in course is not surprising given the un rebutted evidence that Google specifically designed Android to be incompatible with the Java platform and not allow for interoperability with Java programs. *Id.* at 1371.

Google sought “to capitalize on the fact that software developers were already trained and experienced in using the Java API packages at issue.” *Id.* But there is no inherent right to copy in order to capitalize on the popularity of the copyrighted work or to meet the expectations of intended customers. Taking those aspects of the copyrighted material that were familiar to software developers to create a similar work designed to be popular with those same developers is not fair use. See *Dr. Seuss Enters.*, 109 F.3d at 1401 (copying the most famous and well recognized aspects of a work “to get attention” or “to avoid the drudgery in working up something fresh” is not a fair use (quoting *Campbell*, 510 U.S. at 580)).

Even assuming the jury accepted Google’s argument that it copied only a small portion of Java, no reasonable jury could conclude that what was copied was qualitatively insignificant, particularly when the material copied was important to the creation of the Android platform. Google conceded as much when it explained to the jury the importance of the APIs to the developers it wished to attract. Indeed, Google’s own expert conceded that “it was a sound business practice for Google to leverage the existing community of developers, minimizing the amount of new material and maximizing existing knowledge,” even though Google also conceded that it could have written the APIs differently to achieve the same functions. For these reasons, we find that the third factor is, at best, neutral in the fair use inquiry, and arguably weighs against such a finding.

Factor 4: Effect Upon the Potential Market

The fourth and final factor focuses on “the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4). This factor reflects the idea that fair use “is limited to copying by others which does not materially impair the marketability of the work which is copied.” *Harper & Row*, 471 U.S. at

566-67. It requires that courts “consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also whether unrestricted and widespread conduct of the sort engaged in by the defendant... would result in a substantially adverse impact on the potential market for the original.” *Campbell*, 510 U.S. at 590 (citation and quotation marks omitted).

The Supreme Court once said that factor four is “undoubtedly the single most important element of fair use.” *Harper & Row*, 471 U.S. at 566. In its subsequent opinion in *Campbell*, however, the Court emphasized that none of the four factors can be viewed in isolation and that “[a]ll are to be explored, and the results weighed together, in light of the purposes of copyright.” 510 U.S. at 578; see also *Infinity Broad.*, 150 F.3d at 110 (“Historically, the fourth factor has been seen as central to fair use analysis, although the Supreme Court appears to have backed away from this position.”). The Court has also explained that “market harm is a matter of degree, and the importance of this factor will vary, not only with the amount of harm, but also with the relative strength of the showing on the other factors.” *Campbell*, 510 U.S. at 590 n.21.

The Ninth Circuit recently indicated that likely market harm can be presumed where a use is “commercial and not transformative.” *Disney Enters., Inc. v. VidAngel, Inc.*, 869 F.3d 848, 861 (9th Cir. 2017) (citing *Leadsinger*, 512 F.3d at 531, for the proposition that, where a use “was commercial and not transformative, it was not error to presume likely market harm”). That presumption allegedly traces back to *Sony Corp. of America v. University City Studios, Inc.*, 464 U.S. 417, 451(1984), where the Supreme Court stated that, “if the intended use is for commercial gain, that likelihood [of future harm] may be presumed. But if it is for a noncommercial purpose, the likelihood must be demonstrated.” The Supreme Court has since clarified that market impact, “no less than the other three [factors], may be addressed only through a ‘sensitive balancing of interests’” and that earlier interpretations of Sony to the contrary were incorrect. *Campbell*, 510 U.S. at 590 n.21 (quoting *Sony*, 464 U.S. at 455 n.40);¹² see also *Monge*, 688 F.3d at 1181 (cautioning against overemphasis on a presumption of market harm after *Campbell*).

Footnote 12: The Court noted, however, that “what *Sony* said simply makes common sense: when a commercial use amounts to mere duplication of the entirety of an original, it clearly ‘supersede[s] the objects,’ of the original and serves as a market replacement for it, making it likely that cognizable market harm to the original will occur.” *Id.* at 591, 114 S.Ct. 1164.

On this point, we must apply clear Supreme Court precedent rather than the more recent Ninth Circuit’s statements to the contrary.

In evaluating the fourth factor, courts consider not only harm to the actual or potential market for the copyrighted work, but also harm to the “market for potential derivative uses,” including “those that creators of original works would in general develop or license others to develop.” *Campbell*, 510 U.S. at 592; see also *A&M Records*, 239 F.3d at 1017 (“Lack of harm to an established market cannot deprive the copyright holder of the right to develop alternative markets for the works.”). A court can therefore consider the challenged use’s “impact on potential licensing revenues for traditional, reasonable, or likely to be developed markets.” *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.*, 756 F.3d 73, 91 (2d Cir. 2014) (citation

omitted); see also *Seltzer*, 725 F.3d at 1179 (“This factor also considers any impact on ‘traditional, reasonable, or likely to be developed markets.’”).

Also relevant to the inquiry is the fact that a copyright holder has the exclusive right to determine “when, ‘whether and in what form to release’” the copyrighted work into new markets, whether on its own or via a licensing agreement. *Monge*, 688 F.3d at 1182 (quoting *Harper & Row*, 471 U.S. at 553). Indeed, the Ninth Circuit has recognized that “even an author who had disavowed any intention to publish his work during his lifetime” was entitled to copyright protection because: (1) “the relevant consideration was the ‘potential market’” and (2) “he has the right to change his mind.” *Worldwide Church*, 227 F.3d at 1119 (citing *Salinger v. Random House, Inc.*, 811 F.2d 90, 99 (2d Cir. 1987)); see also *Micro Star v. Formgen Inc.*, 154 F.3d 1107, 1113 (9th Cir. 1998) (noting that only the copyright holder “has the right to enter that market; whether it chooses to do so is entirely its business”).

Here, the district court concluded that the jury “could reasonably have found that use of the declaring lines of code (including their SSO) in Android caused no harm to the market for the copyrighted works, which were for desktop and laptop computers.” In reaching this conclusion, the district court noted that, before Android was released, Sun made all of the Java API packages available for free and open source under the name OpenJDK, subject only to the terms of a general public license. According to the district court, the jury could have concluded that “Android’s impact on the market for the copyrighted works paralleled what Sun already expected via its OpenJDK.”

On appeal, Oracle argues that the evidence of actual and potential harm stemming from Google’s copying was “overwhelming,” and that the district court erred as a matter of law in concluding otherwise. We agree.

First, with respect to actual market harm, the evidence showed that Java SE had been used for years in mobile devices, including early smartphones, prior to Android’s release. Specifically, the jury heard testimony that Java SE was already in smartphones, including Blackberry, SavaJe, Danger, and Nokia. That Android competed directly with Java SE in the market for mobile devices is sufficient to undercut Google’s market harm arguments. With respect to tablets, the evidence showed that Oracle licensed Java SE for the Amazon Kindle. After Android’s release, however, Amazon was faced with two competing options — Java SE and Android — and selected Android.¹³

Footnote 13: Google submits that the jury could have discounted this evidence because the Java SE APIs were available for free through OpenJDK. But Amazon moved from Java to Android — not to OpenJDK. And the evidence of record makes clear that device manufacturers did not view OpenJDK as a commercially viable alternative to using Java SE because any improvement to the packages in OpenJDK had to be given away for free to the Java community.

The jury also heard evidence that Amazon later used the fact that Android was free to negotiate a steep discount to use Java SE in its newer e-reader. In other words, the record contained substantial evidence that Android was used as a substitute for Java SE and had a direct market impact. Given this evidence of actual market harm, no reasonable jury could have concluded that there was no market harm to Oracle from Google’s copying.

Even if there were a dispute about whether Oracle was licensing Java SE in smartphones at the time Android launched, moreover, “fair use focuses on potential, not just actual, market harm.” *Monge*, 688 F.3d at 1181. Accordingly, although the district court focused exclusively on the market it found that Oracle had already entered — desktops and laptops — it should have considered how Google’s copying affected potential markets Oracle might enter or derivative works it might create or license others to create. See *Campbell*, 510 U.S. at 590. Licensing Java SE for smartphones with increased processing capabilities was one such potential new market. And the fact that Oracle and Google engaged in lengthy licensing negotiations demonstrates that Oracle was attempting to license its work for mobile devices, including smartphones.¹⁴

Footnote 14: Of course, the fact that those negotiations were not successful does not factor into the analysis. *Campbell*, 510 U.S. at 585 n.18 (“If the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use.”). Such evidence was only relevant to show Oracle’s interest in the potential market for smartphones.

Smartphones were, therefore, a “traditional, reasonable, or likely to be developed market.” See *Swatch Grp.*, 756 F.3d at 91; see also *Seltzer*, 725 F.3d at 1179.

Google argues that a reasonable jury could have concluded that Java SE and Android did not compete in the same market because Oracle: (1) was not a device maker; and (2) had not yet built its own smartphone platform. Neither argument has merit. That Oracle never built a smartphone device is irrelevant because potential markets include licensing others to develop derivative works. See *Campbell*, 510 U.S. at 592. The fact that Oracle had not yet developed a smartphone platform is likewise irrelevant as a matter of law because, as Oracle submits, a market is a potential market even where the copyright owner has no immediate plans to enter it or is unsuccessful in doing so. See *Worldwide Church*, 227 F.3d at 1119; *Micro Star*, 154 F.3d at 1113. Even assuming a reasonable jury could have found no current market harm, the undisputed evidence showed, at a minimum, that Oracle intended to license Java SE in smartphones; there was no evidence in the record to support any contrary conclusion. Because the law recognizes and protects a copyright owner’s right to enter a “potential market,” this fact alone is sufficient to establish market impact.

Given the record evidence of actual and potential harm, we conclude that “unrestricted and widespread conduct of the sort engaged in by” Google would result in “a substantially adverse impact on the potential market for the original” and its derivatives. See *Campbell*, 510 U.S. at 590 (citation and quotation marks omitted). Accordingly, the fourth factor weighs heavily in favor of Oracle.

Balancing the Four Factors

Having undertaken a case-specific analysis of all four factors, we must weigh the factors together “in light of the purposes of copyright.” *Campbell*, 510 U.S. at 578. We conclude that allowing Google to commercially exploit Oracle’s work will not advance the purposes of copyright in this case. Although Google could have furthered copyright’s goals of promoting creative expression and innovation by developing its own APIs, or by licensing Oracle’s APIs for use in developing a new platform, it chose to copy Oracle’s creative efforts instead. There is nothing fair about taking a copyrighted work verbatim and using it for the same purpose and function as the original in a competing platform.

Even if we ignore the record evidence and assume that Oracle was not already licensing Java SE in the smartphone context, smartphones were undoubtedly a potential market. Android's release effectively replaced Java SE as the supplier of Oracle's copyrighted works and prevented Oracle from participating in developing markets. This superseding use is inherently unfair.

On this record, factors one and four weigh heavily against a finding of fair use, while factor two weighs in favor of such a finding and factor three is, at best, neutral. Weighing these factors together, we conclude that Google's use of the declaring code and SSO of the 37 API packages was not fair as a matter of law.

We do not conclude that a fair use defense could never be sustained in an action involving the copying of computer code. Indeed, the Ninth Circuit has made it clear that some such uses can be fair. See *Sony*, 203 F.3d at 608; *Sega*, 977 F.2d at 1527-28. We hold that, given the facts relating to the copying at issue here — which differ materially from those at issue in *Sony* and *Sega* — Google's copying and use of this particular code was not fair as a matter of law.

IV. CONCLUSION

For the foregoing reasons, we conclude that Google's use of the 37 Java API packages was not fair as a matter of law. We therefore reverse the district court's decisions denying Oracle's motions for JMOL and remand for a trial on damages. The district court may determine the appropriate vehicle for consideration of infringement allegations regarding additional uses of Android.

REVERSED AND REMANDED

Notes and questions

(1) In *Oracle America, Inc. v. Google LLC*, 886 F.3d 1179 (Fed. Cir. 2018) the court of appeals for the Federal Circuit overturned a jury verdict that Google's unauthorized use of 37 packages of the Java application programming interface in its Android operating system was fair use. The Federal Circuit held that Google's use of the Java API packages was not fair as a matter of law.

(2) The timing of the Federal Circuit's decision is curious. If Google's fair use defense was really unsustainable as a matter of law in 2018, why wasn't it also unsustainable in 2014 when the Federal Circuit reversed the district court's finding that the API packages were not copyrightable as a matter of law and remanded with instructions to reinstate the jury's infringement verdict and for further proceedings on Google's fair use defense. See, *Oracle America, Inc. v. Google Inc.*, 750 F.3d 1339, 1348 (Fed. Cir. 2014).

(3) How does the court justify overturning the jury? The Federal Circuit, applying the law of the Ninth Circuit, held (at 1195) that the role of the jury in fair use cases "is limited to determining disputed 'historical facts,' not the inferences or conclusions to be drawn from those facts." The court cites a string of Ninth Circuit authority for this position beginning with *Fisher v. Dees*, 794 F.2d 432 (9th Cir. 1986). The Federal Circuit even hints that perhaps the case should not have been sent to a jury at all (at 1196):

Accordingly, while we might assess the jury's role in the assessment of fair use differently if not bound by Ninth Circuit law, we proceed on the assumption both

that: (1) it was not error to send the question to the jury, because the Ninth Circuit has at least implicitly endorsed doing so; ...

(4) How much of the Federal Circuit’s application of the fair use doctrine follows from its assessment that Google’s use of the API packages is not transformative as a matter of law? Why did the Federal Circuit conclude that Google’s use of the API packages was not transformative? Was this an issue of law, of fact, or something in between? Did the Federal Circuit correctly apply Ninth Circuit precedent to this question?

[Placeholder for additional notes on *Sega Enterprises Ltd. v. Accolade* 977 F.2d 1510 (9th Cir. 1992) and *Sony Computer Entertainment, Inc. v. Connectix Corp.* 203 F.3d 596 (9th Cir. 2000)]

(5) The Federal Circuit reasoned through the fair use factors as follows:

On the first factor, it found that (i) Google’s use of the API packages must be considered commercial and as such it weighed against a finding of fair use and (ii) Google’s use of the API packages is not transformative as a matter of law, primarily because the copied APIs perform the same function in Android as they did in the Java platform. The Federal Circuit held that the fact that Google wrote its own implementing code for a new operating environment (smart phones) was irrelevant to the question of whether use of the APIs was transformative because in so doing it did not alter the expressive content or message of the original work that it copied.

On the second factor, the district court held on remand that while the declaring code of the APIs and entire structure sequence and organization of the APIs were creative enough to qualify for copyright protection, functional considerations predominated in their design. The Federal Circuit agreed that reasonable jurors could have concluded that functional considerations in the APIs were both substantial and important and thus that the second factor favored a finding of fair use. However, the Federal Circuit was quick to point out that this second factor typically has not been terribly significant in the overall fair use balancing and (at 1205):

We note, moreover, that allowing this one factor to dictate a conclusion of fair use in all cases involving copying of software could effectively negate Congress’s express declaration — continuing unchanged for some forty years — that software is copyrightable. Accordingly, though the jury’s assumed view of the nature of the copyrighted work weighs in favor of finding fair use, it has less significance to the overall analysis.

The Federal Circuit found that the third fair use factor, “the amount and substantiality of the portion used”, was “at best, neutral in the fair use inquiry, and arguably weighs against such a finding.” The court discounted the fact that the copied APIs represented only a tiny fraction of the original copyrighted work and also of Google’s Android operating system and noted that only 170 of the 11,500 lines of code Google copied were strictly necessary to write in the Java language. The Federal Circuit did not accept that copying APIs to make it easier for programmers familiar with Java to write to Android was necessary and (at 1207) dismissed the core of Google’s interoperability argument as analogous “to copying the most famous and well recognized aspects of a work ‘to get attention’ or ‘to avoid the drudgery in working up something fresh’” (quoting the Ninth Circuit decision in *Dr. Seuss Enters.*, 109 F.3d at 1401, which itself was quoting *Campbell*, 510 U.S. at 580).

On the fourth fair use factor, Oracle argued that Android competed with Java SE in the market for mobile devices and that Android had displaced Java SE on the Amazon Kindle.

The Federal Circuit agreed with Oracle that the evidence of actual and potential harm stemming from Google's copying was "overwhelming" and that the district court erred as a matter of law in holding otherwise. Its analysis relied heavily on Oracle's intention to license Java SE in smartphones in the future and the "copyright owner's right to enter a 'potential market,'" as sufficient to establish market impact.

(6) There is no academic consensus as to whether the Federal Circuit was correct in *Oracle v. Google*, but the overwhelming weight of opinion is against.

One way to look at this is that although the court was fundamentally wrong in its 2014 decision, if we accept that decision for the sake of argument, the 2018 fair use decision seems to follow. The fair use decision follows from the copyrightability decision because it is hard to frame an argument for transformative fair use that doesn't simply contradict the court's erroneous ruling that the Java declaring code is protectable expression and that the Structure Sequence and Organization of the entire Java system is also protected by copyright. If we accept that the function of the declaring code should be protected, then Google's use of that code to perform the same function is not transformative.

15. DISTRIBUTION & FIRST SALE

International framework

In theory, an exclusive right of distribution would give the copyright owner the right to control any use of the copyrighted work that involved a reproduction of the work changing hands. This is a useful addition to the reproduction right because it regulates downstream conduct by people who might not be liable for infringing the reproduction right. For example, if A makes 100 unauthorized copies and sells them to B, B can be sued for violating the distribution right even if she was not responsible for A's initial violation. Of course, giving the sort of ongoing control over particular physical copies to the copyright owner could cause a host of practical problems. The transaction costs and information costs involved in checking back with rightsholders for every transfer of a copy of the work would make it impossible for individuals to know what to do with old books, movies, and CDs they no longer have any use for.

Every copyright jurisdiction around the world limits the exclusive right of distribution (or its equivalent) in some way. Most commonly, the distribution right is deemed to have been "exhausted" by the first sale of any particular physical embodiment of the work. In some jurisdictions, the distribution right is exhausted by a sale anywhere in the world; in others, a sale in that particular jurisdiction is required. The European Union takes a regional approach to exhaustion. The sale of the work in one member nation exhausts the distribution right for the whole European Union. Books sold in Belgium can be imported into France without the approval of the copyright owner, but books sold in Bolivia cannot.

These different approaches to exhaustion partly explain why the Berne Convention does not include a general right of distribution. But note that Berne does recognize a right of distribution for cinematographic adaptations under Article 14(1). Likewise, the TRIPs Agreement expressly leaves the issue of exhaustion as a matter for individual member states. However, the TRIPs Agreement does recognize, in Article 11, a rental rights for authors of computer programs and cinematographic works, subject to certain limitations.

Berne Convention, Article 14

- (1) Authors of literary or artistic works shall have the exclusive right of authorizing:
 - (i) the cinematographic adaptation and reproduction of these works, and the distribution of the works thus adapted or reproduced;
 - (ii) the public performance and communication to the public by wire of the works thus adapted or reproduced.
- (2) The adaptation into any other artistic form of a cinematographic production derived from literary or artistic works shall, without prejudice to the authorization of the author of the cinematographic production, remain subject to the authorization of the authors of the original works.

TRIPs Article 6 (Exhaustion)

For the purposes of dispute settlement under this Agreement ... nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights.

TRIPs Article 11 (Rental Rights)

In respect of at least computer programs and cinematographic works, a Member shall provide authors and their successors in title the right to authorize or to prohibit the commercial rental to the public of originals or copies of their copyright works. A Member shall be excepted from this obligation in respect of cinematographic works unless such rental has led to widespread copying of such works which is materially impairing the exclusive right of reproduction conferred in that Member on authors and their successors in title. In respect of computer programs, this obligation does not apply to rentals where the program itself is not the essential object of the rental.

The Distribution Right in the United States

The Copyright Act of 1909 expressly protected the right to “publish” and “vend;” the 1976 Act, in contrast, contains a right to “distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.”

17 U.S. Code § 106

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: ...

(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

In a simpler technological age, the concept of distributing copies of works to the public was not complicated, however, digitization and the Internet have made the metaphysics of the distribution right a bit more interesting. The distribution right is entirely intuitive for what we tend to think of as “physical books”, i.e., books printed on paper. In the words of the statute, one distributes a physical book through a transfer of title—“sale or other transfer of ownership”—or a transfer of possession—“by rental, lease, or lending.” Arguably, abandonment falls outside the terms of the statute, but that does not seem to have led to much litigation. Moving from the physical to the digital, it is not immediately obvious whether a digital transmission, such as downloading an MP3 music file or a piece of software from an online store, should be thought of as a distribution even though it certainly would have come within the concept of vending under the 1909 Act.

Distribution by digital transmission?

If we take the words of the Copyright Act at face value, it might seem that digital transmissions do not implicate the exclusive right to distribute the copyrighted work in “copies or phonorecords.” But in copyright law, logic and first impressions from the text often take a backseat to more policy focused and less literal methods of interpretation.

Section 106(3) speaks to the distribution of “copies or phonorecords,” which are defined in Section 101 as “*material objects* . . . in which a work is fixed by any method now known or later developed, and from which the [work/sounds] can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.”

17 U.S. Code § 101 – Definitions

“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.

The transmission of bits over the Internet does not involve the distribution of a material object. After all, can you really say that something has been distributed if it still exists at its point of origin? Furthermore, note that Section 106(3) limits the scope of the right to distributions made “by sale or other transfer of ownership, or by rental, lease, or lending,” all of which seem to require a change in ownership or possession of a material object. They all seem to indicate that something moves from transferor to transferee. This does not happen in digital transmissions. A digital transmission does not divest the sender of her copy of the relevant file; it merely creates a duplicate at the recipient’s location—there is a reproduction, but not a change of ownership or possession as these terms are usually understood.

Courts have considered the argument that downloads are not distributions summarized above and rejected it.¹⁴⁶ A sufficient number of courts have held that digital transmissions do in fact implicate the exclusive right to distribute the copyrighted work that the proposition should probably be regarded as settled.¹⁴⁷ This view is given further weight by the fact that in *New York Times Co. v. Tasini*, 533 U.S. 483, 498 (2001) the Court indicated that selling copies of news articles for download was a violation of the plaintiff’s distribution right.

Why do courts think that file transmission implicates the distribution right?

The opinion in *London-Sire Records, Inc. v. Doe 1*, 542 F. Supp. 2d 153 (D. Mass. 2008) explains the logic of this broader interpretation of the distribution right. In *London-Sire*, the court notes that electronic files are “material objects” within the meaning of the Copyright Act, explaining that “any object in which a sound recording can be fixed”—including “the appropriate segment of [a] hard disk”—qualifies as such. The court holds that electronic file transfers are “distributions” under Section 106(3) because *the purpose* of the distribution right is to “allow the author to control the rate and terms at which copies or phonorecords of the work become available to the public.” Thus, “while the statute requires that distribution be of ‘material objects,’ there is no reason to limit ‘distribution’ to processes in which a material object exists throughout the entire transaction—as opposed to a transaction in which a material object is created elsewhere at its finish.” In other words, the court concluded that it is enough that the action creates *a new possessor of a material object encoding the work*, there is no need that the distributor be dispossessed or that a material object literally passes between person A and person B.¹⁴⁸

¹⁴⁶ See e.g. *Atlantic Recording Corp. v. Serrano*, 2007 WL 4612921, at *3 (S.D. Cal. Dec. 28, 2007) (rejecting the argument as “unsupported by law and ... contrary to the policies underlying the application of copyright law to internet communications.”)

¹⁴⁷ See *BMG Rights Mgmt. (US) LLC v. Cox Commc’ns, Inc.*, 2015 WL 7756130, at *26 (E.D. Va. Dec. 1, 2015) (“Not only can electronic files be ‘material objects,’ but transferring files using a BitTorrent protocol satisfies the transactional element of distribution.”); *Capitol Records, LLC v. ReDigi Inc.*, 934 F. Supp. 2d 640, 651 (S.D.N.Y. 2013) (“ReDigi”) (“[T]he sale of digital music files on ReDigi’s website infringes Capitol’s exclusive right of distribution.”); *Arista Records LLC v. Usenet.com, Inc.*, 633 F. Supp. 2d 124, 147 (S.D.N.Y. 2009) (“Usenet.com”) (“[T]he delivery of articles and/or content to download at the request of subscribers can be the basis of direct infringement of the distribution right.”)

¹⁴⁸ This is probably right. At common law symbolic delivery requires the passing of an object between A and B such that A ‘feels the wrench of dispossession’ but there is no reason why this is required to determine whether an act infringes on the copyright owner’s distribution right which is rightly “concerned with the ability of a

In addition to this recipient focused view of distribution, the argument is also supported by Section 115 of the Act. That provision establishes a compulsory license for making and distributing phonorecords of nondramatic musical works, repeatedly refers to distribution ... “by means of a digital phonorecord delivery.”

17 U.S. Code § 115. Scope of exclusive rights in nondramatic musical works: Compulsory license for making and distributing phonorecords

In the case of nondramatic musical works, the exclusive rights provided by clauses (1) and (3) of section 106, to make and to distribute phonorecords of such works, are subject to compulsory licensing under the conditions specified by this section.

(a) (1) (A) Conditions for compulsory license.—A person may by complying with the provisions of this section obtain *a compulsory license to make and distribute phonorecords of a nondramatic musical work, including by means of digital phonorecord delivery.* ... (emphasis added)

...

(e) (10) Digital phonorecord delivery.—

The term “digital phonorecord delivery” means each individual delivery of a phonorecord by digital transmission of a sound recording that *results in a specifically identifiable reproduction* by or for any transmission recipient of a phonorecord of that sound recording, regardless of whether the digital transmission is also a public performance of the sound recording or any musical work embodied therein, and includes a permanent download, a limited download, or an interactive stream. ... (emphasis added)

Distribution versus “Making Available”

Whether, to what extent, and how United States law recognizes a “making available right” has been the source of ongoing confusion. The confusion stems from the apparent contradiction between, the treaty obligations the United States has undertaken on the one hand and the language of the distribution right expressed in the Copyright Act on the other hand.

In the mid-1990s the World Intellectual Property Organization (“WIPO”) and its member states (including the United States) began discussions on the appropriate protection of copyrighted works in the newly emerging online environment. These discussions culminated in the WIPO Internet Treaties—the WIPO Copyright Treaty (“WCT”) and the WIPO Performances and Phonograms Treaty (“WPPT”).

Among other obligations, the WCT and WPPT both require that authors and performers respectively are to “enjoy the exclusive right of authorizing any communication to the public of their works, ... including the making available to the public of their works[.]” The complete text of relevant provision of the WCT follows, but the WPPT provision is virtually identical:

WIPO Copyright Treaty, Article 8 Right of Communication to the Public

transferor to create ownership in someone else—not the transferor’s ability simultaneously to retain his own ownership.” *London-Sire Records, Inc. v. Doe 1* 542 F. Supp. 2d 153 (D. Mass. 2008)

Without prejudice to the provisions of Articles 11(1)(ii), 11bis(1)(i) and (ii), 11ter(1)(ii), 14(1)(ii) and 14bis(1) of the Berne Convention, authors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, *including the making available* to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them. (emphasis added)

Regardless of what the United States has agreed under the WIPO Internet Treaties, it has not chosen to implement the language of these treaties directly. There is no “Making Available” under United States law *as such*. Rather, copyright owners in the United States have exclusive rights relating to reproduction, distribution, performance and display—these rights implement the primary substance of the United States’ obligations under the WIPO Internet Treaties.

The language in the WIPO Internet Treaties is deliberately imprecise and is frequently referred to as an “umbrella solution” that gives treaty members flexibility in implementation. On this reading, it is little more than a matter of preference that in the European Union the rights of authors with respect to digital transmissions are protected by a broad right of “communication to the public” while in the United States digital transmissions implicate the reproduction right, the distribution right, and the performance and rights, depending on the circumstances. Moreover, various doctrines of secondary liability for copyright infringement probably fill any gap between the exclusive rights in Section 106 and the United States’ international treaty obligations.

Extended Discussion: The Copyright Office’s 2016 Making Available Report

Despite the clear text of Section 106(3), the U.S. Copyright Office and some commentators continue to argue that a making available right is actually an unwritten part of the distribution right. This issue has particular salience in the context of illegal Internet filesharing.

As noted above, an unauthorized download is a distribution to the public (and a reproduction) and thus violates Section 106(3) (and Section 106(1)) of the Copyright Act. But what if no illegal download has been proven? Does the source of *potential* illegal downloads “distribute” them by simply making them available?

There is no Supreme Court authority on this issue. A number of district courts have assumed, without analysis, that placing copyrighted music files in a share folder on a peer-to-peer network violates the copyright owner’s exclusive right of distribution.¹⁴⁹ However, the better-reasoned decisions have found exactly the opposite.¹⁵⁰ A number of these cases have

¹⁴⁹ See e.g. *Atlantic Recording Corp. v. Anderson*, No. H-06-3578, 2008 WL 2316551, at *7–8 (S.D. Tex. Mar. 12, 2008); *Motown Record Co. v. DePietro*, No. 04-CV-2246, 2007 WL 576284, at *3 (E.D. Pa. Feb. 16, 2007)

¹⁵⁰ *BMG Rights Mgmt. (US) LLC v. Cox Commc’ns, Inc.*, No. 1:14-CV-1611, 2015 WL 7756130, at *27 (E.D. Va. Dec. 1, 2015) (“To establish a direct infringement of its distribution right, BMG must show an actual dissemination of a copyrighted work.”); *Atlantic Recording Corp. v. Howell*, 554 F. Supp. 2d 976, 981 (D. Ariz. 2008) (“The general rule, supported by the great weight of authority, is that ‘infringement of [the distribution right] requires an actual dissemination of either copies or phonorecords.’” (alteration in original); *Capitol Records Inc. v. Thomas*, 579 F. Supp. 2d 1210, 1218–19 (D. Minn. 2008) (“The plain meaning of the term ‘distribution’ does not include making available and, instead, requires actual dissemination.”), vacated on other grounds, 692 F.3d 899 (8th Cir. 2012). See also, *London-Sire Records, Inc. v. Doe 1*, 542 F. Supp. 2d 153, 169 (D. Mass. 2008)

held that although a transfer is required, plaintiffs are not required to offer direct proof of a download to establish distribution, but may do so through circumstantial or investigator evidence from which it reasonably can be inferred that a download took place.¹⁵¹

The Copyright Office argued in its 2016 report on the making available right that Section 106(3) is properly construed to cover the making available of copies of works to the public in the form of downloads, regardless of whether the plaintiff proves that an actual download occurred. In other words, the Copyright Office would treat *an offer to distribute* as a distribution.

Copyright Office *Making Available Report* 2016 at 36

... the Copyright Office concludes that a person who has ‘completed all the steps necessary for distribution to the public,’ such that members of the public may access downloadable copies of a work on demand, has engaged in a “distribution” within the meaning of Section 106(3).”

The Copyright Office relies on two rather strange cases as precedent to support its view: *Diversey v. Schmidly* and *Hoteling v. Church of Jesus Christ of Latter-Day Saints*, but the report admits (at 25) that neither decision “provides a detailed analysis of the statutory text.” This is a deft understatement.

In *Hoteling v. Jesus Christ of Latter-Day Saints*, 118 F.3d 199 (4th Cir. 1997), the defendant’s library maintained an unauthorized copy of the copyright owner’s work on microfiche. The *Hoteling* case arose from the plaintiff copyright owners’ claim that a library operated by the Latter-Day Saints Church made unauthorized copies of copyrighted genealogical materials and distributed those materials to its branch libraries. The library did not record public use of microfiche and therefore the plaintiff had no evidence as to whether the library ever loaned the microfiche to members of the public.

The Fourth Circuit held that:

when a public library adds a work to its collection, lists the work in its index or catalog system, and makes the work available to the borrowing or browsing public, it has completed *all the steps necessary for distribution to the public*. At that point, members of the public can visit the library and *use the work*. (emphasis added)

The court reasoned that

Were this not to be considered distribution within the meaning of section 106(3), a copyright owner would be prejudiced by a library that does not keep records of public use, and the library would unjustly profit by its own omission.

That the library might be advantaged by its lack of records might allow in inference that distribution had in fact taken place, but it provides no basis for reading a making available right into Section 106(3).

The Copyright Office’s reliance on *Hoteling* is unconvincing because *Hoteling* is not convincing. Indeed, other courts confronted with the rationale in *Hoteling* have simply recast the decision into something else. The better way to read *Hoteling* is shown by the district court in *In re Napster, Inc. Copyright Litigation*, 377 F.Supp. 2d 796, 803 (N.D. Cal. 2005). In this case, the district court rejected the plaintiff’s theory that Napster directly infringed the

¹⁵¹ BMG Rights Mgmt., 2015 WL 7756130, at *21, *27; Thomas, 579 F. Supp. 2d at 1225; London-Sire Records, 542 F. Supp. 2d at 169, 176–77; Howell, 554 F. Supp. 2d at 983–84.

distribution right by maintaining a centralized indexing system listing the file names of all MP3-formatted music files available on the Napster network. The court cited various authorities to the effect that for the distribution right under Section 106(3) to be infringed, an actual transfer must take place. The court recast *Hoteling* as a case where distribution could be inferred from potential distribution—there was not much doubt that the genealogical materials at issue in *Hoteling* were copied and distributed to the church’s branch libraries, it was simply that the library did not maintain the records that would be required to prove it.

Diversey v. Schmidly, 738 F.3d 1196 (10th Cir. 2013) is similar to *Hoteling*. The case concerned an infringing copy on which the statute of limitations had run with respect to the reproduction right. The Tenth Circuit held that simply listing a copy of the work in the library’s catalog amounted to a distribution and that there could be infringement if a patron visited and used the work, stating, “this is the essence of a violation of the copyright owner’s right to distribute his work via lending.”

This is absurd.

The court of appeals in *Diversey v. Schmidly* takes the words “to distribute copies or phonorecords of the copyrighted work to the public” in Section 106(3) and effectively adds “or offer to distribute.” If Congress meant to add those terms, it easily could have. The words “to distribute copies or phonorecords of the copyrighted work to the public” in 106(3) are clear. There is no ambiguity that could justify the heroic reading of the legislative history that the Copyright Office relies upon to inject the concept of making available into the distribution right.

As the Copyright Office notes in its 2016 report, courts have for years relied on the *Nimmer on Copyright* treatise and its analysis that “infringement of [the distribution right] requires an actual dissemination of either copies or phonorecords in support of their conclusion that the statute does not cover offers of access.”¹⁵²

David Nimmer has changed his view in the latest version of the *Nimmer* treatise. Nimmer now adopts the analysis of an article by Professor Peter Menell published in 2011. The nub of Menell’s argument is that, based on a deep dive into the legislative history, “the distribution right was intended to broaden the scope of the exclusive rights to “publish” and to “vend” provided under the Copyright Act of 1909, which had long been understood to encompass offers to distribute copies to the public.”¹⁵³ With due respect to Professor Menell, it is very hard to see how this deep reading of the legislative history can overcome the clear statutory language. Arguably the *policy* shortcomings of the clear expression “distribute copies ... by sale or other transfer of ownership, or by rental, lease, or lending” were not appreciated at the time the 1976 Act was being drafted, but can that policy argument really justify rewriting some of the clearest words in the entire Copyright Act? It seems unlikely.

¹⁵² See e.g., *Shannon’s Rainbow LLC v. Supernova Media, Inc.*, No. 2:08-CV-880 TS, 2011 WL 320905, *4 n.34 (D. Utah Jan. 31, 2011) (citing *Nimmer On Copyright* § 8.11[A] (2007)); *Howell*, 554 F. Supp. 2d at 981 (same); *Leadbetter*, 2007 WL 1217705, at *3 (citing 2 *Nimmer On Copyright* § 8.11[A] (2005)); *Perfect 10 v. Google, Inc.*, 416 F. Supp. 2d 828, 841, 844 (C.D. Cal. 2006) (same).

¹⁵³ Copyright Office Report on Making Available Right 2016 at 30. See Peter S. Menell, *In Search of Copyright’s Lost Ark: Interpreting the Right to Distribute in the Internet Age*, 59 J. COPYRIGHT SOC’Y U.S.A. 201 (2011).

In light of the above, one might wonder why the Copyright Office continues to insist that there is a “making available” under United States copyright law? The most likely answers are that the Copyright Office feels that such an interpretation is the only way to comply with the WIPO Internet Treaties and/or that Copyright Office simply believes that a making available right would be a better policy outcome. Neither of these reasons seems sufficient.

The First Sale Doctrine in the United States

For almost as long as there have been mass-produced books there have been publishers trying to guarantee that their books won’t be resold at a discount (this is called “resale price maintenance” in the antitrust and competition law world). In 1908, the particular object of the publishers’ ire was the Macy’s department store. This dispute ultimately led to the Supreme Court case of *Bobbs-Merrill Co. v. Straus*.

Bobbs-Merrill Co. v. Straus 210 U.S. 339 (1908)

Justice Day delivered the opinion of the court.

The complainant in the Circuit Court, appellant here, the Bobbs-Merrill Company, brought suit against the respondents, appellees here, Isidor Straus and Nathan Straus, partners trading as R.H. Macy & Company, in the Circuit Court of the United States for the Southern District of New York, to restrain the sale of a copyrighted novel, entitled “The Castaway,” at retail at less than one dollar for each copy. The Circuit Court dismissed the bill on final hearing. The decree of the Circuit Court was affirmed on appeal by the Circuit Court of Appeals.

The appellant is the owner of the copyright upon “The Castaway,” obtained on the eighteenth day of May, 1904, in conformity to the copyright statutes of the United States. Printed immediately below the copyright notice on the page in the book following the title page is inserted the following notice:

The price of this book at retail is one dollar net. No dealer is licensed to sell it at a less price, and a sale at a less price will be treated as an infringement of the copyright.

THE BOBBS-MERRILL COMPANY.

Macy & Company, before the commencement of the action purchased copies of the book for the purpose of selling the same at retail. Ninety per cent of such copies were purchased by them at wholesale at a price below the retail price by about forty per cent, and ten per cent of the books purchased by them were purchased at retail, and the full price paid therefor.

It is stipulated in the record:

Defendants, at the time of their purchase of copies of the book, knew that it was a copyrighted book and were familiar with the terms of the notice printed in each copy thereof, as above set forth, and knew that this notice was printed in every copy of the book purchased by them.

The wholesale dealers, from whom defendants purchased copies of the book, obtained the same either directly from the complainant or from other wholesale dealers at a discount from the net retail price, and at the time of their purchase knew

that the book was a copyrighted book and were familiar with the terms of the notice printed in each copy thereof, as described above, and such knowledge was in all wholesale dealers through whom the books passed from the complainants to defendants. But the wholesale dealers were under no agreement or obligation to enforce the observance of the terms of the notice by retail dealers or to restrict their sales to retail dealers who would agree to observe the terms stated in the notice.

The defendants have sold copies of the book at retail at the uniform price of eighty-nine cents a copy, and are still selling, exposing for sale and offering copies of the book at retail at the price of eighty-nine cents per copy, without the consent of the complainant.

[After discussing and distinguishing analogous patent law cases, the Court disclaimed any intention to indicate its “views as to what would be the rights of parties in circumstances similar to the present case under the patent laws, that there are differences between the patent and copyright statutes in the extent of the protection granted by them.”]

We therefore approach the consideration of this question as a new one in this court, and one that involves the extent of the protection which is given by the copyright statutes of the United States to the owner of a copyright under the facts disclosed in this record. Recent cases in this court have affirmed the proposition that copyright property under the Federal law is wholly statutory, and depends upon the right created under the acts of Congress passed in pursuance of the authority conferred under Article I, § 8, of the Federal Constitution: “To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” *American Tobacco Co. v. Werckmeister*, 207 U.S. 284; *White-Smith Music Co. v. Apollo Co.*, 209 U.S. 1; following the previous cases of *Wheaton v. Peters*, 8 Pet. 590; *Bank v. Manchester*, 128 U.S. 244-253; *Thompson v. Hubbard*, 131 U.S. 123-151.

The learned counsel for the appellant in this case in the argument at bar disclaims relief because of any contract, and relies solely upon the copyright statutes, and rights therein conferred. The copyright statutes ought to be reasonably construed with a view to effecting the purposes intended by Congress. They ought not to be unduly extended by judicial construction to include privileges not intended to be conferred, nor so narrowly construed as to deprive those entitled to their benefit of the rights Congress intended to grant.

At common law an author had a property in his manuscript and might have redress against any one who undertook to realize a profit from its publication without authority of the author. *Wheaton v. Peters*, 8 Pet. 591, 659.

While the nature of the property and the protection intended to be given the inventor or author as the reward of genius or intellect in the production of his book or work of art is to be considered in construing the act of Congress, it is evident that to secure the author the right to multiply copies of his work may be said to have been the main purpose of the copyright statutes.

In order to secure this right it was provided in that statute, as it has been in subsequent ones, that the authors of books, their executors, administrators, or

assigns, shall have the “sole right and liberty of printing, reprinting, publishing, and vending” such book for a term of years, upon complying with the statutory conditions set forth in the act as essential to the acquiring of a valid copyright. Each and all of these statutory rights should be given such protection as the act of Congress requires, in order to secure the rights conferred upon authors and others entitled to the benefit of the act.

The precise question, therefore, in this case is, does the sole right to vend (named in § 4952) secure to the owner of the copyright the right, after a sale of the book to a purchaser, to restrict future sales of the book at retail, to the right to sell it at a certain price per copy, because of a notice in the book that a sale at a different price will be treated as an infringement, which notice has been brought home to one undertaking to sell for less than the named sum? We do not think the statute can be given such a construction, and it is to be remembered that this is purely a question of statutory construction. There is no claim in this case of contract limitation, nor license agreement controlling the subsequent sales of the book.

In our view the copyright statutes, while protecting the owner of the copyright in his right to multiply and sell his production, do not create the right to impose, by notice, such as is disclosed in this case, a limitation at which the book shall be sold at retail by future purchasers, with whom there is no privity of contract. This conclusion is reached in view of the language of the statute, read in the light of its main purpose to secure the right of multiplying copies of the work, a right which is the special creation of the statute. True, the statute also secures, to make this right of multiplication effectual, the sole right to vend copies of the book, the production of the author’s thought and conception. The owner of the copyright in this case did sell copies of the book in quantities and at a price satisfactory to it. It has exercised the right to vend. What the complainant contends for embraces not only the right to sell the copies, but to qualify the title of a future purchaser by the reservation of the right to have the remedies of the statute against an infringer because of the printed notice of its purpose so to do unless the purchaser sells at a price fixed in the notice. To add to the right of exclusive sale the authority to control all future retail sales, by a notice that such sales must be made at a fixed sum, would give a right not included in the terms of the statute, and, in our view, extend its operation, by construction, beyond its meaning, when interpreted with a view to ascertaining the legislative intent in its enactment.

This conclusion renders it unnecessary to discuss other questions noticed in the opinion in the Circuit Court of Appeals, or to examine into the validity of the publisher’s agreements, alleged to be in violation of the acts to restrain combinations creating a monopoly or directly tending to the restraint of trade.

The decree of the Circuit Court of Appeals is

Affirmed.

Notes and questions

(1) In *Bobbs-Merrill*, the Supreme Court held that such restrictions found no support in Copyright law and that the copyright owner’s exclusive right to “vend” the work did not create a right to limit or place conditions upon resale.

(2) The *Bobbs-Merrill* Court did not hold that contractual terms restricting resale were invalid, it simply held that violation of those terms was not a copyright violation. The department store was not bound by the contract terms for a much simpler reason, it was not a party to them.

Statutory recognition of distribution right and first sale doctrine

Congress codified the *Bobbs-Merrill* decision in the text of the Copyright Act of 1909 and that same principle, the first sale doctrine, is now embodied in Section 109 of the Copyright Act of 1976. At first glance, the Copyright Act gives the copyright owner an incredibly broad exclusive right “to distribute copies of the work to the public by sale or other transfer of ownership, or by rental, lease or lending.” However, the distribution right is counterbalanced by the first sale doctrine—and some would argue, an even a broader concept of copyright exhaustion.¹⁵⁴

17 U.S. Code § 106 - Exclusive rights in copyrighted works

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: ... (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

17 U.S. Code § 109 - Limitations on exclusive rights: Effect of transfer of particular copy or phonorecord

(a) Notwithstanding the provisions of section 106 (3), 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. ...

What is the point of the distribution right if it is negated by the first sale doctrine?

The distribution right could be violated when the defendant merely distributes copies illegally made by a third party. It could also be infringed by a defendant who made copies under the terms of a license agreement but then distributed those copies beyond the scope of what was allowed under the agreement. In both of these examples, the defendant would not be liable (at least not directly) under any of the other rights of the copyright owner under Section 106.

Copyright Exhaustion and Parallel Importation

Kirtsaeng v. John Wiley & Sons, Inc., 133 S. Ct. 1351 (2013)

Justice BREYER delivered the opinion of the Court.

Section 106 of the Copyright Act grants “the owner of copyright under this title” certain “exclusive rights,” including the right “to distribute copies ... of the copyrighted work to the public by sale or other transfer of ownership.” 17 U.S.C. § 106(3). These rights are qualified, however, by the application of various limitations set forth in the next several sections of the Act, §§ 107 through 122. Those sections, typically entitled “Limitations on exclusive rights,” include, for example, the principle

¹⁵⁴ See Aaron Perzanowski & Jason Schultz, *Digital Exhaustion*, 58 UCLA L. REV. 889 (2011).

of “fair use” (§ 107), permission for limited library archival reproduction, (§ 108), and the doctrine at issue here, the “first sale” doctrine (§ 109).

Section 109(a) sets forth the “first sale” doctrine as follows:

“Notwithstanding the provisions of section 106(3) [the section that grants the owner exclusive distribution rights], the owner of a particular copy or phonorecord *lawfully made under this title* ... is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.” (Emphasis added.)

Thus, even though § 106(3) forbids distribution of a copy of, say, the copyrighted novel Herzog without the copyright owner’s permission, § 109(a) adds that, once a copy of Herzog has been lawfully sold (or its ownership otherwise lawfully transferred), the buyer of that *copy* and subsequent owners are free to dispose of it as they wish. In copyright jargon, the “first sale” has “exhausted” the copyright owner’s § 106(3) exclusive distribution right.

What, however, if the copy of Herzog was printed abroad and then initially sold with the copyright owner’s permission? Does the “first sale” doctrine still apply? Is the buyer, like the buyer of a domestically manufactured copy, free to bring the copy into the United States and dispose of it as he or she wishes?

To put the matter technically, an “importation” provision, § 602(a)(1), says that

“importation into the United States, without the authority of the owner of copyright under this title, of copies ... of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies ... *under section 106...*” 17 U.S.C. § 602(a)(1) (emphasis added).

Thus § 602(a)(1) makes clear that importing a copy without permission violates the owner’s exclusive distribution right. But in doing so, § 602(a)(1) refers explicitly to the § 106(3) exclusive distribution right. As we have just said, § 106 is by its terms “subject to” the various doctrines and principles contained in §§ 107 through 122, including § 109(a)’s “first sale” limitation. Do those same modifications apply — in particular, does the “first sale” modification apply — when considering whether § 602(a)(1) prohibits importing a copy?

In *Quality King Distributors, Inc. v. L’anza Research Int’l, Inc.*, 523 U.S. 135, 145 (1998), we held that § 602(a)(1)’s reference to § 106(3)’s exclusive distribution right incorporates the later subsections’ limitations, including, in particular, the “first sale” doctrine of § 109. Thus, it might seem that, § 602(a)(1) notwithstanding, one who buys a copy abroad can freely import that copy into the United States and dispose of it, just as he could had he bought the copy in the United States.

But *Quality King* considered an instance in which the copy, though purchased abroad, was initially manufactured in the United States (and then sent abroad and sold). This case is like *Quality King* but for one important fact. The copies at issue here were manufactured abroad. That fact is important because § 109(a) says that the “first sale” doctrine applies to “a particular copy or phonorecord *lawfully made under this title*.” And we must decide here whether the five words, “lawfully made under this title,” make a critical legal difference.

Putting section numbers to the side, we ask whether the “first sale” doctrine applies to protect a buyer or other lawful owner of a copy (of a copyrighted work) lawfully manufactured abroad. Can that buyer bring that copy into the United States (and sell it or give it away) without obtaining permission to do so from the copyright owner? Can, for example, someone who purchases, say at a used bookstore, a book printed abroad subsequently resell it without the copyright owner’s permission?

In our view, the answers to these questions are, yes. We hold that the “first sale” doctrine applies to copies of a copyrighted work lawfully made abroad.

I

A

Respondent, John Wiley & Sons, Inc., publishes academic textbooks. Wiley obtains from its authors various foreign and domestic copyright assignments, licenses and permissions — to the point that we can, for present purposes, refer to Wiley as the relevant American copyright owner. Wiley often assigns to its wholly owned foreign subsidiary, John Wiley & Sons (Asia) Pte Ltd., rights to publish, print, and sell Wiley’s English language textbooks abroad. Each copy of a Wiley Asia foreign edition will likely contain language making clear that the copy is to be sold only in a particular country or geographical region outside the United States. 654 F.3d, at 213.

For example, a copy of Wiley’s American edition says, “Copyright © 2008 John Wiley & Sons, Inc. All rights reserved.... Printed in the United States of America.” J. Walker, *Fundamentals of Physics*, p. vi (8th ed. 2008). A copy of Wiley Asia’s Asian edition of that book says:

“Copyright © 2008 John Wiley & Sons (Asia) Pte Ltd[.] All rights reserved. This book is authorized for sale in Europe, Asia, Africa, and the Middle East only and may be not exported out of these territories. Exportation from or importation of this book to another region without the Publisher’s authorization is illegal and is a violation of the Publisher’s rights. The Publisher may take legal action to enforce its rights.... Printed in Asia.” J. Walker, *Fundamentals of Physics*, p. vi (8th ed. 2008 Wiley Int’l Student ed.).

Both the foreign and the American copies say:

“No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means ... except as permitted under Sections 107 or 108 of the 1976 United States Copyright Act.” Compare, *e.g.*, *ibid.* (Int’l ed.), with Walker, *supra*, at vi (American ed.).

The upshot is that there are two essentially equivalent versions of a Wiley textbook, each version manufactured and sold with Wiley’s permission: (1) an American version printed and sold in the United States, and (2) a foreign version manufactured and sold abroad. And Wiley makes certain that copies of the second version state that they are not to be taken (without permission) into the United States.

Petitioner, Supap Kirtsaeng, a citizen of Thailand, moved to the United States in 1997 to study mathematics at Cornell University. He paid for his education with the help of a Thai Government scholarship which required him to teach in Thailand for 10 years on his return. Kirtsaeng successfully completed his undergraduate courses at Cornell, successfully completed a Ph.D. program in mathematics at the University of

Southern California, and then, as promised, returned to Thailand to teach. While he was studying in the United States, Kirtsaeng asked his friends and family in Thailand to buy copies of foreign edition English-language textbooks at Thai book shops, where they sold at low prices, and mail them to him in the United States. Kirtsaeng would then sell them, reimburse his family and friends, and keep the profit.

B

In 2008 Wiley brought this federal lawsuit against Kirtsaeng for copyright infringement. Wiley claimed that Kirtsaeng's unauthorized importation of its books and his later resale of those books amounted to an infringement of Wiley's § 106(3) exclusive right to distribute as well as § 602's related import prohibition. Kirtsaeng replied that the books he had acquired were "lawfully made" and that he had acquired them legitimately. Thus, in his view, § 109(a)'s "first sale" doctrine permitted him to resell or otherwise dispose of the books without the copyright owner's further permission.

The District Court held that Kirtsaeng could not assert the "first sale" defense because, in its view, that doctrine does not apply to "foreign-manufactured goods" (even if made abroad with the copyright owner's permission). The jury then found that Kirtsaeng had willfully infringed Wiley's American copyrights by selling and importing without authorization copies of eight of Wiley's copyrighted titles. And it assessed statutory damages of \$600,000 (\$75,000 per work).

On appeal, a split panel of the Second Circuit agreed with the District Court. It pointed out that § 109(a)'s "first sale" doctrine applies only to "the owner of a particular copy ... *lawfully made under this title.*" And, in the majority's view, this language means that the "first sale" doctrine does not apply to copies of American copyrighted works manufactured abroad. A dissenting judge thought that the words "lawfully made under this title" do not refer "to a place of manufacture" but rather "focus on whether a particular copy was manufactured lawfully under" America's copyright statute, and that "the lawfulness of the manufacture of a particular copy should be judged by U.S. copyright law."

We granted Kirtsaeng's petition for certiorari to consider this question in light of different views among the Circuits.

II

We must decide whether the words "lawfully made under this title" restrict the scope of § 109(a)'s "first sale" doctrine geographically. The Second Circuit, the Ninth Circuit, Wiley, and the Solicitor General (as *amicus*) all read those words as imposing a form of *geographical* limitation. The Second Circuit held that they limit the "first sale" doctrine to particular copies "made in territories *in which the Copyright Act is law,*" which (the Circuit says) are copies "manufactured domestically," not "outside of the United States." Wiley agrees that those five words limit the "first sale" doctrine "to copies made in conformance with the [United States] Copyright Act *where the Copyright Act is applicable,*" which (Wiley says) means it does not apply to copies made "outside the United States" and at least not to "foreign production of a copy for distribution exclusively abroad." Similarly, the Solicitor General says that those five words limit the "first sale" doctrine's applicability to copies "*made subject*

to and in compliance with [the Copyright Act],” which (the Solicitor General says) are copies “made in the United States.”

Under any of these geographical interpretations, § 109(a)’s “first sale” doctrine would not apply to the Wiley Asia books at issue here. And, despite an American copyright owner’s permission to *make* copies abroad, one who *buys* a copy of any such book or other copyrighted work — whether at a retail store, over the Internet, or at a library sale — could not resell (or otherwise dispose of) that particular copy without further permission.

Kirtsaeng, however, reads the words “lawfully made under this title” as imposing a *non*-geographical limitation. He says that they mean made “in accordance with” or “in compliance with” the Copyright Act. In that case, § 109(a)’s “first sale” doctrine would apply to copyrighted works as long as their manufacture met the requirements of American copyright law. In particular, the doctrine would apply where, as here, copies are manufactured abroad with the permission of the copyright owner. See § 106 (referring to the owner’s right to authorize).

In our view, § 109(a)’s language, its context, and the common-law history of the “first sale” doctrine, taken together, favor a *non*-geographical interpretation. We also doubt that Congress would have intended to create the practical copyright-related harms with which a geographical interpretation would threaten ordinary scholarly, artistic, commercial, and consumer activities. We consequently conclude that Kirtsaeng’s nongeographical reading is the better reading of the Act.

A

The language of § 109(a) read literally favors Kirtsaeng’s nongeographical interpretation, namely, that “lawfully made under this title” means made “in accordance with” or “in compliance with” the Copyright Act. The language of § 109(a) says nothing about geography. The word “under” can mean “in accordance with.” 18 Oxford English Dictionary 950 (2d ed.1989). See also Black’s Law Dictionary 1525 (6th ed. 1990) (“according to”). And a nongeographical interpretation provides each word of the five-word phrase with a distinct purpose. The first two words of the phrase, “lawfully made,” suggest an effort to distinguish those copies that were made lawfully from those that were not, and the last three words, “under this title,” set forth the standard of “lawful[ness].” Thus, the nongeographical reading is simple, it promotes a traditional copyright objective (combatting piracy), and it makes word-by-word linguistic sense.

The geographical interpretation, however, bristles with linguistic difficulties. It gives the word “lawfully” little, if any, linguistic work to do. (How could a book be *un* lawfully “made under this title”?) It imports geography into a statutory provision that says nothing explicitly about it. And it is far more complex than may at first appear.

To read the clause geographically, Wiley, like the Second Circuit and the Solicitor General, must first emphasize the word “under.” Indeed, Wiley reads “under this title” to mean “in conformance with the Copyright Act *where the Copyright Act is applicable.*” Wiley must then take a second step, arguing that the Act “is applicable” only in the United States.

One difficulty is that neither “under” nor any other word in the phrase means “where.” It might mean “subject to,” but as this Court has repeatedly acknowledged, the word evades a uniform, consistent meaning.

A far more serious difficulty arises out of the uncertainty and complexity surrounding the second step’s effort to read the necessary geographical limitation into the word “applicable” (or the equivalent). Where, precisely, is the Copyright Act “applicable”? The Act does not instantly *protect* an American copyright holder from unauthorized piracy taking place abroad. But that fact does not mean the Act is *inapplicable* to copies made abroad. As a matter of ordinary English, one can say that a statute imposing, say, a tariff upon “any rhododendron grown in Nepal” applies to *all* Nepalese rhododendrons. And, similarly, one can say that the American Copyright Act is *applicable* to *all* pirated copies, including those printed overseas. Indeed, the Act itself makes clear that (in the Solicitor General’s language) foreign-printed pirated copies are “subject to” the Act.

The appropriateness of this linguistic usage is underscored by the fact that § 104 of the Act itself says that works “*subject to protection under this title*” include unpublished works “without regard to the nationality or domicile of the author,” and works “first published” in any one of the nearly 180 nations that have signed a copyright treaty with the United States. Thus, ordinary English permits us to say that the Act “applies” to an Irish manuscript lying in its author’s Dublin desk drawer as well as to an original recording of a ballet performance first made in Japan and now on display in a Kyoto art gallery.

... In sum, we believe that geographical interpretations create more linguistic problems than they resolve. And considerations of simplicity and coherence tip the purely linguistic balance in Kirtsaeng’s, nongeographical, favor.

B

Both historical and contemporary statutory context indicate that Congress, when writing the present version of § 109(a), did not have geography in mind. [Discussion omitted.]

C

A relevant canon of statutory interpretation favors a nongeographical reading. “When a statute covers an issue previously governed by the common law,” we must presume that “Congress intended to retain the substance of the common law.” *Samantar v. Yousuf*, 130 S.Ct. 2278, 2289-2290, n. 13 (2010). See also *Isbrandtsen Co. v. Johnson*, 343 U.S. 779, 783 (1952) (“Statutes which invade the common law... are to be read with a presumption favoring the retention of long-established and familiar principles, except when a statutory purpose to the contrary is evident”).

The “first sale” doctrine is a common-law doctrine with an impeccable historic pedigree. In the early 17th century Lord Coke explained the common law’s refusal to permit restraints on the alienation of chattels. Referring to Littleton, who wrote in the 15th century, Gray, *Two Contributions to Coke Studies*, 72 U. CHI. L.REV. 1127, 1135 (2005), Lord Coke wrote:

“If a man be possessed of ... a horse, or of any other chattell ... and give or sell his whole interest ... therein upon condition that the Donee or Vendee shall not alienate

the same, the condition is void, because his whole interest ... is out of him, so as he hath no possibility of a Reverter, and it is against Trade and Traffic, and bargaining and contracting between man and man: and it is within the reason of our Author that it should ouster him of all power given to him.” 1 E. Coke, Institutes of the Laws of England § 360, p. 223 (1628).

A law that permits a copyright holder to control the resale or other disposition of a chattel once sold is similarly “against Trade and Traffic, and bargaining and contracting.” *Ibid.*

With these last few words, Coke emphasizes the importance of leaving buyers of goods free to compete with each other when reselling or otherwise disposing of those goods. American law too has generally thought that competition, including freedom to resell, can work to the advantage of the consumer. See, e.g., *Leegin Creative Leather Products, Inc. v. PSKS, Inc.*, 551 U.S. 877, 886 (2007) (restraints with “manifestly anticompetitive effects” are *per se* illegal; others are subject to the rule of reason).

The “first sale” doctrine also frees courts from the administrative burden of trying to enforce restrictions upon difficult-to-trace, readily movable goods. And it avoids the selective enforcement inherent in any such effort. Thus, it is not surprising that for at least a century the “first sale” doctrine has played an important role in American copyright law.

The common-law doctrine makes no geographical distinctions; nor can we find any in *Bobbs-Merrill* (where this Court first applied the “first sale” doctrine) or in § 109(a)’s predecessor provision, which Congress enacted a year later. See *supra*, at 1360. Rather, as the Solicitor General acknowledges, “a straightforward application of *Bobbs-Merrill*” would not preclude the “first sale” defense from applying to authorized copies made overseas. And we can find no language, context, purpose, or history that would rebut a “straightforward application” of that doctrine here.

D

Associations of libraries, used-book dealers, technology companies, consumer-goods retailers, and museums point to various ways in which a geographical interpretation would fail to further basic constitutional copyright objectives, in particular promoting the Progress of Science and useful Arts. U.S. Constitution, Art. I, § 8, cl. 8.

The American Library Association tells us that library collections contain at least 200 million books published abroad (presumably, many were first published in one of the nearly 180 copyright-treaty nations and enjoy American copyright protection under 17 U.S.C. § 104, see *supra*, at 1359); that many others were first published in the United States but printed abroad because of lower costs; and that a geographical interpretation will likely require the libraries to obtain permission (or at least create significant uncertainty) before circulating or otherwise distributing these books.

How, the American Library Association asks, are the libraries to obtain permission to distribute these millions of books? How can they find, say, the copyright owner of a foreign book, perhaps written decades ago? They may not know the copyright holder’s present address. Brief for American Library Association 15 (many books lack indication of place of manufacture; “no practical way to learn where [a] book was printed”). And, even where addresses can be found, the costs of finding them,

contacting owners, and negotiating may be high indeed. Are the libraries to stop circulating or distributing or displaying the millions of books in their collections that were printed abroad?

Used-book dealers tell us that, from the time when Benjamin Franklin and Thomas Jefferson built commercial and personal libraries of foreign books, American readers have bought used books published and printed abroad. Brief for Powell's Books Inc. et al. as *Amici Curiae* (citing M. Stern, *Antiquarian Bookselling in the United States* (1985)). The dealers say that they have operated for centuries under the assumption that the "first sale" doctrine applies. But under a geographical interpretation a contemporary tourist who buys, say, at Shakespeare and Co. (in Paris), a dozen copies of a foreign book for American friends might find that she had violated the copyright law. The used-book dealers cannot easily predict what the foreign copyright holder may think about a reader's effort to sell a used copy of a novel. And they believe that a geographical interpretation will injure a large portion of the used-book business.

Technology companies tell us that "automobiles, microwaves, calculators, mobile phones, tablets, and personal computers" contain copyrightable software programs or packaging. Many of these items are made abroad with the American copyright holder's permission and then sold and imported (with that permission) to the United States. A geographical interpretation would prevent the resale of, say, a car, without the permission of the holder of each copyright on each piece of copyrighted automobile software. Yet there is no reason to believe that foreign auto manufacturers regularly obtain this kind of permission from their software component suppliers, and Wiley did not indicate to the contrary when asked. Without that permission a foreign car owner could not sell his or her used car.

Retailers tell us that over \$2.3 trillion worth of foreign goods were imported in 2011. Brief for Retail Litigation Center 8. American retailers buy many of these goods after a first sale abroad. And, many of these items bear, carry, or contain copyrighted "packaging, logos, labels, and product inserts and instructions for [the use of] everyday packaged goods from floor cleaners and health and beauty products to breakfast cereals." The retailers add that American sales of more traditional copyrighted works, "such as books, recorded music, motion pictures, and magazines" likely amount to over \$220 billion. See also *id.*, at 10 (electronic game industry is \$16 billion). A geographical interpretation would subject many, if not all, of them to the disruptive impact of the threat of infringement suits.

Art museum directors ask us to consider their efforts to display foreign-produced works by, say, Cy Twombly, Rene Magritte, Henri Matisse, Pablo Picasso, and others. A geographical interpretation, they say, would require the museums to obtain permission from the copyright owners before they could display the work,— even if the copyright owner has already sold or donated the work to a foreign museum. What are the museums to do, they ask, if the artist retained the copyright, if the artist cannot be found, or if a group of heirs is arguing about who owns which copyright?

These examples, and others previously mentioned, help explain *why* Lord Coke considered the "first sale" doctrine necessary to protect "Trade and Traffic, and

bargaining and contracting,” and they help explain *why* American copyright law has long applied that doctrine.

Neither Wiley nor any of its many *amici* deny that a geographical interpretation could bring about these “horribles” — at least in principle. Rather, Wiley essentially says that the list is artificially invented. It points out that a federal court first adopted a geographical interpretation more than 30 years ago. Yet, it adds, these problems have not occurred. Why not? Because, says Wiley, the problems and threats are purely theoretical; they are unlikely to reflect reality.

We are less sanguine. For one thing, the law has not been settled for long in Wiley’s favor. The Second Circuit, in its decision below, is the first Court of Appeals to adopt a purely geographical interpretation. The Third Circuit has favored a nongeographical interpretation. The Ninth Circuit has favored a modified geographical interpretation with a nongeographical (but textually unsustainable) corollary designed to diminish the problem. And other courts have hesitated to adopt, and have cast doubt upon, the validity of the geographical interpretation.

For another thing, reliance upon the “first sale” doctrine is deeply embedded in the practices of those, such as booksellers, libraries, museums, and retailers, who have long relied upon its protection. Museums, for example, are not in the habit of asking their foreign counterparts to check with the heirs of copyright owners before sending, *e.g.*, a Picasso on tour. That inertia means a dramatic change is likely necessary before these institutions, instructed by their counsel, would begin to engage in the complex permission-verifying process that a geographical interpretation would demand. And this Court’s adoption of the geographical interpretation could provide that dramatic change. These intolerable consequences (along with the absurd result that the copyright owner can exercise downstream control even when it authorized the import or first sale) have understandably led the Ninth Circuit, the Solicitor General as *amicus*, and the dissent to adopt textual readings of the statute that attempt to mitigate these harms. But those readings are not defensible, for they require too many unprecedented jumps over linguistic and other hurdles that in our view are insurmountable.

Finally, the fact that harm has proved limited so far may simply reflect the reluctance of copyright holders so far to assert geographically based resale rights. They may decide differently if the law is clarified in their favor. Regardless, a copyright law that can work in practice only if unenforced is not a sound copyright law. It is a law that would create uncertainty, would bring about selective enforcement, and, if widely unenforced, would breed disrespect for copyright law itself.

Thus, we believe that the practical problems that petitioner and his *amici* have described are too serious, too extensive, and too likely to come about for us to dismiss them as insignificant — particularly in light of the ever-growing importance of foreign trade to America. The upshot is that copyright-related consequences along with language, context, and interpretive canons argue strongly against a geographical interpretation of § 109(a).

[Justice Breyer rejected arguments that the Court’s *Quality King* decision and the Copyright Act’s legislative history supports supported a geographical interpretation of Section 109.]

Wiley and the dissent claim that a nongeographical interpretation will make it difficult, perhaps impossible, for publishers (and other copyright holders) to divide foreign and domestic markets. We concede that is so. A publisher may find it more difficult to charge different prices for the same book in different geographic markets. But we do not see how these facts help Wiley, for we can find no basic principle of copyright law that suggests that publishers are especially entitled to such rights.

The Constitution describes the nature of American copyright law by providing Congress with the power to “secure” to “authors” “for limited times” the “*exclusive right to their ... writings.*” Art. I, § 8, cl. 8. The Founders, too, discussed the need to grant an author a limited right to exclude competition. But the Constitution’s language nowhere suggests that its limited exclusive right should include a right to divide markets or a concomitant right to charge different purchasers different prices for the same book, say to increase or to maximize gain. Neither, to our knowledge, did any Founder make any such suggestion. We have found no precedent suggesting a legal preference for interpretations of copyright statutes that would provide for market divisions.

To the contrary, Congress enacted a copyright law that (through the “first sale” doctrine) limits copyright holders’ ability to divide domestic markets. And that limitation is consistent with antitrust laws that ordinarily forbid market divisions. Cf. *Palmer v. BRG of Ga., Inc.*, 498 U.S. 46, 49-50 (1990) (*per curiam*) (“Agreements between competitors to allocate territories to minimize competition are illegal”). Whether copyright owners should, or should not, have more than ordinary commercial power to divide international markets is a matter for Congress to decide. We do no more here than try to determine what decision Congress has taken.

IV

For these reasons we conclude that the considerations supporting Kirtsaeng’s nongeographical interpretation of the words “lawfully made under this title” are the more persuasive. The judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

[Justice Kagan concurred, joined by Justice Alito. Justice Ginsburg dissented, joined by Kennedy and by Scalia in part]

Notes and Questions

(1) In *Kirtsaeng*, the majority held that the words “lawfully made under this title” in Section 109 indicated a principle of international exhaustion. Based on “§109(a)’s language, its context, and the common-law history of the “first sale” doctrine” the majority of the Supreme Court declined to limit the first sale doctrine to works made in the United States.

(2) What is the purpose of the first sale doctrine? Justice Breyer (at 538) says that one purpose of the first sale doctrine is to effect the “common law’s refusal to permit restraints on the alienation of chattels.” He identifies another purpose as well (at 539), to “free[] courts from the administrative burden of trying to enforce restrictions upon difficult-to-trace, readily movable goods” and “avoid[] the selective enforcement inherent in any such effort.”

(3) In *Equity’s Unstated Domain: The Role of Equity in Shaping Copyright Law*, 163 U. Pa. L. Rev. 1859, 1880-81 (2015), Shyamkrishna Balganesh and Gideon Parchomovsky emphasize and

defend the pragmatism of the Court’s decision: “despite offering a linguistic rationale for its holding, the Court drew on the common law basis of the first sale doctrine and its importance in commerce.” Do you agree?

(4) The Court’s decision was met with considerable relief by libraries, museums, used bookstores, and technology companies. As the majority noted, “museums, for example, are not in the habit of asking their foreign counterparts to check with the heirs of copyright owners before sending, e.g., a Picasso on tour.” The Court was particularly concerned that copyrighted software in consumer products and copyrighted packaging of consumer products could be used to control secondary markets.

Copyright Misuse

Omega SA v. Costco Wholesale Corp., 776 F.3d 692 (9th Cir. 2015)

Circuit Judge Wardlaw, concurring in the judgment.

The district court granted summary judgment and awarded attorney’s fees to Costco based on the defense of copyright misuse. The majority affirms the district court relying upon the *Kirtsaeng*-resurrected first sale doctrine; a doctrine we held inapplicable the first time around, and which the parties did not brief or argue in this appeal. Indeed, as Costco’s counsel confirmed at oral argument, “the first sale issue per se is not at issue in this appeal.” I concur in the judgment affirming the district court, but do so based on the district court’s rationale for granting summary judgment—copyright misuse—and the arguments actually presented to us.

I.

The majority opinion fails to do justice to the facts presented by this unique lawsuit. Costco is one of America’s largest retailers. It is well known that Costco’s discount warehouses sell everything from pallets of toilet paper to slices of pizza. But only card-carrying members know that Costco also sells a wide range of luxury goods, including Dom Pérignon Champagne, Waterford crystal, Dolce & Gabbana handbags, and, until this lawsuit was filed, Omega watches.

Omega sued Costco for copyright infringement because Costco sold, without Omega’s permission, forty-three genuine Omega watches in the United States. Each watch Costco sold was engraved with a copyrighted Omega design (the “Globe Design”), which Costco did not have permission to use. The district court concluded, however, that because Omega placed the Globe Design on its watches at least in part to control the importation and sale of Omega watches in the United States, Omega had misused its copyright. In District Court Judge Terry Hatter’s words, Omega impermissibly “used the defensive shield of copyright as an offensive sword.”

A.

Omega is a Swiss luxury watchmaker which distributes and sells its watches around the world through authorized distributors and retailers. It is also a wholly-owned subsidiary of the Swiss corporation the Swatch Group, Ltd. The Swatch Group (U.S.), Inc. (“Swatch U.S.A.”) is Omega’s authorized and exclusive distributor in the United States. Costco, a U.S. corporation, operates membership warehouse clubs

which sell merchandise, including brand-name watches, to their members at lower prices than are available through many other retailers.

Sometime before March 2003, Swatch U.S.A. learned that Costco was selling genuine Omega watches in the United States without Omega's authorization. Costco had circumvented Omega's distribution model and procured the Omega watches through the "gray market." Gray market goods, or parallel imports, are genuine brand-name products typically manufactured abroad, purchased, and imported into the United States by third parties. Retailers are able to sell these products at a discount through arbitrage, e.g., if Omega's watches retail for less in Morocco than in the United States, and Costco procures the watches at the Moroccan price and then imports them into the United States, Costco can undercut the authorized U.S. retailers. Costco was only the latest in a series of unauthorized retailers selling Omega watches in the United States. Because Costco and the other "unauthorized" retailers were selling Omega watches at far lower prices than Omega's suggested retail price, Swatch U.S.A. began to receive complaints from authorized Omega retailers. Swatch U.S.A.'s then-president was faced with a mounting distribution problem. To increase Swatch U.S.A.'s control over Omega watches in the United States, Swatch U.S.A.'s president took action "to stem the tide of the gray market."

Swatch U.S.A.'s legal department devised a strategy to use copyright protection to strengthen Omega's control over the importation of Omega watches into the United States. On March 12, 2003, Omega registered its "Globe Design" for U.S. copyright protection, and then began engraving a miniscule Globe Design on the underside of the best-selling Seamaster watch. Although the Omega Seamaster was the first product line engraved with the Globe Design, Omega's plan was to eventually place copyrighted engravings on many of Swatch U.S.A.'s product lines and use the design's copyright protection to prevent unauthorized retailers from selling Omega's watches.

In 2004, Costco purchased 117 Omega Seamaster watches, each engraved with the Globe Design, from ENE Limited for the purpose of resale. Before this lawsuit was filed, Costco had sold forty-three of those watches to its members. Omega sued Costco in July 2004, alleging that Costco's sale of the forty-three Seamaster watches engraved with the Globe Design infringed Omega's copyright in the design in violation of 17 U.S.C. §§ 106 and 602. In 2007, the district court concluded that the first sale doctrine was a complete defense to Omega's claims, and granted Costco's motion for summary judgment. We reversed that judgment in 2008, holding that the first sale doctrine did not apply to foreign-made goods first sold abroad and then imported into the United States without the copyright owner's permission. See *Omega S.A. v. Costco Wholesale Corp.* ("Omega P"), 541 F.3d 982, 983 (9th Cir. 2008). An equally divided Supreme Court affirmed that decision. *Costco Wholesale Corp. v. Omega, S.A.*, 562 U.S. 40 (2010) (per curiam).

On remand, the parties again cross-moved for summary judgment. This time, the district court granted Costco's motion for summary judgment, based on the equitable defense of copyright misuse. The district court found that the purpose of Omega's lawsuit was to "stem the tide of the grey market" and the "unauthorized importation of Omega watches into the U.S." Omega had conceded that it had affixed the copyrighted Globe Design to the underside of its watches to take advantage of

section 602 of the Copyright Act, which makes the importation of copyrighted goods into the United States without the copyright owner's authorization a violation of the owner's exclusive right to distribute. The district court concluded that Omega misused its copyright in the Globe Design by leveraging its limited monopoly over the design to control the importation and sale of Seamaster watches.

II.

A.

The constitutional policy underlying copyright protection is to “promote the Progress of Science and useful Arts.” U.S. Const. art. I, § 8, cl. 8. “The immediate effect of our copyright law is to secure a fair return for an ‘author’s’ creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good.”

Because Omega's watches are useful articles, they are not copyrightable, with some possible exceptions not before us. Because the watches are not the proper subject of copyright protection, Omega does not argue that Costco infringed copyrights protecting its watches, the argument upon which the majority rests its opinion. Instead, it argues that Costco infringed its limited monopoly over the copyrighted Globe Design, which was engraved on the watches that Costco sold.

Inherent in granting a copyright owner the exclusive right to reproduce his works is the risk that he will abuse the limited monopoly his copyright provides by restricting competition in a market that is beyond the scope of his copyright. An owner's attempt to impermissibly expand his lawful protection from competition contravenes not only the policy of the copyright laws, but also the central purpose of the antitrust laws. See *Glen Holly Entm't, Inc. v. Tektronix, Inc.*, 343 F.3d 1000, 1010 (9th Cir.2003) (“The central purpose of the antitrust laws, state and federal, is to preserve competition.”). “Copyright misuse is a judicially crafted affirmative defense to copyright infringement” designed to combat the impermissible extension of a copyright's limited monopoly. *Apple Inc. v. Pystar Corp.*, 658 F.3d 1150, 1157 (9th Cir.2011). Its purpose is to prevent “holders of copyrights from leveraging their limited monopoly to allow them control of areas outside the monopoly.” *Id.*

The defense of copyright misuse, however, is not limited to discouraging anti-competitive behavior. Indeed, “the question is not whether the copyright is being used in a manner violative of antitrust law, ... but whether the copyright is being used in a manner violative of the public policy embodied in the grant of a copyright.” *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 978 (4th Cir.1990). We expressly adopted copyright misuse as an equitable defense to a claim of infringement in *Practice Management Information Corp. v. American Medical Ass'n*, 121 F.3d 516 (9th Cir.1997), noting that “copyright misuse does not invalidate a copyright, but precludes its enforcement during the period of misuse,” *id.* at 520 n. 9, as amended by 133 F.3d 1140 (9th Cir.1998)

The copyright misuse doctrine “forbids the use of the copyright to secure an exclusive right or limited monopoly not granted by the Copyright Office.” *Lasercomb*, 911 F.2d at 977 (alterations omitted). The defense is often applied when a defendant can prove either: (1) a violation of the antitrust laws; (2) that the copyright owner

otherwise illegally extended its monopoly; or (3) that the copyright owner violated the public policies underlying the copyright laws. *Society of Holy Transfiguration Monastery, Inc. v. Gregory*, 689 F.3d 29, 65 (1st Cir.2012). We have discussed copyright misuse in only a handful of published opinions. But while we have applied the doctrine sparingly, copyright misuse is a valid defense, “the contours of which are still being defined,” *MDY Indus., LLC v. Blizzard Entm’t, Inc.*, 629 F.3d 928, 941 (9th Cir.2010).

While we have often discussed copyright misuse in the context of anti-competitive behavior that restrains the development of competing products, “a defendant in a copyright infringement suit need not prove an antitrust violation to prevail on a copyright misuse defense.” *Practice Mgmt. Info. Corp.*, 121 F.3d at 521. As the Seventh Circuit interprets the defense:

The argument for applying copyright misuse beyond the bounds of antitrust, besides the fact that confined to antitrust the doctrine would be redundant, is that for a copyright owner to use an infringement suit to obtain property protection, here in data, that copyright law clearly does not confer, hoping to force a settlement or even achieve an outright victory over an opponent that may lack the resources or the legal sophistication to resist effectively, is an abuse of process.

Assessment Techs. of WI, LLC v. WIREdata, Inc., 350 F.3d 640, 647 (7th Cir.2003). Thus, to “cloak [itself] in copyright misuse’s protective armament” here, Costco is not required to demonstrate that Omega’s use of its copyrighted Globe Design violates antitrust law. This appeal presents the novel issue whether Omega’s attempted use of its Globe Design copyright to control imports and restrict competition from unauthorized retailers of its watches, which are neither copyrightable nor copyrighted, constitutes copyright misuse.

B.

The district court correctly held that Omega misused its copyright “by leveraging its limited monopoly in being able to control the importation of [the Globe Design] to control the importation of its Seamaster watches.” The district court did not clearly err in finding that: (1) Omega copyrighted the Globe Design, at the advice of its legal department, to control the importation and distribution of Omega watches into the United States; and (2) Omega told its authorized distributors that the purpose of suing Costco was to “stem the tide of the grey market” and the “unauthorized importation of Omega watches into the U.S.” In other words, Omega attempted to use the copyrighted Globe Design to decrease competition in the U.S. importation and distribution of its watches by it and its authorized dealers — an obvious leveraging of a copyright to control an area outside its limited monopoly on the design.

Omega argues that its anti-competitive motives are irrelevant to the issue of copyright misuse. According to Omega, our inquiry should instead focus on the copyright holder’s objective conduct or use. But Omega’s semantic hairsplitting is unpersuasive. By definition, “use” includes an inquiry into purpose. See Black’s Law Dictionary 1681 (9th ed.2009) (defining “use” as “The application or employment of something; esp., a long-continued possession and employment of a thing for a purpose for which it is adapted”) (emphasis added); see also Use, Oxford English

Dictionary, (“The act of putting something to work, or employing or applying a thing, for any (esp. a beneficial or productive) purpose.” (emphasis added)). However, we need not decide whether Omega’s motives are sufficient to establish copyright misuse. The undisputed record shows that before this lawsuit consumers were able to buy a genuine Omega Seamaster watch from Costco for 35% less than Omega’s suggested retail price. This is no longer the case. Thus, at least one consequence of Omega’s lawsuit has been a reduction of intrabrand price competition for uncopyrightable Omega watches in the United States.

Lastly, because copyright misuse is an equitable defense to an infringement action, the core of our inquiry is whether “equity may rightly withhold its assistance from such a use of the [copyright] by declining to entertain a suit for infringement... until ... the improper practice has been abandoned and [the] consequences of the misuse of the [copyright] have been dissipated.” *Morton Salt Co. v. Suppiger Co.*, 314 U.S. 488, 493 (1942), abrogated on other grounds by *Ill. Tool Works, Inc. v. Indep. Ink, Inc.*, 547 U.S. 28 (2006). If Omega was using its copyright in a manner contrary to public policy, we, as a court of equity, may refuse to aid such misuse. See *Lasercomb*, 911 F.2d at 975-76.

Equity supports the district court’s refusal to enforce Omega’s copyright in its Globe Design against Costco during the period of Omega’s misuse. Omega wielded its copyrighted Globe Design to restrict unauthorized retailers from selling genuine Omega watches procured from the gray market. Indeed, in his deposition, Swatch U.S.A.’s president agreed that the “whole purpose” of creating the Globe Design in the first place was to prevent unauthorized retailers from selling Omega watches. Because unauthorized retailers, such as Costco, were selling gray market Omega watches in the United States below Omega’s suggested retail price, Omega attempted to maintain the price of its watches sold in the United States by inconspicuously engraving the copyrighted Globe Design on the underside of its Seamaster watches. Even drawing all reasonable inferences in Omega’s favor, there is no genuine dispute as to whether Omega sued Costco for copyright infringement at least in part to control the unauthorized importation and sale of Omega watches. Thus, the district court did not err in granting Costco’s motion for summary judgment on the copyright misuse defense.

Relying on *Mazer v. Stein*, 347 U.S. 201 (1954), Omega maintains that as the holder of the copyright to its Globe Design it has the right to sue Costco for infringing its exclusive right to distribute copies of its Globe Design. See 17 U.S.C. §§ 106(3); 602(a)(1). Contrary to Omega’s assertion, *Mazer* does not empower Omega to transform its Globe Design copyright into a watch copyright, thereby contravening the general rule against granting copyright protection over useful articles. First, *Mazer* did not concern copyright misuse. The copyright infringers in *Mazer* were challenging the underlying validity of the owner’s copyright; they were not challenging how the owner was using the copyright. As Omega itself repeatedly emphasizes, the validity of Omega’s copyright in the design is not in dispute. Second, the *Mazer* Court did not consider the infringer’s challenge to the copyright to be related to questions of unfair competition — of which the copyright misuse defense is deeply concerned. Instead, the Court focused on whether copyrighted works could be incorporated into utilitarian products and remain copyrightable. Third, a

copyrighted statuette that serves as the base for a lamp bears a markedly different relationship to the useful product than a nearly invisible copyrighted design that is discreetly placed on the underside of a watch. Both a lamp and a watch serve utilitarian purposes — to produce light and tell time — but the copyrighted works incorporated into each article affect the character and consumers’ perceptions of each article differently. The statuettes in *Mazzer* served as lamp bases, and may have been one of the central distinguishing characteristics to a consumer between the copyright owner’s lamps and its competitor’s lamps. In contrast, the Globe Design is not a distinguishing characteristic that prospective watch buyers consider when deciding whether to purchase an Omega watch. In fact, when this suit was filed, Omega had not publicized the Globe Design and was not using it to influence consumers’ purchasing decisions. Unlike other designs that Omega had engraved on its watches, the Globe Design was not “a mark of prestige and luxury and identification.” Put more plainly, the *Mazzer* Court’s discussion of copyright concepts such as originality and separability are not implicated here.

Omega’s emphasis on other cases involving similar facts — such as *Parfums Givenchy, Inc. v. Drug Emporium, Inc.*, 38 F.3d 477, 485 (9th Cir.1994) (holding that a perfume distributor could sue a retailer for copyright infringement when the retailer sold the perfume in original copyrighted packaging), and *Quality King Distributors, Inc. v. L’anza Research International, Inc.*, 523 U.S. 135 (1998) (holding that the first sale doctrine is applicable to imported copies where a distributor sold imported bottled hair products affixed with a copyrighted label design) — is misdirected because those cases involved different public policy concerns than those animating the copyright misuse defense. In neither *Parfums Givenchy* nor *Quality King* was the defense of copyright misuse at issue. Furthermore, *Parfums Givenchy* was decided before we adopted the copyright misuse defense in *Practice Management Information Corp.*, 121 F.3d at 520.

The context of Omega’s actions is crucial to this conclusion. Omega concedes that it designed and secured copyright protection for the Globe Design for the purpose of using copyright law to restrict the unauthorized sale of Omega watches in the United States. Costco was one such unauthorized retailer that threatened Omega’s distributor relationships because it sold genuine Omega watches at prices lower than authorized Omega dealers were willing or able to offer. Costco was able to sell Omega watches at a discount because it had procured the watches from the gray market, which took advantage of international differences in Omega’s pricing structures.

Omega’s right to control distribution of its copyrighted work is not limitless. “The Supreme Court has made clear that the property right granted by copyright law cannot be used with impunity to extend power in the marketplace beyond what Congress intended.” *In re Indep. Serv. Orgs. Antitrust Litig.*, 203 F.3d 1322, 1328 (Fed.Cir.2000) (citing *United States v. Loew’s, Inc.*, 371 U.S. 38, 47-48 (1962)). Copyright misuse “bars a culpable plaintiff from prevailing on an action for the infringement of the misused copyright.” *Lasercomb*, 911 F.2d at 972. The Copyright Office granted Omega the exclusive right to control the importation and distribution of the Globe Design into the United States. It did not empower Omega to restrict competition from unauthorized retailers selling genuine, gray market Seamaster

watches in the United States. Although the Globe Design engraved on the underside of the Seamaster watches was copyrighted, Omega misused its copyright when it used its intellectual property protection to obtain a copyright-like monopoly over uncopyrightable Seamaster watches. Omega's expansion of its copyright-like monopoly eliminated competition from unauthorized watch retailers like Costco, thereby allowing Omega to control — through its exclusive distributor, Swatch U.S.A. — the retail pricing of Seamaster watches sold in the United States. If the copyright law allowed Omega to use its copyright to combat the importation and sale of all gray market watches that are stamped with the Globe Design, it would effectively grant Omega a copyright-like monopoly over the distribution and sale of Omega watches in the United States. Because such an out-come directly controverts the aims of copyright law, it is impermissible.

Citing to *Triad Systems Corp. v. Southeastern Express Co.*, 64 F.3d 1330 (9th Cir.1995), and *Apple Inc. v. Psystar Corp.*, 658 F.3d 1150 (9th Cir.2011), among other cases, Omega contends that it did not impermissibly leverage its limited monopoly in the Globe Design to control an area outside of that monopoly. The parties in *Triad* and *Apple Inc.*, however, were involved in a different type of competition than Omega and Costco are involved in here. In *Triad*, the copyright owner (Triad) manufactured computers for use by automotive parts stores and designed, sold, and licensed its own copyrighted software to run its computers. Triad sued an independent service organization (“ISO”) that serviced Triad computers for copyright infringement, alleging that the ISO made unauthorized copies of Triad’s software when it serviced Triad computers. Triad and the ISO were “competing for the business of servicing and maintaining Triad computers.” We affirmed the district court’s grant of Triad’s motion for a preliminary injunction, and rejected the ISO’s copyright misuse defense because “Triad did not attempt to prohibit Southeastern or any other ISO from developing its own service software to compete with Triad.”

Similarly, in *Apple Inc.* we held that Apple’s software license agreement (“SLA”) did not misuse Apple’s copyrights because the SLA did “not restrict competitors’ ability to develop their own software, nor [did] it preclude customers from using non-Apple components with Apple computers.” 658 F.3d at 1160. The disputed provision of the SLA required the exclusive use of Apple’s software on Apple computers. *Id.* at 1153. Psystar was a competing computer manufacturer that sold its “Open Computers” with a copy of Apple’s copyrighted software pre-installed. *Id.* We affirmed the district court’s entry of a permanent injunction against Psystar’s infringement of Apple’s copyrighted software. *Id.* at 1162. In rejecting Psystar’s copyright misuse defense, we distinguished the facts in *Apple Inc.* from the facts underlying the Fifth Circuit’s finding of copyright misuse in *Alcatel USA, Inc. v. DGI Technologies, Inc.*, 166 F.3d 772 (5th Cir.1999). In *Alcatel*, a copyright owner used its copyrighted operating system’s licensing agreements to stifle the development of competing microprocessor cards. 166 F.3d at 793-94. We held in *Apple Inc.*, however, that Apple’s SLA did not hinder competition; it “merely restricted the use of Apple’s own software to its own hardware.” 658 F.3d at 1160.

Omega and Costco are not engaged in the same type of product competition that existed in *Triad* and *Apple Inc.* Omega is primarily a watch manufacturer that sells directly to distributors. The distributors, such as Swatch U.S.A., then sell the watches

to the authorized retailers in their designated territories. Omega's distribution model is designed to carve up geographical territories and grant each regional distributor the exclusive right to sell Omega watches to an authorized network of retailers in its own territory. Costco circumvented Omega's designated distribution channel in the United States by accessing watches from the gray market. By doing so, Costco began competing with Omega's authorized retailers. The retail competition between Omega's authorized retailers and Costco is what Omega sought to suppress. Unlike in *Apple Inc.* and *Pystar*, but as in *Alcatel*, Omega's assertion that its actions do not preclude Costco from selling other lines of watches or developing its own line of watches "is simply irrelevant." *Alcatel*, 166 F.3d at 794.

Superficially, Omega's conduct may appear similar to Apple's conduct in *Apple Inc. v. Pystar*. As Omega argues, Omega is merely restricting the sale, or use, of its watches to dealers that it approves, just as Apple was allowed to restrict the use of its copyrighted software to its own hardware. The analogy breaks down, however, because, unlike Apple's ownership of a copyright in its software, Omega does not own a copyright in its watches. Omega merely owns the copyright in its Globe Design, which it engraved onto its non-copyrightable watches to limit retail competition. It would be as if Apple surreptitiously placed a few lines of programming code from its copyrighted software onto a piece of computer hardware that was not entitled to intellectual property protection, with the express purpose of using its copyright to restrict competing retailers from selling that hardware at discounted prices. Even when drawing all reasonable inferences in Omega's favor, there is no genuine dispute concerning whether restricting retail competition was one of the reasons Omega sued Costco for copyright infringement.

Omega had other available remedies. It could have terminated its distribution agreements with the distributors that sold Omega watches outside of their designated territories. Or, if Omega believed that Costco, or intermediaries like ENE Limited, were inducing distributors to breach their contracts, Omega may have been able to sue them for tortious interference. Instead, Omega improvidently decided to sue Costco for copyright infringement. By doing so, Omega misused the Congressionally limited power of copyright protection to address a problem better left for other avenues of relief.

III.

"The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts." *Twentieth Century Music Corp.*, 422 U.S. at 156. Omega's attempt to expand the scope of its statutory monopoly by misusing its copyright in the Globe Design upset this balance. The watchmaker's anticompetitive acts promoted neither the broad public availability of the arts nor the public welfare. Instead, they eliminated price competition in the retail market for Omega watches and deprived consumers of the opportunity to purchase discounted gray market Omega watches from Costco. Omega misused its copyright by engraving the Globe Design on the underside of its watches, and attempting to use copyright law to eliminate intrabrand competition from Costco in the retail watch

market. Because the district court correctly held that Omega misused its copyright in the Globe Design by attempting to leverage its limited monopoly over the design to control the importation and sale of Seamaster watches, I would affirm the district court on the issue of copyright misuse.

Notes and questions

(1) In *Omega SA v. Costco Wholesale Corp.*, 776 F.3d 692 (9th Cir. 2015) the majority upheld the district court granting summary judgment and attorney’s fees to Costco, without addressing the basis for the district court’s ruling. The majority affirmed the district court relying on the basis that Omega’s copyright claim was no longer viable under the first sale doctrine as interpreted by the Supreme Court in *Kirtsaeng*. However, the district court would have ruled against Omega even if Costco had not been entitled to a first sale defense because of Omega’s “copyright misuse”. In her concurring opinion, Judge Wardlaw agreed with the district court that Omega misused its copyright when it tried to use its intellectual property protection to obtain a copyright-like monopoly over uncopyrightable Seamaster watches.

(2) As the Ninth Circuit explained in *Apple Inc. v. Psystar Corp.*, 658 F.3d 1150, 1157 (9th Cir. 2011), the copyright misuse doctrine prevents holders of copyrights from leveraging their limited monopoly to allow them control of areas outside the monopoly. The question in all copyright misuse cases is: Where does the copyright monopoly begin and end?

(3) In the licensing context, the Ninth Circuit held in *Apple v. Psystar* (at 1159) that copyright misuse prevents copyright holders from using license terms “to stifle competition,” but it does not “prohibit using conditions to control use of copyrighted material.” How should courts draw the line between stifling competition and merely controlling the use of copyrighted material?

Contractual Restraints on the First Sale Doctrine

Sale versus license

Adobe Sys. Inc. v. Christenson, 809 F.3d 1071 (9th Cir. 2015)

McKeown, Circuit Judge:

This appeal, which arises in the context of software licenses, requires us to address the burden of proof applicable to the first sale defense to a copyright infringement claim. Although a copyright holder enjoys broad privileges protecting the exclusive right to distribute a work, the first sale doctrine serves as an important exception to that right. Under this doctrine, once a copy of a work is lawfully sold or transferred, the new owner has the right “to sell or otherwise dispose of” that copy without the copyright owner’s permission. 17 U.S.C. § 109(a). Of course, the defense is contingent on rightful ownership. The old adage “possession is nine-tenths of the law” has no traction under § 109(a).

This appeal stems from a messy copyright dispute between Adobe Systems, Inc. and Joshua Christenson and his software company, Software Surplus, Inc. (“SSI” or “Software Surplus”). In the district court, litigation of this case was punctuated by discovery disputes, sanctions, and multiple rulings on the admissibility and exclusion

of evidence. The importance of these factors, which the parties emphasize on appeal, is diminished by the central issue — who bears the burden of proving the first sale defense in a software licensing dispute. While the copyright holder bears the ultimate burden of establishing copyright infringement, the party raising a first sale defense bears an initial burden with respect to the defense. At the summary judgment stage, this burden is discharged by producing evidence sufficient for a jury to find that the alleged infringer lawfully acquired ownership of genuine copies of the copyrighted software. Once this initial burden is satisfied, the burden shifts back to the copyright owner to establish the absence of a *first* sale, because of a licensing or other non-ownership-transferring arrangement when the copy first changed hands.

The district court correctly held that Adobe established its registered copyrights in the disputed software and that Christenson carried his burden of showing that he lawfully acquired genuine copies of Adobe’s software, but that Adobe failed to produce the purported license agreements or other evidence to document that it retained title to the software when the copies were first transferred. We affirm the district court’s dismissal of both the copyright and trademark claims. ...

The Copyright Act confers several exclusive rights on copyright owners, including the right of distribution. 17 U.S.C. § 106(3) (granting a right “to distribute copies ... of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending”). No factual dispute exists that, through the Software Surplus website, Christenson sold copies of Adobe’s copyrighted works without authorization from Adobe. Christenson did not establish any difference between the software titles listed by Adobe, shown in screenshots of the Software Surplus website, and those that he sold. Adobe easily established a *prima facie* case of copyright infringement.

In the face of an otherwise slam dunk copyright violation, Christenson asserts that his conduct fell within an exception to Adobe’s distribution rights under § 106 — the first sale doctrine. Under the Copyright Act, this affirmative defense provides that “the owner of a particular copy ... lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy....” 17 U.S.C. § 109(a). The practical effect of this language is to significantly circumscribe a copyright owner’s exclusive distribution right “only to the first sale of the copyrighted work” because “once the copyright owner places a copyrighted item in the stream of commerce by selling it, he has exhausted his exclusive statutory right to control its distribution.” *Quality King Distribs., Inc. v. L’anza Research Int’l, Inc.*, 523 U.S. 135, 141, 152 (1998); *see also Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1107 (9th Cir.2010) (“[A] copyright owner’s exclusive distribution right is exhausted after the owner’s first sale of a particular copy of the copyrighted work.”). Before answering the question left open in *Augusto* of who bears the burden of proof as to this defense, it is important to understand the contours of the term “sale.”

In digital copyright cases, the distinction between a “sale” and a “license” has become central. But this distinction did not arise with the advent of computer software. As early as 1908, the Supreme Court recognized that a sale creates a defense to a copyright claim while a license does not. *Bobbs-Merrill* held the copyright to the novel *The Castaway* and sued Macy & Company for copyright infringement.

Each copy of the book had a notice on the title page that the retail price was one dollar and “a sale at a less price will be treated as an infringement of the copyright.” Macy purchased copies of the book at a discount and intended to sell them for less than a dollar. The Court held that Bobbs-Merrill did not have a right to control future sales of Macy’s copies because a copyright owner “who has sold a copyrighted article, *without restriction*, has parted with all right to control the sale of it.” *Id.* at 350, 28 S.Ct. 722 (emphasis added).

Shortly after the *Bobbs-Merrill* decision, Congress codified the first sale doctrine in the Copyright Act of 1909. In this initial statutory iteration, the first sale rule did not explicitly require the defendant to own the copy at issue:

That the copyright is distinct from the property in the material object copyrighted, and the sale or conveyance, by gift or otherwise, of the material object shall not of itself constitute a transfer of the copyright, nor shall the assignment of the copyright constitute a transfer of the title to the material object; but nothing in this Act shall be deemed to forbid, prevent, or restrict the transfer of any copy of a copyrighted work the possession of which has been lawfully obtained.

17 U.S.C. § 41 (1909).

Congress amended the Copyright Act in 1976 and revised the first sale defense. 17 U.S.C. § 109(a). Unlike its predecessor, the amended statute explicitly required that a defendant raising a first sale defense own the copy at issue. *Id.* (limiting the first sale defense to “the *owner* of a particular copy” (emphasis added)). The first sale defense did “not ... extend to any person who has acquired possession of the copy ... from the copyright owner, by rental, lease, loan, or otherwise, without acquiring ownership of it.” *Id.* at § 109(d). The legislative history confirms that Congress intended to “restate[] and confirm[] the principle that, where the copyright owner has transferred *ownership* of a particular copy ... of a work, the person to whom the copy ... is transferred is entitled to dispose of it by sale, rental, or any other means.” H.R.Rep. No. 94-1476, at 79 (1976) (emphasis added).

The Supreme Court first analyzed § 109(a) in *Quality King*. Distinguishing between the owner of a copy and a non-owner, such as a licensee, the Court emphasized that “because the protection afforded by § 109(a) is available only to the ‘owner’ of a lawfully made copy (or someone authorized by the owner), the first sale doctrine would not provide a defense to... any nonowner such as a bailee, a licensee, a consignee, or one whose possession of the copy was unlawful.” 523 U.S. at 146-47. In other words, to claim the benefits of the first sale defense, the holder of the copy must actually hold title.

Section 109(a)’s focus on ownership takes on a special significance in the digital context. In a world where licensing agreements are “ubiquitous,” “license agreements, rather than sales, have become the predominate form of the transfer of rights to use copyrighted software material.” *Apple, Inc. v. Psystar Corp.*, 658 F.3d 1150, 1155 (9th Cir. 2011). In practice, because “the first sale doctrine does not apply to a licensee,” *id.*, licensing arrangements enable software companies to restrict initial licensees of software from selling their licensed copies of the software to downstream users.

Broadly construed, the licensing exception in the software context could swallow the statutory first sale defense. We have recognized, however, that some purported software licensing agreements may actually create a sale. *See Vernor*, 621 F.3d at 1111; *UMG Recordings, Inc. v. Augusto*, 628 F.3d 1175, 1180 (9th Cir. 2011). To determine whether there is a legitimate license, we examine whether “the copyright owner (1) specifies that the user is granted a license; (2) significantly restricts the user’s ability to transfer the software; and (3) imposes notable use restrictions.” *Vernor*, 621 F.3d at 1111. Where these factors aren’t satisfied, the upshot is that the copyright holder has sold its software to the user, and the user can assert the first sale defense.

In the software copyright context, a dispute about the first sale defense raises several questions: First, which party — the copyright holder or the party asserting the defense — bears the initial burden of showing ownership through lawful acquisition? Second, what does it take to discharge that burden? And finally, which party bears the burden of proving or disproving a license versus a sale? General principles of evidence, coupled with the statute and the legislative history, provide the answer.

The burden of proof for an affirmative defense to a civil claim generally falls on the party asserting the defense. This same principle holds true in copyright. For example, in claiming the fair use defense to copyright infringement, it is the proponent’s burden to come forward with favorable evidence about relevant markets to establish “the effect of the [challenged] use upon the potential market for or value of the copyrighted work.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590-94 & n. 20 (1994). Another key example is found in the Digital Millennium Copyright Act, also referred to as the DMCA, 17 U.S.C. § 512. The DMCA’s safe harbor provisions exempt Internet service providers from copyright liability under discrete statutory provisions; proponents who seek the safe harbor bear “the burden of establishing that [they] meet[] the statutory requirements.” *Columbia Pictures Indus., Inc. v. Fung*, 710 F.3d 1020, 1039 (9th Cir.2013) (citing *Balvage v. Rydewood Improvement & Serv. Ass’n, Inc.*, 642 F.3d 765, 776 (9th Cir.2011)).

The rule is no different for the first sale defense. Under § 109(a), the party asserting the first sale defense bears the initial burden of satisfying the statutory requirements. Thus, that party must show ownership through lawful acquisition.

What does this mean in practical terms? In the context of a summary judgment motion in a software case, it simply means that the party asserting a first sale defense must come forward with evidence sufficient for a jury to find lawful acquisition of title, through purchase or otherwise, to genuine copies of the copyrighted software. To the extent that the copyright holder claims that the alleged infringer could not acquire title or ownership because the software was never sold, only licensed, the burden shifts back to the copyright holder to establish such a license or the absence of a sale.

This burden-shifting construct makes sense. The copyright holder is in a superior position to produce documentation of any license and, without the burden shift, the first sale defense would require a proponent to prove a negative, *i.e.*, that the software was not licensed.

This approach accords with the legislative history and with our general precedent that fairness dictates that a litigant ought not have the burden of proof with respect to facts particularly within the knowledge of the opposing party. Just as it would be unfair for a copyright holder to be burdened with proving that a downstream holder of a copy did not acquire the copy lawfully, so too it would be unfair to impose the burden of proving the lack of a sale on the proponent of the first sale defense. As the House Report acknowledges, it is an “established legal principle that the burden of proof should not be placed upon a litigant to establish facts particularly within the knowledge of his adversary.” H.R. Rep. 94-1476, at 81; see *United States v. N.Y., New Haven & Hartford R.R. Co.*, 355 U.S. 253, 256 n. 5 (1957) (“The ordinary rule, based on considerations of fairness, does not place the burden upon a litigant of establishing facts peculiarly within the knowledge of his adversary.”). Finally, we note that a downstream possessor, who may be many times removed from any initial claimed license, is hardly in a position to prove either a negative — the absence of a license — or the unknown — the terms of the multiple transfers of the software.

With this framework in mind, we turn to the specifics of this case. As the district court held, it was uncontroverted that Christenson “lawfully purchased genuine copies of Adobe software from third-party suppliers before reselling those copies.” Christenson offered invoices to document his purchases of legitimate Adobe software from various suppliers. Nothing on those invoices suggests that he was other than a legitimate purchaser of the software. According to Christenson’s sworn statement, “neither he nor SSI have a contract with any of the suppliers that supplied SSI with software.... SSI asked them if they could supply SSI with a product at an acceptable price, and if they could, payment was negotiated.” This claim is consistent with Christenson’s inability to produce something more than invoices from his suppliers: He cannot produce records that do not exist. Christenson discharged his burden with respect to the first sale defense.

Adobe, of course, argues that Christenson could not have legitimately purchased the software because Adobe always licenses, and does not sell, copies of its software. On this point, the burden shifts back to Adobe to prove the existence and terms of a license. In an ordinary case, Adobe would produce specific license agreements and we would benchmark those agreements against the *Vernor* factors to determine whether there was a legitimate license at the outset, as well as whether downstream customers were “bound by a restrictive license agreement” such that they are “not entitled to the first sale doctrine.” *Vernor*, 621 F.3d at 1113.

Asking Adobe to produce the license agreements, which would include any terms or restrictions, is not a difficult burden — Adobe is the original source of the software, claims to control distribution of the software, and holds the copyrights to the software. As Adobe noted in the district court: “Adobe and Adobe alone knows the parties with whom it contracts.” That categorical statement says it all—the license/contract information is uniquely within Adobe’s knowledge.

Adobe’s problem is that it did not produce those licenses or document the terms of contracts with specific parties. Because of the state of discovery at the time of the summary judgment motions, the district court excluded virtually all of Adobe’s late-offered evidence of licenses. Adobe challenges this ruling in its appeal. The district court and magistrate judge had a long history with the parties and their discovery

efforts. After a careful examination of the rather tortured discovery process, we conclude that the district court did not abuse its discretion in granting Christenson’s motion to strike and excluding evidence purporting to document the licenses.

Adobe’s effort to substitute general testimony and generic licensing templates in lieu of the actual licensing agreements does not withstand scrutiny under *Vernor*. Under *Vernor*, the precise terms of any agreement matter as to whether it is an agreement to license or to sell; the title of the agreement is not dispositive. And here, in the end, there is no admissible evidence that Adobe “significantly restricted the user’s ability to transfer the software” at issue here. *Vernor*, 621 F.3d at 1111. We thus affirm the district court’s order granting summary judgment in favor of Christenson and against Adobe on the copyright claim.

Notes and questions

(1) In *Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1111 (9th Cir. 2010), the Ninth Circuit held that “a software user is a licensee rather than an owner of a copy where the copyright owner: (1) specifies that the user is granted a license; (2) significantly restricts the user’s ability to transfer the software; and (3) imposes notable use restrictions. In *Vernor*, the court held that the software customer was a licensee rather than owner of its copy and thus was not entitled to invoke first sale doctrine. What does *Adobe Sys. Inc. v. Christenson*, 809 F.3d 1071 (9th Cir. 2015) add to *Vernor*?

Limits to the First Sale Doctrine in a Digital World

The conventional understanding of Copyright’s first sale doctrine is that it prevents restraints on the transfer of lawfully acquired copies of works by limiting the scope of the distribution right (the modern equivalent of the right to “vend” in earlier incarnations of the Copyright Act). The first sale doctrine guaranteed significant freedom of action for the purchasers of copyrighted works in the print-era, but its relevance in the digital era is questionable.

The Copyright Act gives copyright owners the right to control the reproduction, distribution, public performance and public display of their works. It also gives the copyright owner the right to control the making of derivative works based upon the copyrighted works. The first sale doctrine—at least as embodied in Section 109 of the Act—substantially limits the distribution right, but it does not address any of these other rights.

Capitol Records, LLC v. ReDigi Inc., 910 F.3d 649 (2d Cir. 2018)

Circuit Judge Leval

Defendant ReDigi, Inc. and its founders, Defendants Larry Rudolph and John Ossenmacher, appeal from the judgment of the United States District Court for the Southern District of New York (Richard J. Sullivan, J.) in favor of Plaintiffs, Capitol Records, LLC, Capitol Christian Music Group, Inc., and Virgin Records IR Holdings, Inc. (“Plaintiffs”), finding copyright infringement. Defendants had created an Internet platform designed to enable the lawful resale, under the first sale doctrine, of lawfully purchased digital music files, and had hosted resales of such files on the platform. The district court concluded that, notwithstanding the “first sale” doctrine,

codified in the Copyright Act of 1976, 17 U.S.C. § 109(a), ReDigi's Internet system version 1.0 infringed the Plaintiffs' copyrights by enabling the resale of such digital files containing sound recordings of Plaintiffs' copyrighted music. We agree with the district court that ReDigi infringed the Plaintiffs' exclusive rights under 17 U.S.C. § 106(1) to reproduce their copyrighted works. We make no decision whether ReDigi also infringed the Plaintiffs' exclusive rights under 17 U.S.C. § 106(3) to distribute their works.

BACKGROUND

I. Facts

Plaintiffs are record companies, which own copyrights or licenses in sound recordings of musical performances. Plaintiffs distribute those sound recordings in numerous forms, of which the most familiar twenty years ago was the compact disc. Today, Plaintiffs also distribute their music in the form of digital files, which are sold to the public by authorized agent services, such as Apple iTunes, under license from Plaintiffs. Purchasers from the Apple iTunes online store download the files onto their personal computers or other devices.

ReDigi was founded by Defendants Ossenmacher and Rudolph in 2009 with the goal of creating enabling technology and providing a marketplace for the lawful resale of lawfully purchased digital music files. Ossenmacher served as ReDigi's Chief Executive Officer and Rudolph, who spent twelve years as a Principal Research Scientist at the Massachusetts Institute of Technology, served as ReDigi's Chief Technical Officer. During the period addressed by the operative complaint, ReDigi, through its system version 1.0, hosted resales of digital music files containing the Plaintiffs' music by persons who had lawfully purchased the files from iTunes.

Considering the evidence in the light most favorable to ReDigi, ReDigi's system version 1.0 operates as follows.

1. Music Manager: A person who owns a digital music file lawfully purchased from iTunes and intends to employ ReDigi's system to resell it (the "user") must first download and install onto her computer ReDigi's "Music Manager" software program ("Music Manager"). Once Music Manager has been installed, it analyzes the digital file intended for resale, verifies that the file was originally lawfully purchased from iTunes, and scans it for indications of tampering. If the file was lawfully purchased, Music Manager deems it an "Eligible File" that may be resold.⁴

Footnote 4: Music Manager will deem a file "Eligible" if it was purchased by the user from iTunes or it was purchased by the user through ReDigi, having been originally purchased lawfully by another from iTunes.

2. Data Migration: The ReDigi user must then cause the file to be transferred to ReDigi's remote server, known as the "Cloud Locker." To effectuate this transfer, ReDigi developed a new method that functions differently from the conventional file transfer. The conventional process is to reproduce the digital file at the receiving destination so that, upon completion of the transfer, the file exists simultaneously on both the receiving device and on the device from which it was transferred. If connectivity is disrupted during such a standard transfer, the process can be repeated because the file remains intact on the sender's device.

Under ReDigi's method—which it calls “data migration”—ReDigi's software begins by breaking the digital music file into small ‘blocks’ of data of roughly four thousand bytes in length. Once the file has been broken into blocks of data (“packets”), ReDigi's system creates a “transitory copy” of each packet in the initial purchaser's computer buffer. Upon copying (or “reading”) a packet into the initial purchaser's computer buffer, ReDigi's software sends a command to delete that packet of the digital file from permanent storage on the initial purchaser's device. ReDigi's software then sends the packet to the ReDigi software to be copied into the buffer and deleted from the user's device. During the data migration process, the digital file cannot be accessed, played, or perceived. If connectivity is disrupted during the data migration process, the remnants of the digital file on the user's device are unusable, and the transfer cannot be re-initiated. In such circumstances, ReDigi (according to its brief) bears the cost of the user's loss.

Once all the packets of the source file have been transferred to ReDigi's server, the Eligible File has been entirely removed from the user's device. The packets are then re-assembled into a complete, accessible, and playable file on ReDigi's server.

ReDigi describes its primary technological innovation using the metaphor of a train (the digital file) leaving from one station (the original purchaser's device) and arriving at its destination (in the first instance, ReDigi's server). Under either the typical method or ReDigi's method, packets are sent sequentially, such that, conceptually, “each packet is a car” moving from the source to the destination device. Once all the packets arrive at the destination device, they are reassembled into a usable file. At that moment, in a typical transfer, the entire digital file in usable form exists on both devices. ReDigi's system differs in that it effectuates a deletion of each packet from the user's device immediately after the “transitory copy” of that packet arrives in the computer's buffer (before the packet is forwarded to ReDigi's server). In other words, as each packet “leaves the station,” ReDigi deletes it from the original purchaser's device such that it “no longer exists” on that device. As a result, the entire file never exists in two places at once.

After the file has reached ReDigi's server but before it has been resold, the user may continue to listen to it by streaming audio from the user's Cloud Locker on ReDigi's server. If the user later re-downloads the file from her Cloud Locker to her computer, ReDigi will delete the file from its own server.

3. Resale: Once an Eligible File has “migrated” to ReDigi's server, it can be resold by the user utilizing ReDigi's market function. If it is resold, ReDigi gives the new purchaser exclusive access to the file. ReDigi will (at the new purchaser's option) either download the file to the new purchaser's computer or other device (simultaneously deleting the file from its own server) or will retain the file in the new purchaser's Cloud Locker on ReDigi's server, from which the new purchaser can stream the music. ReDigi's terms of service state that digital media purchases may be streamed or downloaded only for personal use.

4. Duplicates: ReDigi purports to guard against a user's retention of duplicates of her digital music files after she sells the files through ReDigi. To that end, Music Manager continuously monitors the user's computer hard drive and connected devices to detect duplicates. When a user attempts to upload an Eligible File to

ReDigi's server, ReDigi "prompt[s]" her to delete any pre-existing duplicates that Music Manager has detected. If ReDigi detects that the user has not deleted the duplicates, ReDigi blocks the upload of the Eligible File. After an upload is complete, Music Manager continues to search the user's connected devices for duplicates. If it detects a duplicate of a previously uploaded Eligible File, ReDigi will prompt the user to authorize ReDigi to delete that duplicate from her personal device and, if authorization is not granted, it will suspend her account.

Plaintiffs point out, and ReDigi does not dispute, that these precautions do not prevent the retention of duplicates after resale through ReDigi. Suspension of the original purchaser's ReDigi account does not negate the fact that the original purchaser has both sold and retained the digital music file after she sold it. So long as the user retains previously-made duplicates on devices not linked to the computer that hosts Music Manager, Music Manager will not detect them. This means that a user could, prior to resale through ReDigi, store a duplicate on a compact disc, thumb drive, or third-party cloud service unconnected to the computer that hosts Music Manager and access that duplicate post-resale.⁶

Footnote 6: Defendants do not dispute that, under Apple iCloud's present arrangements, a user could sell her digital music files on ReDigi, delete Music Manager, and then re-download the same files to her computer for free from the Apple iCloud. Apple's iCloud service allows one who has purchased a file from iTunes to re-download it without making a new purchase.

While ReDigi's suspension of the original purchaser's ReDigi account may be a disincentive to the retention of sold files, it does not prevent the user from retaining sold files.

II. Proceedings Below

On January 6, 2012, Plaintiffs brought this action, originally solely against ReDigi, Inc., alleging *inter alia*, that in the operation of ReDigi's system version 1.0, it infringed Plaintiffs' copyrights by unauthorized reproduction and distribution of Plaintiffs' copyrighted works. The parties cross-moved for summary judgment. On March 30, 2013, the district court granted partial summary judgment in Plaintiffs' favor finding infringement. On June 6, 2016, the district court entered a final judgment awarding damages to Plaintiffs in the amount of three million five hundred thousand dollars (\$3,500,000) and permanently enjoining Defendants from operating the ReDigi system.

DISCUSSION

I. The First Sale Doctrine

The primary issue on appeal is whether ReDigi's system version 1.0 lawfully enables resales of its users' digital files. Sections 106(1) and (3) of the Copyright Act respectively grant the owner of a copyright the exclusive right to control the reproduction and the distribution of the copyrighted work. 17 U.S.C. § 106(1) & (3). Under the first sale doctrine, codified in § 109(a), the rights holder's control over the distribution of any particular copy or phonorecord that was lawfully made effectively terminates when that copy or phonorecord is distributed to its first recipient. Section 109(a) provides:

Notwithstanding the provisions of section 106(3), 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.

17 U.S.C. § 109(a).

Under this provision, it is well established that the lawful purchaser of a copy of a book is free to resell, lend, give, or otherwise transfer that copy without violating the copyright holder's exclusive right of distribution. The copy so resold or re-transferred may be re-transferred again and again without violating the exclusive distribution right. It is undisputed that one who owns a digital file from iTunes of music that is fixed in a material object qualifies as "the owner of a particular . . . phonorecord lawfully made," 17 U.S.C. § 109(a), and is thus entitled under § 109(a) "to sell or otherwise dispose of the possession of *that* . . . phonorecord," *id.* (emphasis added), without violating § 106(3). On the other hand, § 109(a) says nothing about the rights holder's control under § 106(1) over reproduction of a copy or phonorecord.

The district court found that resales through ReDigi were infringing for two reasons. The first reason was that, in the course of ReDigi's transfer, the phonorecord has been reproduced in a manner that violates the Plaintiffs' exclusive control of reproduction under § 106(1); the second was that the digital files sold through ReDigi, being unlawful reproductions, are not subject to the resale right established by § 109(a), which applies solely to a "particular . . . phonorecord . . . lawfully made." 17 U.S.C. § 109(a). We agree with the first reason underlying the district court's finding of infringement. As that is a sufficient reason for affirmance of the judgment, we make no ruling on the district court's second reason.

ReDigi argues on appeal that its system effectuates transfer of the particular digital file that the user lawfully purchased from iTunes, that it should not be deemed to have reproduced that file, and that it should therefore come within the protection of 17 U.S.C. § 109(a). ReDigi makes two primary contentions in support of these arguments.

First, ReDigi asserts—as it must for its first sale argument to succeed—that the digital files should be considered "material objects" and therefore, under 17 U.S.C. § 101's definition of "phonorecords" as "material objects," should qualify as "phonorecords" eligible for the protection of § 109(a).

Second, ReDigi argues that from a technical standpoint, its process should not be seen as making a reproduction. ReDigi emphasizes that its system simultaneously "causes [packets] to be removed from the . . . file remaining in the consumer's computer" as those packets are copied into the computer buffer and then transferred to the ReDigi server, so that the complete file never exists in more than one place at the same time, and the "file on the user's machine continually shrinks in size while the file on the server grows in size."⁹

Footnote 9: From October 13, 2011 until March 2012, ReDigi's system sometimes made temporary archival copies that were deleted as soon as the migration process was complete. Those backup files have not been put at issue in this appeal.

ReDigi points out that the “sum of the size of the data” stored in the original purchaser’s computer and in ReDigi’s server never exceeds the “size of the original file,” which, according to ReDigi, “confirms that no reproductions are made during the transfer process.”

As for ReDigi’s first argument, that the digital file it transfers is a phonorecord protected by § 109(a), we do not decide this issue because we find that ReDigi effectuates an unlawful reproduction even if the digital file itself qualifies as a phonorecord.¹⁰

Footnote 10: A conclusion that a digital file cannot be a phonorecord would have decisive implications for a system functioning like ReDigi’s version 2.0, as well as its version 1.0. Because our understanding of the technology is limited, as is our ability to appreciate the economic implications, we find it preferable to rule more narrowly.

As for ReDigi’s second argument, we reject it for the following reasons. The Copyright Act defines phonorecords as “material objects in which sounds. . . 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.” 17 U.S.C. § 101. Accordingly, when the purchaser of a digital music file from iTunes possesses that file, embodied “for a period of more than transitory duration” in a computer or other physical storage device, *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 127 (2d Cir. 2008) (quoting 17 U.S.C. § 101), that device—or at least the portion of it in which the digital music file is fixed (e.g., the location on the hard drive)—becomes a phonorecord. See *London-Sire Records, Inc. v. Doe*, 542 F. Supp. 2d 153, 171 (D. Mass. 2008) (holding that the segment of a hard disc on which an electronic music file is encoded is a “phonorecord” under the Copyright Act). In the course of transferring a digital music file from an original purchaser’s computer, through ReDigi, to a new purchaser, the digital file is first received and stored on ReDigi’s server and then, at the new purchaser’s option, may also be subsequently received and stored on the new purchaser’s device.¹¹

Footnote 11: The new purchaser at his option may alternatively choose to leave the digital file in the new purchaser’s storage locker on ReDigi’s server and stream it for access.

At each of these steps, the digital file is fixed in a new material object “for a period of more than transitory duration.” *Cartoon Network*, 536 F.3d at 127. The fixing of the digital file in ReDigi’s server, as well as in the new purchaser’s device, creates a new phonorecord, which is a reproduction. ReDigi version 1.0’s process for enabling the resale of digital files thus inevitably involves the creation of new phonorecords by reproduction, even if the standalone digital file is deemed to be a phonorecord.

As for the argument that, as ReDigi copies a packet of data, it deletes the equivalent packet in the user’s device so that the amount of data extant in the transfer process remains constant, this does not rebut or nullify the fact that the eventual receipt and storage of that file in ReDigi’s server, as well as in the new purchaser’s device (at his option), does involve the making of new phonorecords. Unless the creation of those new phonorecords is justified by the doctrine of fair use, which we discuss and reject in a later portion of this opinion, the creation of such new phonorecords involves unauthorized reproduction, which is not protected, or even addressed, by § 109(a).

ReDigi makes several additional arguments designed to characterize its process as involving the transfer of its users' lawfully made phonorecords, rather than the creation of new phonorecords. None of these arguments negates the crucial fact that each transfer of a digital music file to ReDigi's server and each new purchaser's download of a digital music file to his device creates new phonorecords. ReDigi argues, for example, that during a transfer through ReDigi's data migration technology, each packet of data from the original source file resides in a buffer "for less than a second" before being overwritten, and thus fails to satisfy the requirement that a sound recording must be embodied "for a period of more than transitory duration" to qualify as a phonorecord, 17 U.S.C. § 101; *Cartoon Network*, 536 F.3d at 127. Even if, during transfer, ReDigi's system retains each digital file in a computer buffer for a period of no more than transitory duration, those files subsequently become embodied in ReDigi's server and in the new purchaser's device, where they remain for periods of more than transitory duration. ReDigi's server and the resale purchaser's device on which the digital music files are fixed constitute or contain new phonorecords under the statute.

ReDigi next argues that, in the course of transferring a user's file to ReDigi's own server, and to the resale purchaser's device, ReDigi sees to it that all of the original purchaser's preexisting duplicates are destroyed. As an initial matter, as noted above, ReDigi here overclaims. It does not ensure against retention of duplicate phonorecords created by the original owner. ReDigi's assertion that "there is never an instance when an Eligible File could exist in more than one place or be accessed by more than one user" is simply not supported by ReDigi's own evidence. In addition, even if ReDigi effectively compensated (by offsetting deletions) for the making of unauthorized reproductions in violation of the rights holder's exclusive reproduction right under § 106(1), nonetheless ReDigi's process itself involves the making of unauthorized reproductions that infringe the exclusive reproduction right unless justified under fair use.¹²

Footnote 12: We recognize that the use of computers with digital files of protected matter will often result in the creation of innocuous copies which we would be loath to consider infringements because doing so would effectively bar society from using invaluable computer technology in relation to protected works. We believe this precedent will not have that undesirable effect for reasons discussed below in the section on fair use. What we consider here is that the making of unauthorized reproductions *in pursuit of an objective to distribute protected matter in competition with the rights holder*. The production of innocuous, unauthorized reproductions through the unavoidable function of a computer, when done for purposes that do not involve competing with the rights holder in its exclusive market, is outside the scope of this dispute.

We are not free to disregard the terms of the statute merely because the entity performing an unauthorized reproduction makes efforts to nullify its consequences by the counterbalancing destruction of the preexisting phonorecords.

ReDigi further argues, citing *ABKCO Music, Inc. v. Stellar Records, Inc.*, 96 F.3d 60 (2d Cir. 1996), that the computer hard drive into which the original purchaser's digital file is embedded cannot be her lawfully made phonorecord. A computer hard drive, ReDigi argues, cannot qualify as a phonorecord under § 101 because it contains more than a sound recording. This argument misinterprets *ABKCO*. We held in *ABKCO* that a license to publish a phonorecord did not authorize the publication of compact discs for use in karaoke that contained both sound recordings and visual depictions of song lyrics. 96 F.3d at 64. The *ABKCO* opinion undertook to construe the breadth of a compulsory license. The opinion does not support the conclusion

that a compact disc that stores visual depictions of words as well as recorded music does not contain a phonorecord. To be sure, a license to distribute phonorecords of a particular song would not by its terms authorize the distribution of whatever other copyrighted content is contained in a computer hard drive that also contains the recording of the song. But it does not follow that a device or other “material object[] in which sounds . . . are fixed . . . and from which the sounds can be perceived, reproduced, or otherwise communicated,” 17 U.S.C. § 101, is not a phonorecord, merely because it contains other matter as well. We reject ReDigi’s argument.¹³

Footnote 13: ReDigi also draws our attention to the Ninth Circuit’s decision in *Recording Industry Association of America v. Diamond Multimedia Systems, Inc.*, 180 F.3d 1072 (9th Cir. 1999). In *Diamond*, the Ninth Circuit held that “a hard drive is excluded from the definition of digital music recordings” under the Audio Home Recording Act (“AHRA”) because § 1001(5)(B) expressly provides that a “digital music recording” does *not* include material objects “in which one or more computer programs are fixed,” and “a hard drive is a material object in which one or more [computer] programs are fixed.” *Id.* at 1076. Even if we were to accept the Ninth Circuit’s construction of the term “digital music recording” under the AHRA, that would not alter the meaning of the term “phonorecord” under § 101 of the Copyright Act. *See id.* at 1077 n.4.

Finally, ReDigi argues that the district court’s conclusion makes no sense because it would require a customer to sell her valuable computer in order to be able to sell an iTunes music file that was lawfully purchased for under \$1.00. Of course it would make no economic sense for a customer to sell her computer or even a \$5.00 thumb drive in order to sell an iTunes music file purchased for \$1.00. But ReDigi far overstates its economic argument when it asserts that the “district court’s ruling eliminates any meaningful competition from resellers” as “no secondary market can ever develop if consumers are required to give away their computer hard disks as part of any resale.” A secondary market can readily be imagined for first purchasers who cost-effectively place 50 or 100 (or more) songs on an inexpensive device such as a thumb drive and sell it. *See 4 Patry on Copyright* § 13:23 (observing that § 109 permits the sale of an iPod that contains lawfully made digital music files). Furthermore, other technology may exist or be developed that could lawfully effectuate a digital first sale.

We conclude that the operation of ReDigi version 1.0 in effectuating a resale results in the making of at least one unauthorized reproduction. Unauthorized reproduction is not protected by § 109(a). It violates the rights holder’s exclusive reproduction rights under § 106(1) unless excused as fair use. For reasons explained below, we conclude that the making of such reproductions is not a fair use.

Our conclusion is supported by the fact that the Copyright Office also concluded that the resale of digital files is infringing. In 1998, Congress mandated that the Register of Copyrights evaluate “the relationship between existing and emergent technology and the operation of section 109.” The Copyright Office conducted a multi-year evaluation, including review of comments and testimony from the public, academia, libraries, copyright organizations and copyright owners. *DMCA Report 2001* at vi. The Register concluded that § 109 does not apply to otherwise unauthorized digital transmissions of a copyrighted work, reasoning that such transmissions cause the recipient to obtain a new copy of the work. The Register reasoned that the creation of a new copy of the work would constitute an unauthorized reproduction falling outside the authorization of § 109(a).

ReDigi argues that the Register’s 2001 report is obsolete because it presumed that the only way to transfer digital files over the Internet was by the traditional “copy and delete” method, whereas new technologies either have been or might be developed that transfer digital files over the Internet using a non-infringing method. Plaintiffs counter that, in 2016, the Register again asserted that “a digital file transfer creates a new copy or phonorecord on the transferee’s computer” and thus does not qualify for first sale protection. U.S. Copyright Office, Library of Cong., *The Making Available Right in the United States* 22, n.94 (2016) (quoting the district court’s decision in this action with approval). We need not pronounce upon the ongoing relevance of the Register’s 2001 report, or decide whether all digital file transmissions over the Internet make reproductions, to determine that ReDigi’s system version 1.0 does so.¹⁴

Footnote 14: Having rejected ReDigi’s arguments for the reasons explained above, we have no need to consider whether an electronic digital music file, independent of any physical storage device in which the file is fixed, can qualify as a phonorecord in view of § 101’s definition of phonorecords as “material objects.” 17 U.S.C. §101.

* * *

We conclude by addressing policy-based arguments raised by ReDigi and its amici. They contend that ReDigi’s version 1.0 ought to be validated as in compliance with § 109(a) because it allows for realization of an economically beneficial practice, originally authorized by the courts in the common law development of copyright, see *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339 (1908), and later endorsed by Congress. They also contend that the Copyright Act must be read to vindicate purchasers’ ability to alienate digital copyrighted works under the first sale doctrine—emphasizing that § 109(a) is styled as an entitlement rather than a defense to infringement—without regard to technological medium. See *Copyright Law Professors Brief* 4, 12, 14. On this score, they rely heavily on the breadth of the common law first sale doctrine, and on a purported imperative, described as the “principle of technological neutrality” by amici and the “equal treatment principle” by ReDigi, not to disadvantage purchasers of digital copyrighted works, as compared with purchasers of physical copyrighted works.

As for whether the economic consequences of ReDigi’s program are beneficial and further the objectives of copyright, we take no position. Courts are poorly equipped to assess the inevitably multifarious economic consequences that would result from such changes of law. So far as we can see, the establishment of ReDigi’s resale marketplace would benefit some, especially purchasers of digital music, at the expense of others, especially rightsholders, who, in the sale of their merchandise, would have to compete with resellers of the same merchandise in digital form, which, although second hand, would, unlike second hand books and records, be as good as new.

Furthermore, as to the argument that we should read § 109(a) to accommodate digital resales because the first sale doctrine protects a fundamental entitlement, without regard to the terms of § 109(a) (and incorporated definitions), we think such a ruling would exceed the proper exercise of the court’s authority. The copyright statute is a patchwork, sometimes varying from clause to clause, as between provisions for which Congress has taken control, dictating both policy and the details of its execution, and provisions in which Congress approximatively

summarized common law developments, implicitly leaving further such development to the courts. The paradigm of the latter category is § 107 on fair use. In the provisions here relevant, Congress dictated the terms of the statutory entitlements. Notwithstanding the purported breadth of the first sale doctrine as originally articulated by the courts, see *Bobbs-Merrill Co.*, 210 U.S. at 350 (“The copyright statutes, while protecting the owner of the copyright in his right to multiply and sell his production, do not create the right to impose a limitation at which the book shall be sold at retail by future purchasers.”); *Bureau of Nat’l Literature v. Sells*, 211 F. 379, 381-82 (W.D. Wash. 1914) (finding no infringement, in light of first sale doctrine, where reseller re-bound used books and held them out as new books), Congress, in promulgating § 109(a), adopted a narrower conception, which negates a claim of unauthorized distribution in violation of the author’s exclusive right under § 106(3), but not a claim of unauthorized reproduction in violation of the exclusive right provided by § 106(1). If ReDigi and its champions have persuasive arguments in support of the change of law they advocate, it is Congress they should persuade. We reject the invitation to substitute our judgment for that of Congress.

CONCLUSION

We have considered ReDigi’s remaining arguments against the district court’s ruling and find them to be without merit. The judgment of the district court is AFFIRMED.

Notes and questions:

(1) In *Capitol Records, LLC v. ReDigi Inc.*, 910 F.3d 649 (2d Cir. 2018), the Second Circuit held that, notwithstanding the first sale doctrine, by enabling the resale of digital files containing sound recordings through a process involving reproduction, ReDigi’s infringed the Plaintiffs’ copyrights. The court of appeals made no decision as to whether ReDigi also infringed the Plaintiffs’ exclusive distribution rights.

(2) The Second Circuit’s discussion of fair use is omitted from the extract above. The Second Circuit held that ReDigi’s actions were not protected under the doctrine of fair use. ReDigi’s use was not transformative (or otherwise supported under the first fair use factor) and its complete reproductions were sold in competition with the Plaintiffs’ own authorized copies. The court concluded that

Even if ReDigi is credited with some faint showing of a transformative purpose, that purpose is overwhelmed by the substantial harm ReDigi inflicts on the value of Plaintiffs’ copyrights through its direct competition in the rights holders’ legitimate market, offering consumers a substitute for purchasing from the rights holders. We find no fair use justification.

(3) Note that in *UsedSoft GmbH v Oracle International Corp* (C-128/11) (ECJ 2012) the ECJ ruled that the owner of copyright in software could not prevent a perpetual licensee who has downloaded the software from the internet from selling his ‘used’ license. How different is the law in the European Union compared to the United States on this issue?

Rental Rights and Lending Rights

Rental Rights in the United States

The Record Rental Amendment of 1984, codified in 17 USC §109(b) prohibits an owner of a phonorecord that embodies a sound recording or musical work from renting it to the public for direct or indirect commercial advantage.

This exception to the first sale doctrine was designed to prevent music stores from renting records and thereby facilitating home copying. The provision does not apply to libraries and educational institutions.

The Copyright Software Rental Amendments Act of 1990 amended §109(b) further to prohibit rentals of computer software for direct or indirect commercial advantage. The exception does not apply to lending of a copy by a nonprofit library for nonprofit purposes, provided the library affixes an appropriate warning.

The amendment also specifically excludes: A computer program which is embodied in a machine or product and which cannot be copied during the ordinary operation or use of the machine or product; or

A computer program embodied in or used in conjunction with a limited purpose computer that is designed for playing video games and may be designed for other purposes.

Library Lending, Printed Books vs. eBooks

The first sale doctrine makes lending libraries possible. The majority of library activity is beyond the bounds of the copyright holder's rights because of the first sale doctrine in Section 109(a) of the Copyright Act. The copyright holder's right of distribution is limited by the first sale doctrine and is exhausted upon the purchase of a legal copy. Whether the library obtains the work from the publisher, a secondary market, or a donor, the library is then free to lend, sell, repair, or destroy the book, limited only by the lifespan of the book's physical condition. Although publishers may attempt to entice libraries to purchase a more expensive and durable "library edition" copy, libraries are just as free to purchase any consumer edition.

However, the digital lending of e-books and audiobooks operates under a different legal framework. Even though digital rights management ("DRM") controls and library hosting programs approximate the lending experience for the patron whose borrowed book expires at the end of the lending period and become available again for lending by the library, the mechanics of e-book lending implicate different legal issues. Unlike with physical books, the lending of a digital work involves the creation and transmission of a copy of the work.

Whereas libraries could acquire a physical collection over time and weather budget shortfalls with the existing catalog, the e-book licensing model prevents libraries from utilizing consumer versions or secondary markets and revokes access to the licensed catalog when the library cannot afford licensing fees. Publishers differ in their licensing arrangements. For example, at the time of writing,¹⁵⁵ Harper Collins limited licensees to 26 loans per license before requiring renewal. Often, companies like Overdrive will act as intermediaries between

¹⁵⁵ Early in 2019.

the publisher and the public libraries and may impose their own conditions beyond those of the publisher.

Public Lending Rights in Other Jurisdictions

Some other countries have handled the issue of the lending of physical books differently. The Australia Public Lending Rights (PLR) pays qualifying Australian citizen or resident creators and publishers an inalienable set amount for each library book holding. The European Union requires the member states to include noncommercial lending within the copyright holder's exclusive rights and thus the copyright owner's interest extends beyond the first sale to enable a rightholder to permit or deny later noncommercial lending, unless the member state ensures that the authors receive remuneration for public lending. A number of European Union members have joined Australia, Canada, Israel, and New Zealand and also established PLR systems.

The “Droit De Suite” and Resale Royalties

Close v. Sotheby's 894 F.3d 1061 (9th Cir. 2018)

Opinion by Judge Jay S. Bybee

Many nations recognize the *droit de suite*, under which artists receive a royalty each time the original, tangible embodiment of their work is resold. The practice was first recognized in France in 1920 and then adopted in other civil-law jurisdictions. More recently, a number of common-law jurisdictions have adopted some form of the *droit de suite*. In those countries that recognize it, the *droit de suite* is considered a moral right, albeit one with economic value.

The *droit de suite* protects visual artists, who face particular difficulty in capitalizing on their work. Literary and recording artists can generally profit from their efforts by controlling the reproduction of books or music. For visual artists such as painters and sculptors, however, the right to control reproduction is often not their principal source of income. Rather, it is often the sale of their original work that allows them to make a profit. The *droit de suite* gives these artists an economic interest in subsequent sales of their original work, thereby allowing them to capture some of its appreciation in value after the first sale.

The *droit de suite* also appears in international copyright law. Since 1948, the Berne Convention has recognized that artists possess an “inalienable right to an interest in any sale of the work subsequent to the first transfer by the author of the work.” Berne Convention for the Protection of Literary and Artistic Works art. 14ter(1). Nevertheless, the Berne Convention does not obligate its signatories to adopt the *droit de suite*. Instead, the Berne Convention makes the recognition of such rights optional, but rewards such recognition with reciprocity: countries recognizing the right will protect the right of each others' artists.

The United States became a signatory to the Berne Convention in 1989, but to date, it has not adopted the *droit de suite*. As early as the 1970s, Congress considered adopting the *droit de suite* as part of U.S. copyright law, but those efforts have never proved successful.

...

Under the California Resale Royalties Act of 1976 (“CRRA”), the seller of “a work of fine art” or the seller’s agent must withhold 5% of the sale price and pay it to the artist. If the seller or agent is unable to locate and pay the artist within 90 days, the 5% royalty goes to the California Arts Council. In that event, the California Arts Council must attempt to locate and pay the artist. If the artist has not been located after seven years, the Council may then use the funds to acquire fine art for public buildings. If the seller or agent fails to pay the 5% royalty, the artist may bring an action for damages and attorneys’ fees. Notably, the artist’s right to the 5% royalty may not be waived or reduced by contract.

[Applying the statutory test for preemption under Section 301(a) of the Copyright Act, the court held that the subject matter of the CRRA fell within the subject matter of copyright, it then turned to the question of whether that the statute granted “rights equivalent” to copyright.]

Although the CRRA’s resale royalty right and § 106(3)’s distribution right are not coextensive, they are equivalent. The two rights differ in that one grants artists the right to receive a percentage payment on all sales of artwork after the first, while the other grants artists the right to receive full payment on the first (and only the first) sale. But, at root, both concern the distribution of copies of artwork and define artists’ right (or lack thereof) to payment on downstream sales of those copies.

The equivalence of the two rights is further underscored by the manner in which the CRRA both expands and restricts the federal distribution right. The CRRA expands the federal distribution right because, whereas the first sale doctrine limits artists’ right to payment to the first sale, the CRRA grants artists an unwaivable right to a 5% royalty on all downstream sales. Indeed, the CRRA is designed precisely to alter the first sale doctrine by affording artists a right to at least some measure of payment on every sale after the first. At the same time, the CRRA also restricts the federal distribution right by forbidding artists from fully alienating copies of their artwork. In effect, the CRRA creates an inalienable restraint on alienation.

In short, the CRRA does not merely grant an additional right beyond what federal copyright law already provides but fundamentally reshapes the contours of federal copyright law’s existing distribution right. This runs counter to § 301(a), which precludes “all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright,” even if they are not precisely within the contemplation of the Copyright Act.

Notes and questions

(1) In *Close v. Sotheby’s, Inc.*, 894 F.3d 1061 (9th Cir. 2018), the Ninth Circuit held that claims for resale royalties under the California Resale Royalties Act were expressly preempted by the 1976 Copyright Act. The court of appeals held that claims that arose before the effective date of the 1976 Copyright Act were preempted only if they conflicted with the 1909 Act. The court concluded that plaintiffs’ claims concerning sales occurring between the CRRA’s effective date of January 1, 1977, and the 1976 Act’s effective date of January 1, 1978 were not preempted and remanded to the district court for further proceedings.

(2) The case for resale royalties laws is set out in the opinion above. Guy Rub and Christopher Sprigman argue that this view is wrong, resale royalties don't help artists, at least not most artists.

Christopher Sprigman and Guy Rub, *Resale Royalties Would Hurt Emerging Artists*, Artsy.net, Aug 8, 2018

There are a lot of problems with resale royalties schemes, and we have addressed some of them at length elsewhere. Here, we focus on one overriding difficulty: Resale royalties take real money from the entire art world, including young and struggling artists, and transfer most of it to a tiny group of famous and rich super-artists—the artistic one-percenters. ... Resale royalties schemes are a regressive tax: they take from the poor and give to the rich. It's no surprise that rich artists and their lawyers, agents, and heirs favor resale royalties laws. But the rest of the art world should not have to pay the price for it.

Do you agree?

16. PUBLIC PERFORMANCE, DISPLAY & TRANSMISSION

The international framework for performance, display and transmission rights

The Berne Convention contains a hodgepodge of provisions relating to what can loosely be termed public performance and communication to the public. Article 11 of the Berne Convention gives the authors of dramatic, dramatic-musical, and musical works the exclusive right to publicly perform their works “by any means or process”, and, in a separate subsection, the exclusive right of communicating the performance of their works to the public.

Berne Convention Article 11. Certain Rights in Dramatic and Musical Works:

(1) Authors of dramatic, dramatico-musical and musical works shall enjoy the exclusive right of authorizing:

(i) the public performance of their works, including such public performance by any means or process;

(ii) any communication to the public of the performance of their works.

(2) Authors of dramatic or dramatico-musical works shall enjoy, during the full term of their rights in the original works, the same rights with respect to translations thereof.

Berne Article 11*bis* gives the authors of literary and artistic works the exclusive right to broadcast their works, and to communicate the work to the public “by wire or rebroadcasting”. For good measure, Article 11*bis*, adds a reference to the public communication by loudspeaker or any other analogous instrument transmitting the broadcast of the work. Article 11*bis*(2) specifically authorizes a system of compulsory licensing. This is common for cable retransmission.

Berne Convention Article 11*bis*. Broadcasting and Related Rights:

(1) Authors of literary and artistic works shall enjoy the exclusive right of authorizing:

(i) the broadcasting of their works or the communication thereof to the public by any other means of wireless diffusion of signs, sounds or images;

(ii) any communication to the public by wire or by rebroadcasting of the broadcast of the work, when this communication is made by an organization other than the original one;

(iii) the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work.

(2) It shall be a matter for legislation in the countries of the Union to determine the conditions under which the rights mentioned in the preceding paragraph may be exercised, but these conditions shall apply only in the countries where they have been prescribed. They shall not in any circumstances be prejudicial to the moral rights of the author, nor to his right to obtain equitable remuneration which, in the absence of agreement, shall be fixed by competent authority.

For the authors of literary works, Article 11^{ter} adds a right of public recitation and communication to the public of recitation.

Berne Convention Article 11^{ter}. Certain Rights in Literary Works:

- (1) Authors of literary works shall enjoy the exclusive right of authorizing:
 - (i) the public recitation of their works, including such public recitation by any means or process;
 - (ii) any communication to the public of the recitation of their works.
- (2) Authors of literary works shall enjoy, during the full term of their rights in the original works, the same rights with respect to translations thereof.

Finally, Article 14 provides a specific provision for cinematographic adaptations. The author of a literary or artistic work that has been adapted into cinematographic work shall enjoy the exclusive right of authorizing “the public performance and communication to the public by wire of the works thus adapted or reproduced.”

Berne Convention Article 14 Cinematographic and Related Rights

- (1) Authors of literary or artistic works shall have the exclusive right of authorizing:
 - (i) the cinematographic adaptation and reproduction of these works, and the distribution of the works thus adapted or reproduced;
 - (ii) the public performance and communication to the public by wire of the works thus adapted or reproduced.

The Berne Convention does not require member nations to recognize a distinct right of public display, although in Article 17, the convention clearly leaves that option open to the states. More importantly, although the Berne Convention requires the provision of various rights of public performance and public communication, it makes no attempt to define what is meant by public.

TRIPs Article 14(1) deals with what are generally referred to as anti-bootlegging laws. The right to prevent bootlegging is of great interest to performers, but it is not exactly a performance right.

Articles 14(3) suggests to member nations that “broadcasting organizations” should have the right to prevent rebroadcasting of broadcasts by wireless means, as well as more general “communication to the public of television broadcasts.” However, the broadcaster rights in 14(3) are not mandatory under TRIPs if owners of copyright in the subject matter of broadcasts are given those rights instead. This is the approach taken by the United States.

TRIPs Article 14 - Protection of Performers, Producers of Phonograms (Sound Recordings) and Broadcasting Organizations

1. In respect of a fixation of their performance on a phonogram, performers shall have the possibility of preventing the following acts when undertaken without their authorization: the fixation of their unfixed performance and the reproduction of such fixation. Performers shall also have the possibility of preventing the following acts when undertaken without their authorization: the broadcasting by wireless means and the communication to the public of their live performance.
3. Broadcasting organizations shall have the right to prohibit the following acts when undertaken without their authorization: the fixation, the reproduction of fixations, and the rebroadcasting by wireless means of broadcasts, as well as the communication to the public of television broadcasts of the same. Where Members

do not grant such rights to broadcasting organizations, they shall provide owners of copyright in the subject matter of broadcasts with the possibility of preventing the above acts, subject to the provisions of the Berne Convention (1971).

Performance and display in the United States

The Copyright Act provides copyright owners with a general public performance right, a public display right, and a narrowly tailored public performance “by means of a digital audio transmission” right.

17 U.S. Code § 106 - Exclusive rights in copyrighted works

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;

(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and

(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

Why does copyright include public performance and public display rights?

Copyright was originally limited to rights of reproduction and distribution because by controlling the making and sale of copies, authors and publishers could control the primary channels through which their works were enjoyed by the public. The making and/or sale of copies were the main tolling points that allowed authors to achieve some reward for their labors, and publishers some reward for their investments. In the era of the printing press, an actual copy, once sold, became its own freestanding commodity, to be bought and sold, lent and used without further consultation to the copyright owner, so long as it was not copied. However, as the economic significance of performance and display unconnected to reproduction increased, copyright owners began to press for a broader scope of rights that would encompass these activities. Performance rights are particularly important in relation to audio-visual works and in the music industry.

The display right

Section 106(5) gives the copyright owner the exclusive right of public display for certain classes of works. The list of works includes almost every kind of work that would be worth displaying (literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work), but not architectural works.

By and large the concept of display is not hard to understand. The Copyright Act defines it in the following terms:

17 U.S. Code § 101 - 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.

The display right is limited to “public” displays and is additionally limited by Section 109(c) that gives the owner or authorized possessor of a particular copy of a work the right to display that copy publicly to viewers present at the place where the copy is located. Thus although in the absence of a written assignment, an artist retains copyright when she sells her painting, no license or permission is required to display that painting, either publicly or privately.

17 U.S. Code § 109(c)

Notwithstanding the provisions of section 106(5), the owner of a particular copy lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to display that copy publicly, either directly or by the projection of no more than one image at a time, to viewers present at the place where the copy is located.

The display right is also subject to various other statutory exemptions such as the Section 110 (1) exemption face-to-face teaching activities.

17 U.S. Code § 110 - Limitations on exclusive rights: Exemption of certain performances and displays

Notwithstanding the provisions of section 106, the following are not infringements of copyright:

- (1) performance or display of a work by instructors or pupils in the course of face-to-face teaching activities of a nonprofit educational institution, in a classroom or similar place devoted to instruction, unless, in the case of a motion picture or other audiovisual work, the performance, or the display of individual images, is given by means of a copy that was not lawfully made under this title, and that the person responsible for the performance knew or had reason to believe was not lawfully made;
- (2) [a rather complicated provision amounting to a distance learning exception]
- (3) performance of a nondramatic literary or musical work or of a dramatico-musical work of a religious nature, or display of a work, in the course of services at a place of worship or other religious assembly;

The display right has very limited independent economic significance. There are two reasons: first, for displays without technological assistance (i.e., live displays) Section 109(c) is an exception that virtually swallows the rule; second, most technologically enabled displays are also reproductions, so the display right does not add anything unless the right to reproduce and the right to display are owned or licensed separately.

What makes a display public?

A display is public if it is made “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.” See Section 101. The Act contains a much more elaborate definition of what it means to “perform or display a work ‘publicly’” but we will defer those complexities to the discussion of the performance right.

A work can also be displayed through transmission. The “transmit” clause is discussed in detail in the context of the public performance right, below.

The performance right

Understanding the Section 106(4) performance right in terms of live in-person performances is also fairly easy. If you recite a poem, act out a play, dance a choreographic work, play a musical work or a film, you perform those works. Do those things in public, and you publically perform it.

17 U.S. Code § 101 - Definitions

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.

There is no equivalent to Section 109(c) for performances. As a result, there is much more caselaw on how to delineate between public and non-public performances than there is for public and non-public displays. For the most part the definition in Section 101—“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”—is self-explanatory with respect to live, in-person performances. What is not self-explanatory is the remainder of the Section 101 definition dealing with the transmission of performances. Transmission rights are discussed below.

Section 106(4) applies to most categories of works that could be performed—“literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works”—but this list does not include sound recordings.

Performance rights for sound recordings and musical works are different

The following extract from Professor Kristelia García’s article on *Facilitating Competition by Remedial Regulation* is a useful primer on some key concepts and language for talking about music and copyright.

Kristelia A. García, *Facilitating Competition by Remedial Regulation*, 31 Berkeley Technology Law Journal, 183, 192–93 (2016)

Extracted and adapted with permission

Music Licensing 101

The world of music licensing is incredibly (and, many would argue, unduly) complicated. This is as much the result of piecemeal legislation and powerful lobbyists as it is a reflection of well-intended, yet largely unsuccessful, attempts to anticipate and accommodate ever-evolving technologies and consumer preferences. Music is unique among copyrighted content (e.g., films, television programs, novels) in that a single song is actually comprised of two distinct copyrights: One on the underlying musical composition and another on the sound recording of that musical composition. For each of these copyrights, there exists a companion right—that of “public performance”—that gives a licensee the right to play

(i.e., perform) a song publicly, such as at a restaurant, sporting event, or over the terrestrial radio airwaves.

These performance rights may be further broken down into digital performance rights (for online plays via an Internet radio service like Pandora), and terrestrial performance rights (for analog plays via an FM radio station). Copyrights on a musical composition and copyrights on a sound recording (and their respective public performance rights) are typically held by different parties and pay royalties differently depending on the platform and the use within that platform. This dichotomy (quadchotomy?) results in a number of interesting and counterintuitive phenomena in music licensing. For example, while the sale of a digital download of The Beach Boys' hit song "Surfin' USA" on Apple's iTunes platform triggers a statutory royalty paid on both the underlying musical composition and the sound recording, playing the same song on an FM radio station results in a public performance royalty payment to Chuck Berry, the song's composer, but no such royalty payment to the Wilson brothers, performers of the sound recording.

As García explains, copyright attaches to music in two ways, first as a composition (think of sheet music) and second, since 1972, as a recording (think vinyl, magnetic tape, compact disc, etc.) Sound recordings were not protected by federal copyright law until 1972, and even then, they were treated quite differently to musical works. Of particular relevance here, sound recordings were excluded from the general performance right in Section 106(4).

The Digital Performance Right in Sound Recordings Act

In the early 1990s the recording industry began to understand that perfect digital reproduction and efficient Internet distribution were a threat to its business model grounded in physical distribution. The industry warned Congress that "digital delivery would siphon off and eventually eliminate the major source of revenue for investing in future recordings" and that over time, this would lead to "a vast reduction in the production of recorded music."¹⁵⁶

Responding to these concerns, in 1995, Congress passed the Digital Performance Right in Sound Recordings Act (the "DPRSRA"), adding a limited exclusive right in the performance of sound recordings "by means of a digital audio transmission" to the bundle of rights in Section 106 of the Copyright Act. The DPRSRA gave the copyright owners of sound recordings a digital performance right, but subjected that right to important exceptions and, in certain cases, to a compulsory licensing regime.

The DPRSRA was targeted at new subscription music services offered by cable, satellite, and Internet service providers. But it did not seem to envisage the significance of Internet radio, *i.e.* non-subscription services supported by advertising. This gap in the legislation persisted until a last-minute addition was made to the 1998 Digital Millennium Copyright Act and the category of digital performance right exempt services was limited to "nonsubscription *broadcast* transmissions." Following the amendments, terrestrial radio was still exempt from

¹⁵⁶ Digital Performance Right in Sound Recording: Hearing on H.R. 1506 Before the H. Comm. on the Judiciary, Subcomm. on Courts & Intellectual Prop., 104th Cong. (1995) (statement of Jason Berman, President, RIAA).

the new sound recording digital performance right, but Internet radio and webcasting were no longer exempt.

For a discussion of how rate setting under the webcasting compulsory licensing regime works, see Peter Dicola and Matthew Sag, *An Information-Gathering Approach to Copyright Policy*, 34 *Cardozo Law Review* 173 (2012). For more recent developments, see Jacob Victor, *Reconceptualizing Compulsory Copyright Licenses*, forthcoming in the *Stanford Law Review*.¹⁵⁷

Performance Rights Organizations (PROs)

The 1909 Copyright Act included a provision that extended the relatively new public performance right to non-dramatic musical works. By 1913, prominent composers and songwriters had begun talking about organizing in order to collect royalties based on this new right. The composers maintained their concern about new media cutting into sales of sheet music. In 1914, the American Society of Composers, Arrangers, and Publishers (“ASCAP”) was officially incorporated and over the next few years, the new organization used the judicial system to establish the meaning and extent of the public performance right. The earliest cases concerned hotels, restaurants, and cabarets, but ASCAP quickly moved on to target the movie industry, and then the radio and television broadcasting industries when they emerged.

Performance rights organizations (PROs) play an important role in the administration of copyright law. PROs such as ASCAP, BMI, and SESAC, offer blanket public performance licenses for vast catalogs of musical works to radio stations, stadiums, concert venues, bars, restaurants, etc. Copyright owners opt in to organizations such as these by granting them a nonexclusive license. The arrangement is efficient for copyright owners and it provides something close to a one-stop shop for broadcasting networks and music venues. ASCAP and BMI are private organizations, but they have been subject to various antitrust law consent decrees for over half a century. Issues with the current consent decree are beyond the scope of this chapter, but it is important to note that licensees who believe that ASCAP is not offering reasonable terms can take their dispute to the federal District Court in the Southern District of New York.

ASCAP does not collect royalties for digital audio transmissions of sound recordings; these are administered by SoundExchange. SoundExchange plays a very similar role to ASCAP, except that it plays by a set of rules established under the statutory licensing scheme in the copyright act rather than an antitrust consent decree.

Note that the Music Modernization Act of 2018 changed a number of details about how the statutory licenses under the Copyright Act are determined. Most of these changes do not impact the core functions of ASCAP et al. in relation to collecting public performance royalties.

¹⁵⁷ Available at SSRN: <https://ssrn.com/abstract=3397352>

Transmission rights

Transmission and public performance under the 1909 Act

To understand the transmission component of the public performance right in the Copyright Act of 1976, it is necessary to be familiar with three key Supreme Court cases decided in the twilight of the 1909 Act: *Fortnightly*, *Teleprompter*, and *Aiken*.

In the late 1960s and early 1970s, community antenna television (CATV) systems challenged the incumbent television broadcasters by retransmitting television signals to CATV subscribers. The CATV provider in *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390 (1968) placed antennas on hills above certain cities and used coaxial cables to carry the signals received by the antennas to the home television sets of its subscribers. The CATV provider in *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*, 415 U.S. 394 (1974) carried broadcast television programming into subscribers' homes from hundreds of miles away. In both these cases, the Supreme Court held that the CATV systems were more like a viewer than a broadcaster and thus were not themselves engaged in a public performance.

In *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975), the Supreme Court addressed whether the reception of a radio broadcast of a copyrighted musical composition can constitute copyright infringement, when the copyright owner has licensed the broadcaster to perform the composition publicly for profit. The defendant in this case was George Aiken, owner/operator of "George Aiken's Chicken" in downtown Pittsburgh, Pennsylvania. Aiken's usual practice was to have the radio on all day. It is unlikely that his customers gave it a second thought as even those who ate in usually spent no more than 15 minutes in the store. The station that broadcast the petitioners' songs was licensed by ASCAP to broadcast them to Aiken, however, did not hold a license from ASCAP.

The Copyright Act of 1909 §1(e) gave the copyright owner the exclusive right "[t]o perform the copyrighted work publicly for profit." It had long been established that the public performance right applied not only to musicians employed at dance halls, but also to the commercial radio broadcast. However, as it had done in *Fortnightly* and *Teleprompter* the Supreme Court drew a distinction between listening and performing:

If, by analogy to a live performance in a concert hall or cabaret, a radio station "performs" a musical composition when it broadcasts it, the same analogy would seem to require the conclusion that those who listen to the broadcast through the use of radio receivers do not perform the composition.

The Court believed that

to hold that Aiken "performed" the copyrighted works "would result in a regime of copyright law that would be both wholly unenforceable and highly inequitable."

The Court described the "futility of any evenhanded effort on the part of copyright holders to license even a substantial percentage of" the countless bars, beauty shops, cafeterias, car washes, dentists' offices, and drive-ins with radio or television sets on their premises.

The Court was concerned that even if people like Aiken had an ASCAP license they might still infringe if a radio station broadcast anything outside the ASCAP catalog – he would "have no sure way of protecting himself from liability for copyright infringement except by keeping his radio set turned off." The Court also saw the attempt to extract payment from

the broadcaster and the receiver as “multiple tribute” going “far beyond what is required for the economic protection of copyright owners.”

Public Performance and the “Transmit Clause” Under the 1976 Act

There is no doubt that the definitions of performance and to perform a work ‘publicly’ in the Copyright Act of 1976 were motivated in part by a desire to reverse the outcome of the cable retransmission cases, *Fortnightly* and *Teleprompter*.¹⁵⁸ Exactly how the 1976 Act should be applied digital video recorders, the sale of digital downloads, cloud-based storage lockers, and cloud computing in general became (and remains) an issue of significant contention.

The new act clearly invokes a broader view of performance than the Supreme Court adopted in *Fortnightly*, *Teleprompter*, or *Aiken*. Section 101 provides that “to ‘perform’ a work means to recite, render, play, dance, or act it, *either directly or by means of any device or process ...*” Section 101 also states that

17 U.S. Code § 101

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.

The first subsection guides courts as to where the draw the line between public and non-public places. The second subsection, the so-called ‘transmit clause’ is a direct response to *Fortnightly* and *Teleprompter*.

Section 101 also expands on what it means to “transmit” a performance:

17 U.S. Code § 101

To “transmit” a performance is “to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent.”

There is no doubt that the revised definitions of what it means *to perform* and *to perform a work publicly* in the Copyright Act of 1976 were motivated in part by a desire to reverse the outcome of the CATV cases. However, the language Congress adopted to that end is anything but clear, and the actual scope of the public performance right has been a controversial question for some time. The Supreme Court addressed this controversy in *American Broadcasting Companies v. Aereo, Inc.*, 134 S.Ct. 2498 (2014) , extracted below.

¹⁵⁸ The House Report on the 1976 Copyright Act states that: “Under the bill, as under the present law, a performance made available by transmission to the public at large is “public” even though the recipients are not gathered in a single place, and even if there is no proof that any of the potential recipients was operating his receiving apparatus at the time of the transmission. The same principles apply whenever the potential recipients of the transmission represent a limited segment of the public, such as the occupants of hotel rooms or the subscribers of a cable television service.” House Report at 64-65 (1976).

Cablevision

To fully appreciate *Aereo*, it is helpful to review the *Cablevision* case that preceded it. Sony began selling video-cassette recorders for home use in 1975 and in 1999 the first digital video recorders entered the market. Although the DVRs are easier to program and more versatile than VCRs, both are essentially recording devices owned and operated by consumers in the privacy of their own homes. In *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121 (2d Cir. 2008), the court addressed the implications of a different version of the DVR, the remote storage digital video recorder system (“RS-DVR”). The defendant CSC Holdings was the parent company to the cable television broadcaster, Cablevision. Cablevision was licensed to transmit and thus perform various television networks under the Section 111 statutory license, however Cablevision had no license to operate any kind of DVR service.

Cablevision’s RS-DVR allowed its customers to record cable programming on central hard drives housed and maintained by Cablevision at a remote location. This technology was more efficient because customers did not need a stand-alone DVR in their own homes. RS-DVR customers could then receive playback of those programs through their home television sets, using only a remote control and standard cable box equipped with the RS-DVR software.

The television networks argued that although Cablevision had a statutory license to retransmit their television broadcasts through a cable system, the operation of the RS-DVR directly infringed their copyrights both by making unauthorized reproductions, and by engaging in public performances, of their copyrighted works. For tactical reasons the parties in the *Cablevision* case agreed that the defendant would not raise a defense of fair use and that the plaintiffs would not allege secondary liability. Thus, the only question in *Cablevision* was whether the defendant was liable as a direct infringer.

Plaintiffs argued that Cablevision infringed in three ways: (i) when it made temporary buffer copies of their works as part of the process of initiating copies at the direction Cablevision’s users (all works were buffered as they were received, but only those designated for recording survived for more than 1.2 seconds); (ii) when works were reproduced for later viewing at the direction of Cablevision’s users; and (iii) when works were transmitted to Cablevision’s users.

The Second Circuit disagreed. It held that Cablevision’s RS-DVR service did not violate the Copyright Act because: (i) the transitory buffering of a data-stream did not “reproduce the work in copies” because under the terms of the Copyright Act to qualify as a copy a work must be fixed for more than a transitory duration; (ii) Cablevision was not a direct infringer of the reproduction right because it was not the ‘maker’, in the sense of the ‘volitional copy’ doctrine, of the fixed copies; (iii) Cablevision did not *publicly* perform the works within the meaning of the ‘transmit clause’ of the public performance right. These second two holdings seemed very much in question when the Supreme Court granted certiorari in *Aereo*.

American Broadcasting Companies v. Aereo, Inc. 134 S.Ct. 2498 (2014)

Justice Breyer delivered the opinion of the Court.

I

The Copyright Act of 1976 gives a copyright owner the exclusive right to “perform the copyrighted work publicly.” 17 U.S.C. § 106(4). The Act’s Transmit Clause defines that exclusive right as including the right to “transmit or otherwise communicate a performance ... of the [copyrighted] work ... to the public, by means of any device or process, whether the members of the public capable of receiving the performance ... receive it in the same place or in separate places and at the same time or at different times.” § 101. We must decide whether respondent Aereo, Inc., infringes this exclusive right by selling its subscribers a technologically complex service that allows them to watch television programs over the Internet at about the same time as the programs are broadcast over the air. We conclude that it does.

For a monthly fee, Aereo offers subscribers broadcast television programming over the Internet, virtually as the programming is being broadcast. Much of this programming is made up of copyrighted works. Aereo neither owns the copyright in those works nor holds a license from the copyright owners to perform those works publicly.

Aereo’s system is made up of servers, transcoders, and thousands of dime-sized antennas housed in a central warehouse. It works roughly as follows: First, when a subscriber wants to watch a show that is currently being broadcast, he visits Aereo’s website and selects, from a list of the local programming, the show he wishes to see.

Second, one of Aereo’s servers selects an antenna, which it dedicates to the use of that subscriber (and that subscriber alone) for the duration of the selected show. A server then tunes the antenna to the over-the-air broadcast carrying the show. The antenna begins to receive the broadcast, and an Aereo transcoder translates the signals received into data that can be transmitted over the Internet.

Third, rather than directly send the data to the subscriber, a server saves the data in a subscriber-specific folder on Aereo’s hard drive. In other words, Aereo’s system creates a subscriber-specific copy — that is, a “personal” copy — of the subscriber’s program of choice.

Fourth, once several seconds of programming have been saved, Aereo’s server begins to stream the saved copy of the show to the subscriber over the Internet. (The subscriber may instead direct Aereo to stream the program at a later time, but that aspect of Aereo’s service is not before us.) The subscriber can watch the streamed program on the screen of his personal computer, tablet, smart phone, Internet-connected television, or other Internet-connected device. The streaming continues, a mere few seconds behind the over-the-air broadcast, until the subscriber has received the entire show. See *A Dictionary of Computing* 494 (6th ed. 2008) (defining “streaming” as “[t]he process of providing a steady flow of audio or video data so that an Internet user is able to access it as it is transmitted”).

Aereo emphasizes that the data that its system streams to each subscriber are the data from his own personal copy, made from the broadcast signals received by the particular antenna allotted to him. Its system does not transmit data saved in one subscriber’s folder to any other subscriber. When two subscribers wish to watch the same program, Aereo’s system activates two separate antennas and saves two separate copies of the program in two separate folders. It then streams the show to

the subscribers through two separate transmissions — each from the subscriber’s personal copy.

Petitioners are television producers, marketers, distributors, and broadcasters who own the copyrights in many of the programs that Aereo’s system streams to its subscribers. They brought suit against Aereo for copyright infringement in Federal District Court. They sought a preliminary injunction, arguing that Aereo was infringing their right to “perform” their works “publicly,” as the Transmit Clause defines those terms.

The District Court denied the preliminary injunction. Relying on prior Circuit precedent, a divided panel of the Second Circuit affirmed. *WNET, Thirteen v. Aereo, Inc.*, 712 F.3d 676 (2013) (citing *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d 121 (2008)). In the Second Circuit’s view, Aereo does not perform publicly within the meaning of the Transmit Clause because it does not transmit “to the public.” Rather, each time Aereo streams a program to a subscriber, it sends a private transmission that is available only to that subscriber. The Second Circuit denied rehearing en banc, over the dissent of two judges. We granted certiorari.

II

This case requires us to answer two questions: First, in operating in the manner described above, does Aereo “perform” at all? And second, if so, does Aereo do so “publicly”? We address these distinct questions in turn.

Does Aereo “perform”? See § 106(4) (“[T]he owner of [a] copyright ... has the exclusive righ[t] ... to perform the copyrighted work publicly” (emphasis added)); § 101 (“To perform ... a work ‘publicly’ means [among other things] to transmit... a performance ... of the work ... to the public ...” (emphasis added)). Phrased another way, does Aereo “transmit... a performance” when a subscriber watches a show using Aereo’s system, or is it only the subscriber who transmits? In Aereo’s view, it does not perform. It does no more than supply equipment that “emulate[s] the operation of a home antenna and [digital video recorder (DVR)].” Like a home antenna and DVR, Aereo’s equipment simply responds to its subscribers’ directives. So it is only the subscribers who “perform” when they use Aereo’s equipment to stream television programs to themselves.

Considered alone, the language of the Act does not clearly indicate when an entity “perform[s]” (or “transmit[s]”) and when it merely supplies equipment that allows others to do so. But when read in light of its purpose, the Act is unmistakable: An entity that engages in activities like Aereo’s performs.

A

History makes plain that one of Congress’ primary purposes in amending the Copyright Act in 1976 was to overturn this Court’s determination that community antenna television (CATV) systems (the precursors of modern cable systems) fell outside the Act’s scope. In *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390, (1968), the Court considered a CATV system that carried local television broadcasting, much of which was copyrighted, to its subscribers in two cities. The CATV provider placed antennas on hills above the cities and used coaxial cables to carry the signals received by the antennas to the home television sets of its

subscribers. The system amplified and modulated the signals in order to improve their strength and efficiently transmit them to subscribers. A subscriber “could choose any of the ... programs he wished to view by simply turning the knob on his own television set.” *Id.*, at 392. The CATV provider “neither edited the programs received nor originated any programs of its own.” *Ibid.*

Asked to decide whether the CATV provider infringed copyright holders’ exclusive right to perform their works publicly, the Court held that the provider did not “perform” at all. The Court drew a line: “Broadcasters perform. Viewers do not perform.” 392 U.S., at 398. And a CATV provider “falls on the viewer’s side of the line.” *Id.*, at 399.

The Court reasoned that CATV providers were unlike broadcasters:

Broadcasters select the programs to be viewed; CATV systems simply carry, without editing, whatever programs they receive. Broadcasters procure programs and propagate them to the public; CATV systems receive programs that have been released to the public and carry them by private channels to additional viewers.

Id., at 400.

Instead, CATV providers were more like viewers, for “the basic function [their] equipment serves is little different from that served by the equipment generally furnished by” viewers. *Id.*, at 399. “Essentially,” the Court said, “a CATV system no more than enhances the viewer’s capacity to receive the broadcaster’s signals [by] provid[ing] a well-located antenna with an efficient connection to the viewer’s television set.” *Ibid.* Viewers do not become performers by using “amplifying equipment,” and a CATV provider should not be treated differently for providing viewers the same equipment. *Id.*, at 398-400.

In *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*, 415 U.S. 394 (1974), the Court considered the copyright liability of a CATV provider that carried broadcast television programming into subscribers’ homes from hundreds of miles away. Although the Court recognized that a viewer might not be able to afford amplifying equipment that would provide access to those distant signals, it nonetheless found that the CATV provider was more like a viewer than a broadcaster. *Id.*, at 408-409. It explained: “The reception and rechanneling of [broadcast television signals] for simultaneous viewing is essentially a viewer function, irrespective of the distance between the broadcasting station and the ultimate viewer.” *Id.*, at 408.

The Court also recognized that the CATV system exercised some measure of choice over what to transmit. But that fact did not transform the CATV system into a broadcaster. A broadcaster exercises significant creativity in choosing what to air, the Court reasoned. *Id.*, at 410. In contrast, the CATV provider makes an initial choice about which broadcast stations to retransmit, but then “simply carries, without editing, whatever programs it receives.” *Ibid.*

B

In 1976 Congress amended the Copyright Act in large part to reject the Court’s holdings in *Fortnightly* and *Teleprompter*. Congress enacted new language that erased the Court’s line between broadcaster and viewer, in respect to “perform[ing]” a work. The amended statute clarifies that to “perform” an audiovisual work means “to show

its images in any sequence or to make the sounds accompanying it audible.” § 101; see *ibid.* (defining “audiovisual works” as “works that consist of a series of related images which are intrinsically intended to be shown by the use of machines..., together with accompanying sounds”). Under this new language, both the broadcaster and the viewer of a television program “perform,” because they both show the program’s images and make audible the program’s sounds.

Congress also enacted the Transmit Clause, which specifies that an entity performs publicly when it “transmit[s] ... a performance ... to the public.” § 101; see *ibid.* (defining “[t]o `transmit’ a performance” as “to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent”). Cable system activities, like those of the CATV systems in *Fortnightly* and *Teleprompter*, lie at the heart of the activities that Congress intended this language to cover. See H.R. Rep., at 63 (“[A] cable television system is performing when it retransmits [a network] broadcast to its subscribers”); see also *ibid.* (“The concept of public performance ... covers not only the initial rendition or showing, but also any further act by which that rendition or showing is transmitted or communicated to the public”). The Clause thus makes clear that an entity that acts like a CATV system itself performs, even if when doing so, it simply enhances viewers’ ability to receive broadcast television signals.

Congress further created a new section of the Act to regulate cable companies’ public performances of copyrighted works. See § 111. Section 111 creates a complex, highly detailed compulsory licensing scheme that sets out the conditions, including the payment of compulsory fees, under which cable systems may retransmit broadcasts. House Report at 88 (Section 111 is primarily “directed at the operation of cable television systems and the terms and conditions of their liability for the retransmission of copyrighted works”).

Congress made these three changes to achieve a similar end: to bring the activities of cable systems within the scope of the Copyright Act.

C

This history makes clear that Aereo is not simply an equipment provider. Rather, Aereo, and not just its subscribers, “perform[s]” (or “transmit[s]”). Aereo’s activities are substantially similar to those of the CATV companies that Congress amended the Act to reach. See *id.*, at 89 (“Cable systems are commercial enterprises whose basic retransmission operations are based on the carriage of copyrighted program material”). Aereo sells a service that allows subscribers to watch television programs, many of which are copyrighted, almost as they are being broadcast. In providing this service, Aereo uses its own equipment, housed in a centralized warehouse, outside of its users’ homes. By means of its technology (antennas, transcoders, and servers), Aereo’s system “receive[s] programs that have been released to the public and carr[ies] them by private channels to additional viewers.” *Fortnightly*, 392 U.S., at 400. It “carr[ies] ... whatever programs [it] receive[s],” and it offers “all the programming” of each over-the-air station it carries. *Id.*, at 392, 400.

Aereo’s equipment may serve a “viewer function”; it may enhance the viewer’s ability to receive a broadcaster’s programs. It may even emulate equipment a viewer could

use at home. But the same was true of the equipment that was before the Court, and ultimately before Congress, in *Fortnightly* and *Teleprompter*.

We recognize, and Aereo and the dissent emphasize, one particular difference between Aereo's system and the cable systems at issue in *Fortnightly* and *Teleprompter*. The systems in those cases transmitted constantly; they sent continuous programming to each subscriber's television set. In contrast, Aereo's system remains inert until a subscriber indicates that she wants to watch a program. Only at that moment, in automatic response to the subscriber's request, does Aereo's system activate an antenna and begin to transmit the requested program.

This is a critical difference, says the dissent. It means that Aereo's subscribers, not Aereo, select the copyrighted content that is performed, and for that reason they, not Aereo, "transmit" the performance. Aereo is thus like "a copy shop that provides its patrons with a library card." A copy shop is not directly liable whenever a patron uses the shop's machines to "reproduce" copyrighted materials found in that library. See § 106(1) ("exclusive right ... to reproduce the copyrighted work"). And by the same token, Aereo should not be directly liable whenever its patrons use its equipment to "transmit" copyrighted television programs to their screens.

In our view, however, the dissent's copy shop argument, in whatever form, makes too much out of too little. Given Aereo's overwhelming likeness to the cable companies targeted by the 1976 amendments, this sole technological difference between Aereo and traditional cable companies does not make a critical difference here. The subscribers of the *Fortnightly* and *Teleprompter* cable systems also selected what programs to display on their receiving sets. Indeed, as we explained in *Fortnightly*, such a subscriber "could choose any of the ... programs he wished to view by simply turning the knob on his own television set." 392 U.S., at 392. The same is true of an Aereo subscriber. Of course, in *Fortnightly* the television signals, in a sense, lurked behind the screen, ready to emerge when the subscriber turned the knob. Here the signals pursue their ordinary course of travel through the universe until today's "turn of the knob" — a click on a website — activates machinery that intercepts and reroutes them to Aereo's subscribers over the Internet. But this difference means nothing to the subscriber. It means nothing to the broadcaster. We do not see how this single difference, invisible to subscriber and broadcaster alike, could transform a system that is for all practical purposes a traditional cable system into "a copy shop that provides its patrons with a library card."

In other cases involving different kinds of service or technology providers, a user's involvement in the operation of the provider's equipment and selection of the content transmitted may well bear on whether the provider performs within the meaning of the Act. But the many similarities between Aereo and cable companies, considered in light of Congress' basic purposes in amending the Copyright Act, convince us that this difference is not critical here. We conclude that Aereo is not just an equipment supplier and that Aereo "perform[s]."

III

Next, we must consider whether Aereo performs petitioners' works "publicly," within the meaning of the Transmit Clause. Under the Clause, an entity performs a work publicly when it "transmit[s]... a performance ... of the work ... to the public." §

101. Aereo denies that it satisfies this definition. It reasons as follows: First, the “performance” it “transmit[s]” is the performance created by its act of transmitting. And second, because each of these performances is capable of being received by one and only one subscriber, Aereo transmits privately, not publicly. Even assuming Aereo’s first argument is correct, its second does not follow.

We begin with Aereo’s first argument. What performance does Aereo transmit? Under the Act, “to ‘transmit’ a performance... is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent.” And “to ‘perform’” an audiovisual work means “to show its images in any sequence or to make the sounds accompanying it audible.”

Petitioners say Aereo transmits a prior performance of their works. Thus when Aereo retransmits a network’s prior broadcast, the underlying broadcast (itself a performance) is the performance that Aereo transmits. Aereo, as discussed above, says the performance it transmits is the new performance created by its act of transmitting. That performance comes into existence when Aereo streams the sounds and images of a broadcast program to a subscriber’s screen.

We assume *arguendo* that Aereo’s first argument is correct. Thus, for present purposes, to transmit a performance of (at least) an audiovisual work means to communicate contemporaneously visible images and contemporaneously audible sounds of the work. Cf. *United States v. American Soc. of Composers, Authors and Publishers*, 627 F.3d 64, 73 (2nd Cir. 2010) (holding that a download of a work is not a performance because the data transmitted are not “contemporaneously perceptible”). When an Aereo subscriber selects a program to watch, Aereo streams the program over the Internet to that subscriber. Aereo thereby “communicate[s]” to the subscriber, by means of a “device or process,” the work’s images and sounds. § 101. And those images and sounds are contemporaneously visible and audible on the subscriber’s computer (or other Internet-connected device). So under our assumed definition, Aereo transmits a performance whenever its subscribers watch a program.

But what about the Clause’s further requirement that Aereo transmit a performance “to the public”? As we have said, an Aereo subscriber receives broadcast television signals with an antenna dedicated to him alone. Aereo’s system makes from those signals a personal copy of the selected program. It streams the content of the copy to the same subscriber and to no one else. One and only one subscriber has the ability to see and hear each Aereo transmission. The fact that each transmission is to only one subscriber, in Aereo’s view, means that it does not transmit a performance “to the public.”

In terms of the Act’s purposes, these differences do not distinguish Aereo’s system from cable systems, which do perform “publicly.” Viewed in terms of Congress’ regulatory objectives, why should any of these technological differences matter? They concern the behind-the-scenes way in which Aereo delivers television programming to its viewers’ screens. They do not render Aereo’s commercial objective any different from that of cable companies. Nor do they significantly alter the viewing experience of Aereo’s subscribers. Why would a subscriber who wishes to watch a television show care much whether images and sounds are delivered to his screen via a large multisubscriber antenna or one small dedicated antenna, whether

they arrive instantaneously or after a few seconds' delay, or whether they are transmitted directly or after a personal copy is made? And why, if Aereo is right, could not modern CATV systems simply continue the same commercial and consumer-oriented activities, free of copyright restrictions, provided they substitute such new technologies for old? Congress would as much have intended to protect a copyright holder from the unlicensed activities of Aereo as from those of cable companies.

The text of the Clause effectuates Congress' intent. Aereo's argument to the contrary relies on the premise that "to transmit ... a performance" means to make a single transmission. But the Clause suggests that an entity may transmit a performance through multiple, discrete transmissions. That is because one can "transmit" or "communicate" something through a set of actions. Thus one can transmit a message to one's friends, irrespective of whether one sends separate identical e-mails to each friend or a single e-mail to all at once. So can an elected official communicate an idea, slogan, or speech to her constituents, regardless of whether she communicates that idea, slogan, or speech during individual phone calls to each constituent or in a public square.

The fact that a singular noun ("a performance") follows the words "to transmit" does not suggest the contrary. One can sing a song to his family, whether he sings the same song one-on-one or in front of all together. Similarly, one's colleagues may watch a performance of a particular play — say, this season's modern-dress version of "Measure for Measure" — whether they do so at separate or at the same showings. By the same principle, an entity may transmit a performance through one or several transmissions, where the performance is of the same work.

The Transmit Clause must permit this interpretation, for it provides that one may transmit a performance to the public "whether the members of the public capable of receiving the performance ... receive it ... at the same time or at different times." § 101. Were the words "to transmit ... a performance" limited to a single act of communication, members of the public could not receive the performance communicated "at different times." Therefore, in light of the purpose and text of the Clause, we conclude that when an entity communicates the same contemporaneously perceptible images and sounds to multiple people, it transmits a performance to them regardless of the number of discrete communications it makes.

We do not see how the fact that Aereo transmits via personal copies of programs could make a difference. The Act applies to transmissions "by means of any device or process." *Ibid.* And retransmitting a television program using user-specific copies is a "process" of transmitting a performance. A "copy" of a work is simply a "material object ... in which a work is fixed ... and from which the work can be perceived, reproduced, or otherwise communicated." *Ibid.* So whether Aereo transmits from the same or separate copies, it performs the same work; it shows the same images and makes audible the same sounds. Therefore, when Aereo streams the same television program to multiple subscribers, it "transmit[s] ... a performance" to all of them.

Moreover, the subscribers to whom Aereo transmits television programs constitute "the public." Aereo communicates the same contemporaneously perceptible images

and sounds to a large number of people who are unrelated and unknown to each other. This matters because, although the Act does not define “the public,” it specifies that an entity performs publicly when it performs at “any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered.” *Ibid.* The Act thereby suggests that “the public” consists of a large group of people outside of a family and friends.

Neither the record nor Aereo suggests that Aereo’s subscribers receive performances in their capacities as owners or possessors of the underlying works. This is relevant because when an entity performs to a set of people, whether they constitute “the public” often depends upon their relationship to the underlying work. When, for example, a valet parking attendant returns cars to their drivers, we would not say that the parking service provides cars “to the public.” We would say that it provides the cars to their owners. We would say that a car dealership, on the other hand, does provide cars to the public, for it sells cars to individuals who lack a pre-existing relationship to the cars. Similarly, an entity that transmits a performance to individuals in their capacities as owners or possessors does not perform to “the public,” whereas an entity like Aereo that transmits to large numbers of paying subscribers who lack any prior relationship to the works does so perform.

Finally, we note that Aereo’s subscribers may receive the same programs at different times and locations. This fact does not help Aereo, however, for the Transmit Clause expressly provides that an entity may perform publicly “whether the members of the public capable of receiving the performance ... receive it in the same place or in separate places and at the same time or at different times.” *Ibid.* In other words, “the public” need not be situated together, spatially or temporally. For these reasons, we conclude that Aereo transmits a performance of petitioners’ copyrighted works to the public, within the meaning of the Transmit Clause.

IV

Aereo and many of its supporting amici argue that to apply the Transmit Clause to Aereo’s conduct will impose copyright liability on other technologies, including new technologies, that Congress could not possibly have wanted to reach. We agree that Congress, while intending the Transmit Clause to apply broadly to cable companies and their equivalents, did not intend to discourage or to control the emergence or use of different kinds of technologies. But we do not believe that our limited holding today will have that effect.

For one thing, the history of cable broadcast transmissions that led to the enactment of the Transmit Clause informs our conclusion that Aereo “perform[s],” but it does not determine whether different kinds of providers in different contexts also “perform.” For another, an entity only transmits a performance when it communicates contemporaneously perceptible images and sounds of a work. See Brief for Respondent 31 (“If a distributor ... sells [multiple copies of a digital video disc] by mail to consumers, ... [its] distribution of the DVDs merely makes it possible for the recipients to perform the work themselves — it is not a ‘device or process’ by which the distributor publicly performs the work” (emphasis in original)).

Further, we have interpreted the term “the public” to apply to a group of individuals acting as ordinary members of the public who pay primarily to watch broadcast

television programs, many of which are copyrighted. We have said that it does not extend to those who act as owners or possessors of the relevant product. And we have not considered whether the public performance right is infringed when the user of a service pays primarily for something other than the transmission of copyrighted works, such as the remote storage of content. See Brief for United States as Amicus Curiae 31 (distinguishing cloud-based storage services because they “offer consumers more numerous and convenient means of playing back copies that the consumers have already lawfully acquired” (emphasis in original)). In addition, an entity does not transmit to the public if it does not transmit to a substantial number of people outside of a family and its social circle.

We also note that courts often apply a statute’s highly general language in light of the statute’s basic purposes. Finally, the doctrine of “fair use” can help to prevent inappropriate or inequitable applications of the Clause. See *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).

We cannot now answer more precisely how the Transmit Clause or other provisions of the Copyright Act will apply to technologies not before us. We agree with the Solicitor General that questions involving cloud computing, remote storage DVRs, and other novel issues not before the Court, as to which Congress has not plainly marked the course, should await a case in which they are squarely presented. And we note that, to the extent commercial actors or other interested entities may be concerned with the relationship between the development and use of such technologies and the Copyright Act, they are of course free to seek action from Congress.

* * *

In sum, having considered the details of Aereo’s practices, we find them highly similar to those of the CATV systems in *Fortnightly* and *Teleprompter*. And those are activities that the 1976 amendments sought to bring within the scope of the Copyright Act. Insofar as there are differences, those differences concern not the nature of the service that Aereo provides so much as the technological manner in which it provides the service. We conclude that those differences are not adequate to place Aereo’s activities outside the scope of the Act.

For these reasons, we conclude that Aereo “perform[s]” petitioners’ copyrighted works “publicly,” as those terms are defined by the Transmit Clause. We therefore reverse the contrary judgment of the Court of Appeals, and we remand the case for further proceedings consistent with this opinion.

It is so ordered.

Notes and questions

(1) *The false premise motivating the holding in Aereo.* Both the Supreme Court majority and the dissenting opinion in the Court of Appeals below seemed to believe that if Aereo were not directly liable under the public performance right, it would fall through a loophole in copyright law. Not so. Even if Aereo had in fact avoided making transmissions constituting public performances, it only managed to do so by infringing the copyright owners’ reproduction rights with every copy of every work recorded. The studios did not want to

fight this case on this ground however because they were concerned that, following *Sony*, a court might hold that such time-shifting copies were fair use. The defendant in *Cablevision* was certainly in a good position to make that argument, but unlike the remote DVR in that case, Aereo's service was an unlikely candidate for fair use.

Holding that a remote DVR is fair use would be logical extension of the Supreme Court's 1984 Sony Betamax decision, *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984). Like a VCR, a DVR simply allows the consumer to do that which they were already authorized to do more conveniently. No doubt, Aereo would make the same argument with respect to its service, but there is one critical difference. Judge Chin's intuition that Aereo's design was a mere "Rube Goldberg-like contrivance, over-engineered in an attempt to avoid the reach of the Copyright Act,"¹⁵⁹ was spot on; however a technological contrivance should not be the foundation for a legal contrivance. The very fact of Aereo's contrivance to avoid the public performance right is the reason why its fair use claim should have failed if tested. Congress amended the Copyright Act in 1976 to make the retransmission of free to air television broadcasts an additional copyright tolling point. The origins of the fair use doctrine can be traced all the way back to English cases giving a purposive interpretation to the original Statute of Anne;¹⁶⁰ there could not be a better argument against fair use than the fact that Aereo's service was designed to defeat the clear purpose of the statute.

(2) *The transmission is the performance.* The question at the heart of the *Aereo* case was under what circumstances should individual transmissions be regarded as transmissions of a performance to the public. The first step in answering this question is distinguishing between *the transmission of a copyrighted work to the public*, and *the transmission of a performance of the copyrighted work to the public*—the latter being what the Transmit Clause actually says. It might seem like hair-splitting, but it is important to realize that the performance that a service like Aereo transmits is not the performance transmitted to it by the television broadcasters. Aereo's performance that it transmits is the new performance created by its act of transmitting. This follows from the statutory definition in Section 101 whereby to "transmit a performance ... is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent."

Justice Breyer was willing to assume that Aereo and the Second Circuit were correct in this point and that the relevant performance referred to in the Transmit Clause is not the copyright owners' initial broadcast, but the new performance created by Aereo's act of transmitting. At 2508, he said:

That performance comes into existence when Aereo streams the sounds and images of a broadcast program to a subscriber's screen. ... Thus, for present purposes, to transmit a performance of (at least) an audiovisual work means to communicate contemporaneously visible images and contemporaneously audible sounds of the work.

If the Court had held otherwise it would have not only overturned *Cablevision*, but also *United States v. American Soc. of Composers, Authors and Publishers*, 627 F.3d 64, 73 (2d Cir. 2010)

¹⁵⁹ *Wnet, Thirteen v. Aereo, Inc.*, 712 F. 3d 676, 697 (2d Cir. 2013).

¹⁶⁰ See Matthew Sag, *The Pre-History of Fair Use*, 76 BROOKLYN L. REV. 1371 (2011) (discussing *Gyles v. Wilcox* 26 Eng. Rep. 489 [1741] and other cases).

(holding that a download of a work is not a performance because the data transmitted are not “contemporaneously perceptible”).

(3) The second step in understanding the *Aereo* case is to focus in on when individual transmissions should be regarded as transmissions to the public. *Aereo* designed its service so that each customer had a dedicated receiver and the system made individual dedicated copies for each customer of every work recorded and transmitted. In *Cablevision*, that fact that transmissions originated from user-specific copies was one factor that indicated to the Second Circuit that the transmissions were private, not public. In *Aereo*, the Second Circuit appeared to go further and hold that this was decisive. The majority of the Supreme Court rejected this view in *Aereo*, but it is not entirely clear what replaced it. The majority rejects this reasoning, at least in the context of a service such as *Aereo*’s.

(4) One reason Justice Breyer gives for treating *Aereo*’s as public rather than private is that the system as whole was obviously analogous a cable system. Breyer dismissed the technical differences between *Aereo* and a cable system as irrelevant and concluded that “Congress, ... intend[ed] the Transmit Clause to apply broadly to cable companies and their equivalents[.]” For the majority, *Aereo*’s attempt to sidestep liability for public performance by interposing discrete copies did not distinguish its service from that of a cable system in terms of Congress’s regulatory objectives. Does the ‘looks like a cable system’ test provide much guidance for other technologies?

(5) One could also read the majority’s decision as going well beyond those technologies that might look like a cable system. Breyer concludes (at 2509) that “when *Aereo* streams the same television program to multiple subscribers, it ‘transmit[s] ... a performance’ to all of them.” The Transmit Clause indicates that t one may transmit a performance to the public capable of receiving it at the same time or at different times. For Breyer, this necessarily implies that “an entity may transmit a performance through one or several transmissions, where the performance is of the same work.” For Breyer, the fact that asynchronous transmissions were made from different copies the work was irrelevant in this context (at 2509):

when an entity communicates the same contemporaneously perceptible images and sounds to multiple people, it transmits a performance to them regardless of the number of discrete communications it makes.

(6) The majority clearly did not intend that discrete communications of the same work (but not the same copy of a work) should always be aggregated. As Breyer explained, whether a group of people constitutes ‘the public’ depends upon their relationship to the underlying work:

... an entity that transmits a performance to individuals in *their capacities as owners or possessors* does not perform to ‘the public,’ whereas an entity like *Aereo* that transmits to large numbers of paying subscribers *who lack any prior relationship to the works does so perform*. (at 2510) (emphasis added)

What does it mean to have a prior relationship to the work? What kinds of things was the majority trying to exclude?

(7) How should we understand the terms of “owners or possessors” in this context? What about “relationship to the work”? Suppose an individual is the lawful possessor of a copy of a work, but her use of that work is restricted by a license agreement. If the individual uploads a copy to Dropbox in violation of her license agreement and then initiates a

transmission to herself from that copy, would the Court treat that as a public or a non-public performance?

(8) In *In re Cellco Partnership* 663 F. Supp. 2d 363, 371–74 (S.D.N.Y. 2009), the district court held that downloading a ringtone to a cell phone is a reproduction but not a public performance.¹⁶¹ One of clearest implications of *Aereo* is that the Supreme Court has maintained this distinction between downloading and streaming (the former being a copy, the latter being a performance). The majority agreed (at 2507) that “an entity only transmits a performance when it communicates contemporaneously perceptible images and sounds of a work.”

(9) Justice Scalia, in dissent (joined by Thomas and Alito), argued that Aereo did not perform at all since it lacked the requisite volition. Scalia distinguished video-on-demand services from services like Aereo because, in the former case, the service provider chose the content and in Aereo’s case the users chose the content. Scalia argued that the conduct of service providers like Aereo would be better regulated through doctrines of secondary liability. The majority in *Aereo* does not engage with the distinction between direct and contributory copyright liability, nor does it directly address the cases on the ‘volitional conduct doctrine’. It simply holds that (i) cable systems perform, (ii) Aereo is like a cable system, thus (iii) Aereo performs. The question of who performs/copies/displays comes up in various technological contexts and it addressed separately under in the unit on “volitional conduct.” The volitional act requirement is addressed in a separate set of notes.

(10) For an excellent discussion of *Aereo* and its unanswered questions, see Rebecca Giblin & Jane C. Ginsburg, *We (Still) Need to Talk About Aereo: New Controversies and Unresolved Questions After the Supreme Court’s Decision*, 38 Columbia Journal of Law & Arts 109 (2015)..¹⁶²

The “Homestyle” and Other Exceptions to the public performance right

The Copyright Act contains a number of specific exceptions to the performance right. There is an exception for performances by teachers or students in the classroom during the course of face-to-face teaching activities—Section 110(1). Performances during the course of services at a place of religious worship do not infringe the performance right Section 110(3)

The copyright act also contains a broad exemption for public performances of nondramatic literary and musical works provided the performance is not made for the purpose of commercial advantage, the performers are not paid, and there is no admission charge etc. Section 110 (4).

Although Congress overturned the court’s reading of the performance right in *Aikin*, the ability of certain small businesses to play the radio for their customers is preserved under what is generally call the *Homestyle Exception*—Section 110 (5). The European Union successfully challenged this exception in a WTO proceeding against the United States. The *Homestyle Exception* was found to be excessively broad, but remains part of U.S. law nonetheless.

¹⁶¹ See also, *United States v. Am. Soc’y of Composers, Authors and Publishers*, 485 F.Supp.2d 438 (S.D.N.Y.2007).

¹⁶² See also a short unpublished paper by Matthew Sag, *The Uncertain Scope of the Public Performance Right After Aereo* (2014), available at <https://ssrn.com/abstract=2529047>.

Cable & Satellite Licenses

Just like in the aftermath to *Apollo v. White Smith*, in the aftermath of the CATV cases discussed above Congress created a new section of the Act to regulate cable companies' public performances of copyrighted works. Section 111 creates a complex, highly detailed compulsory licensing scheme that sets out the conditions, including the payment of compulsory fees, under which cable systems may retransmit broadcasts. There is also an analogous compulsory license available to satellite carriers in Section 119 of the Copyright Act.

Section 118 of the copyright act gives noncommercial educational broadcast stations an antitrust exemption to bargain with copyright owners to determine royalty rates for the use of copyrighted works in their programming. Section 118 also provides a mechanism for determining a compulsory license for certain categories of work if no agreement is reached.

Note that the retransmission of broadcast television signals over the Internet has been held not to be a secondary transmission eligible for the compulsory license for secondary transmissions by cable systems under Section 111(c) of the Copyright Act.

This issue arose as a question of first impression in *WPIX, Inc. v. ivi, Inc.*, 691 F.3d 275 (2d Cir. 2012) and was answered in the negative by the Second Circuit.¹⁶³ One district court held to the contrary but was overruled in *Fox Television Stations, Inc v. Aereo, LLC*, 851 F.3d 1002 (9th Cir. 2017) (Internet-based retransmission service was not cable system, and thus it was ineligible for compulsory license for retransmission of broadcast television networks' copyrighted works). In May 2017, FilmOn settled with the broadcasters and withdrew its appeals in the Seventh Circuit and the DC Circuit.

¹⁶³ See also, *CBS Broadcasting Inc. v. FilmOn.com, Inc.*, 814 F.3d 91, 98-100 n.3, 44 Media L. Rep. (BNA) 1347, 117 U.S.P.Q.2d 1685 (2d Cir. 2016); *Filmon X, LLC v. Window to the World Communications, Inc.*, 118 U.S.P.Q.2d 1001, 2016 WL 1161276 (N.D. Ill. 2016); *Fox Television Stations, Inc. v. FilmOn X LLC*, 2015 Copr. L. Dec. P 30855, 2015 WL 7761052 (D.D.C. 2015); *American Broadcasting Companies, Inc. v. Aereo, Inc.*, 42 Media L. Rep. (BNA) 2541, 112 U.S.P.Q.2d 1582, 2014 WL 5393867, *3-6 (S.D. N.Y. 2014).

17. SECONDARY LIABILITY FOR COPYRIGHT INFRINGEMENT

International framework

Neither the TRIPs Agreement nor the Berne Convention says anything about secondary liability.

[Placeholder: A future draft of these notes might consider why Berne and TRIPs say nothing about secondary liability and add some discussion of the U.S. Digital Agenda in the mid-1990s. There are important linkages between temporary copy, volitional copy and secondary liability that worth exploring, but that exploration will have to wait for another day.]

Secondary Liability for Copyright Infringement in the United States

Justifications for secondary liability

To say that a person is secondarily liable for copyright infringement means that she is held for the infringing acts of another. Why should non-infringers be deemed infringers? Generally the answer is that the actions of the direct infringer were sufficiently within their knowledge and/or control.

Secondary liability is extremely important because device makers, concert venues, Internet platforms, Internet access providers and the like, are often much easier targets for enforcement actions than direct infringers whose conduct they may have a chance to influence. As the Supreme Court explained in *MGM Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), a decision concerning online file sharing software,

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

Secondary liability doctrines have grown more important and more difficult as supply chains have become longer, less vertically integrated.

Statutory Basis

Although the Copyright Act does not expressly impose liability on anyone other than direct infringers, as the Supreme Court explained in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 435 (1984)

... vicarious liability is imposed in virtually all areas of the law, and the concept of contributory infringement is merely a species of the broader problem of identifying circumstances in which it is just to hold one individually accountable for the actions of another.

Sony reflects the presumption that Congress intended to adopt the principles of secondary liability that had developed under the 1909 Act, which was also silent on the issue. This is just one more illustration of the fact that there are no textualist judges when it comes to interpreting the Copyright Act.

Types of secondary liability

Copyright's secondary liability doctrines arose out of case-by-case adjudication, often without much explanation or coherent theoretical justification. The standards are different to secondary liability in trademark law, for no obvious reason.¹⁶⁴ Since *MGM Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), courts typically classify secondary liability into three headings: *contributory* copyright infringement, *vicarious* copyright infringement, and liability for *inducing* copyright infringement (or just *inducement*). However, inducement may simply be a subset of contributory liability rather than a distinct species of secondary liability.

Shapiro, Bernstein & Co. v. H. L. Green Co., 316 F.2d 304 (2 Cir. 1963)

In *Shapiro, Bernstein & Co. v. H. L. Green Co.*, the defendant department store chain (Green) was held accountable for the infringing sale of pirated records manufactured and sold by its retailing concessionaire (Jalen). Under the terms of the concession agreement Green retained the ultimate right of supervision over the conduct of Jalen and received as rental a percentage of the concessionaire's gross sales. In effect, the defendant outsourced its record departments to Jalen and the relationship was structured as a licensing arrangement in which the defendant received 10% or 12% of the direct infringer's gross receipts.

The court discussed the so-called "dance hall cases," in which the venue was held liable for on-site infringements: see e.g., *Famous Music Corp. v. Bay State Harness Horse Racing & Breeding Assn., Inc.*, 554 F. 2d 1213 (CA1 1977) (racetrack retained infringer to supply music to paying customers); *KECA Music, Inc. v. Dingus McGee's Co.*, 432 F. Supp. 72 (WD Mo. 1977) (cocktail lounge hired musicians to supply music to paying customers); *Dreamland Ball Room, Inc. v. Shapiro, Bernstein & Co.*, 36 F. 2d 354 (CA7 1929) (dance hall hired orchestra to supply music to paying customers). The Court contrast these with the so-called "landlord-tenant cases", in which landlords who leased premises to a direct infringer for a fixed rental and did not participate directly in any infringing activity were found not to be liable for contributory infringement. See e.g., *Deutsch v. Arnold*, 98 F. 2d 686 (CA2 1938).

Although vicarious liability was initially predicated upon the agency doctrine of respondeat superior, the court of appeals in *Shapiro* declined to attach any special significance to the technical classification of the Green-Jalen relationship. The Second Circuit held that even in the absence of an employer-employee relationship one may be vicariously liable if he has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities.

The court of appeals in *Shapiro* concluded (at 308):

¹⁶⁴ In *Sony v. Universal City Studios*, at footnote 19, Justice Stevens states: "Given the fundamental differences between copyright law and trademark law, in this copyright case we do not look to the standard for contributory infringement set forth in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 854-855 (1982), which was crafted for application in trademark cases. There we observed that a manufacturer or distributor could be held liable to the owner of a trademark if it intentionally induced a merchant down the chain of distribution to pass off its product as that of the trademark owner's or if it continued to supply a product which could readily be passed off to a particular merchant whom it knew was mislabeling the product with the trademark owner's mark. If *Inwood's* narrow standard for contributory trademark infringement governed here, respondents' claim of contributory infringement would merit little discussion. Sony certainly does not "intentionally induce" its customers to make infringing uses of respondents' copyrights, nor does it supply its products to identified individuals known by it to be engaging in continuing infringement of respondents' copyrights."

[The dance-hall cases] and this one lie closer on the spectrum to the employer-employee model, than to the landlord-tenant model. On the particular facts before us, Green's relationship to its infringing licensee, as well as its strong concern for the financial success of the phonograph record concession, renders it liable for the unauthorized sales of the 'bootleg' records.

The imposition of vicarious liability in the case before us cannot be deemed unduly harsh or unfair. Green has the power to police carefully the conduct of its concessionaire; our judgment will simply encourage it to do so, thus placing responsibility where it can and should be effectively exercised.

Gershwin Pub. Corp. v. Columbia Artist Management, Inc., 443 F.2d 1159 (2d Cir. 1971)

Circuit Judge Anderson

The American Society of Composers, Authors, and Publishers (ASCAP) brought this copyright infringement action against Columbia Artists Management, Inc. (CAMI) to determine whether CAMI is liable for and can be compelled to pay license fees when musical compositions in the ASCAP repertory are performed at concerts sponsored by local community concert associations promoted by CAMI. In this test litigation CAMI concedes that on January 9, 1965 concert artists managed by it performed "Bess, You Is My Woman Now" publicly for profit at a concert sponsored by the Port Washington Community Concert Association without the permission of plaintiff Gershwin Publishing Company, the copyright proprietor, and that the performing artists and local association are, therefore, liable for infringement under the Copyright Act, 17 U.S.C. §§ 1(e), 101 (1964). CAMI takes the position that its participation in that infringing performance did not render it jointly and severally liable for copyright infringement. The district court granted summary judgment for the plaintiff upon its finding that CAMI had caused the copyright infringement by "organizing, supervising and controlling" the local organization and by "knowingly participating" in its infringement. We affirm.

The relevant facts and circumstances out of which the issue of law has arisen are the following.

CAMI engages in two business enterprises. One of them is acting as manager for concert artists, including booking them with professional impresarios. The other has to do with creating local organizations which produce the audiences for these artists in communities too small to support a commercial promoter. Its Community Concert Division, which is responsible for CAMI's second enterprise, organizes, nurtures and maintains hundreds of local non-profit organizations, called "Community Concert Associations," which sponsor annual concert series at which CAMI-managed artists appear.

The formation and operation of the unincorporated associations follow the same pattern throughout the country. After it is determined that community demand is sufficient to support at least three concerts each season, a CAMI field representative contacts local citizens and engineers the formation of an association. As each concert season approaches, the field representative reviews with association officers a proposed budget, assists their tentative selection of artists, and helps to plan and

carry through a one-week membership campaign during which memberships entitling the purchaser to attend the concert series are sold to the public. With local officials he also compiles a report of the campaign's proceeds, and prepares the actual budget and the artists' contracts. CAMI's involvement with the Port Washington association followed this pattern in 1964.

CAMI is compensated for its "audience creation" in two ways. Artists performing at community concerts, whether managed by CAMI or not, pay a "differential," which may amount to as much as twenty-five per cent of their gross fee, for services rendered by CAMI in the formation and direction of local associations. In addition artists managed by CAMI pay it a management charge of fifteen per cent of the artist's fee after deducting the "differential." CAMI therefore makes money through the reimbursement of its expenses, plus a percentage for profit for the nurturing of local associations; and artists who perform before the association's audiences pay a commission to CAMI for management.

Once an artist's community concert season has been so arranged, CAMI's "program girl" contacts him and obtains the titles of the musical compositions to be performed that season. CAMI then commissions the printing of concert programs, with its name prominently displayed on the cover, and sells them to the local associations on the artist's tour. CAMI stipulated that it deliberately made no effort to obtain copyright clearance for musical compositions included in the programs and performed at community concerts. Such clearance was, in its view, unnecessary because it claims no responsibility for any infringement which might occur.

Section 1(e) of the Copyright Act bestows upon the copyright proprietor "the exclusive right to perform the copyrighted work publicly for profit," an interest which is protected by § 101 of the Act which holds accountable "any person [who] shall infringe the copyright." Although the Act does not specifically delineate what kind or degree of participation in an infringement is actionable, it has long been held that one may be liable for copyright infringement even though he has not himself performed the protected composition.

[The court discussed *Shapiro, Bernstein & Co. v. H. L. Green Co.*, holding that even in the absence of an employer-employee relationship one may be vicariously liable if he has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities.]

Similarly, one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a "contributory" infringer.

The district court properly held CAMI liable as a "vicarious" and a "contributory" infringer. With knowledge that its artists included copyrighted compositions in their performances, CAMI created the Port Washington audience as a market for those artists. CAMI's pervasive participation in the formation and direction of this association and its programming of compositions presented amply support the district court's finding that it "caused this copyright infringement." Although CAMI had no formal power to control either the local association or the artists for whom it served as agent, it is clear that the local association depended upon CAMI for direction in matters such as this, that CAMI was in a position to police the infringing

conduct of its artists, and that it derived substantial financial benefit from the actions of the primary infringers. CAMI knew that copyrighted works were being performed at the Port Washington concert and that neither the local association nor the performing artists would secure a copyright license. It was, therefore, responsible for, and vicariously liable as the result of, the infringement by those primary infringers.

Affirmed.

Notes and Questions

(1) The terms “contributory infringement” and “vicarious infringement” do not appear to have been used in a consistent way until the influential case of *Gershwin Pub. Corp. v. Columbia Artist Management, Inc.*, 443 F.2d 1159 (2d Cir. 1971). Contributory liability is usually said to have roots in the tort-law concepts of enterprise liability and imputed intent. In contrast, vicarious liability is said to be derived from the agency principle of respondeat superior. However, if contributory copyright infringement is rooted in tort law concepts of enterprise liability and imputed intent, why doesn’t it look more like those doctrines in modern tort law?

(2) As formulated in *Gershwin*, the basic test for contributory copyright infringement is a two-part requirement that the defendant (1) has *knowledge* of a third party’s infringing activity, and (2) induces, causes, or *materially contributes* to the infringing conduct. Thus, contributory copyright infringement requires knowledge and material contribution, but knowledge of what exactly, and what degree of contribution qualifies as material?

(3) As formulated in *Shapiro*, vicarious liability requires *the right and ability to supervise* the infringing activity and also a *direct financial interest* in such activities. If an employee infringes copyright while acting within the scope of her employment it is clear that the employer has (1) the right and ability to supervise the infringing conduct and (2) a direct financial interest in the infringing activity. However, it is unclear outside that context how broadly the elements of vicarious liability should be stretched to render non-infringers liable the infringing actions of others.

(4) The rationale for the Second Circuit’s expansion of the scope of liability in *Shapiro* makes sense—it found the policies of the copyright law would be best effectuated if Green were held liable for its failure to police the conduct of the primary infringer—but it also hard to see a clear limiting principle therein. In *Shapiro*, the department store had a very close relationship to the concessionaire and it had a “strong concern for [its] financial success.” It is not clear from *Shapiro* where either of these lines should be drawn in future cases.

Liability of Device Manufacturers and Service Providers

The Sony Safe Harbor

Sony Corporation of America v. Universal City Studios, Inc., 464 U.S. 417 (1984)

Justice Stevens delivered the opinion of the Court

Petitioners manufacture and sell home video tape recorders. Respondents own the copyrights on some of the television programs that are broadcast on the public

airwaves. Some members of the general public use video tape recorders sold by petitioners to record some of these broadcasts, as well as a large number of other broadcasts. The question presented is whether the sale of petitioners' copying equipment to the general public violates any of the rights conferred upon respondents by the Copyright Act.

...

The respondents and Sony both conducted surveys of the way the Betamax machine was used by several hundred owners during a sample period in 1978. Although there were some differences in the surveys, they both showed that the primary use of the machine for most owners was "time-shifting" — the practice of recording a program to view it once at a later time, and thereafter erasing it. Time-shifting enables viewers to see programs they otherwise would miss because they are not at home, are occupied with other tasks, or are viewing a program on another station at the time of a broadcast that they desire to watch. Both surveys also showed, however, that a substantial number of interviewees had accumulated libraries of tapes.

The Copyright Act does not expressly render anyone liable for infringement committed by another. In contrast, the Patent Act expressly brands anyone who "actively induces infringement of a patent" as an infringer, 35 U. S. C. § 271(b), and further imposes liability on certain individuals labeled "contributory" infringers, § 271(c). The absence of such express language in the copyright statute does not preclude the imposition of liability for copyright infringements on certain parties who have not themselves engaged in the infringing activity.¹⁷

Footnote 17: As the District Court correctly observed, however, "the lines between direct infringement, contributory infringement and vicarious liability are not clearly drawn." The lack of clarity in this area may, in part, be attributable to the fact that an infringer is not merely one who uses a work without authorization by the copyright owner, but also one who authorizes the use of a copyrighted work without actual authority from the copyright owner.

We note the parties' statements that the questions of Sony's liability under the "doctrines" of "direct infringement" and "vicarious liability" are not nominally before this Court. We also observe, however, that reasoned analysis of respondents' unprecedented contributory infringement claim necessarily entails consideration of arguments and case law which may also be forwarded under the other labels, and indeed the parties to a large extent rely upon such arguments and authority in support of their respective positions on the issue of contributory infringement.

For vicarious liability is imposed in virtually all areas of the law, and the concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another.

[Justice Stevens noted that in *Kalem Co. v. Harper Brothers*, 222 U. S. 55 (1911) the Court held that the producer of an unauthorized film dramatization of the copyrighted book *Ben Hur* liable for his sale of the motion picture to jobbers, who in turn arranged for the commercial exhibition of the film.] Respondents argue that *Kalem* stands for the proposition that supplying the "means" to accomplish an infringing activity and encouraging that activity through advertisement are sufficient to establish liability for copyright infringement. This argument rests on a gross generalization that cannot withstand scrutiny. The producer in *Kalem* did not merely

provide the “means” to accomplish an infringing activity; the producer supplied the work itself, albeit in a new medium of expression. Sony in the instant case does not supply Betamax consumers with respondents’ works; respondents do. Sony supplies a piece of equipment that is generally capable of copying the entire range of programs that may be televised: those that are uncopyrighted, those that are copyrighted but may be copied without objection from the copyright holder, and those that the copyright holder would prefer not to have copied. The Betamax can be used to make authorized or unauthorized uses of copyrighted works, but the range of its potential use is much broader than the particular infringing use of the film *Ben Hur* involved in *Kalem*. *Kalem* does not support respondents’ novel theory of liability.

Justice Holmes stated that the producer had “contributed” to the infringement of the copyright, and the label “contributory infringement” has been applied in a number of lower court copyright cases involving an ongoing relationship between the direct infringer and the contributory infringer at the time the infringing conduct occurred. In such cases, as in other situations in which the imposition of vicarious liability is manifestly just, the “contributory” infringer was in a position to control the use of copyrighted works by others and had authorized the use without permission from the copyright owner. This case, however, plainly does not fall in that category. The only contact between Sony and the users of the Betamax that is disclosed by this record occurred at the moment of sale.

If vicarious liability is to be imposed on Sony in this case, it must rest on the fact that it has sold equipment with constructive knowledge of the fact that its customers may use that equipment to make unauthorized copies of copyrighted material. There is no precedent in the law of copyright for the imposition of vicarious liability on such a theory. The closest analogy is provided by the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law.

In the Patent Act both the concept of infringement and the concept of contributory infringement are expressly defined by statute. The prohibition against contributory infringement is confined to the knowing sale of a component especially made for use in connection with a particular patent. There is no suggestion in the statute that one patentee may object to the sale of a product that might be used in connection with other patents. Moreover, the Act expressly provides that the sale of a “staple article or commodity of commerce suitable for substantial noninfringing use” is not contributory infringement. 35 U.S.C. § 271(c).

When a charge of contributory infringement is predicated entirely on the sale of an article of commerce that is used by the purchaser to infringe a patent, the public interest in access to that article of commerce is necessarily implicated. A finding of contributory infringement does not, of course, remove the article from the market altogether; it does, however, give the patentee effective control over the sale of that item. Indeed, a finding of contributory infringement is normally the functional equivalent of holding that the disputed article is within the monopoly granted to the patentee.

For that reason, in contributory infringement cases arising under the patent laws the Court has always recognized the critical importance of not allowing the patentee to extend his monopoly beyond the limits of his specific grant. These cases deny the patentee any right to control the distribution of unpatented articles unless they are “unsuited for any commercial noninfringing use.” *Dawson Chemical Co. v. Rohm & Hass Co.*, 448 U. S. 176, 198 (1980). Unless a commodity “has no use except through practice of the patented method,” the patentee has no right to claim that its distribution constitutes contributory infringement.

We recognize there are substantial differences between the patent and copyright laws. But in both areas the contributory infringement doctrine is grounded on the recognition that adequate protection of a monopoly may require the courts to look beyond actual duplication of a device or publication to the products or activities that make such duplication possible. The staple article of commerce doctrine must strike a balance between a copyright holder’s legitimate demand for effective — not merely symbolic — protection of the statutory monopoly, and the rights of others freely to engage in substantially unrelated areas of commerce. Accordingly, the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses.

[Justice Stevens concluded that time-shifting broadcast television was fair use] The Betamax is, therefore, capable of substantial noninfringing uses. Sony’s sale of such equipment to the general public does not constitute contributory infringement of respondents’ copyrights.

Notes and Questions

(1) In *Sony v. Universal City Studios*, 464 U.S. 417 (1984) the Supreme Court addressed the liability of a technology manufacturer for foreseeable infringement by users of the technology. The *Sony* majority concluded (at 442):

Accordingly, the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses.

The substantial noninfringing use test is commonly referred to as the “*Sony* safe harbor.”

(2) The problem with the *Sony* safe harbor from the perspective of some copyright holders is that, once a substantial noninfringing use has been established, technology providers have no further incentive to discourage infringing uses. On the other hand, any other threshold of liability would be unworkable from the point of view of many technology developers.

(3) The advantage of the *Sony* safe harbor is that it is a clear rule that provides technology developers with an *ex ante* assurance that, as long as the substantial noninfringing use threshold has been met, distribution of their product will not trigger massive copyright liability.

Figure 20 Sony Safe Harbor



Like every other concept in law, the exact boundary of the substantial noninfringing use test is debatable. However, not all uncertainties are created equal. New technology will almost inevitably pose unknowable future harms and benefits; any test requiring a technology developer to mitigate the latter while maximizing the former creates not just uncertainty, but profound uncertainty. In contrast, while the borderlands of the substantial noninfringing use test may be disputed, in most cases there is a clear field beyond the border where the legality of a new device cannot be seriously disputed. Who knows what the optimal design of the iPod was when it was launched in late 2001? There was no iTunes Music Store at the time and a large amount of music filling people's iPods probably was downloaded illegally. Perhaps Apple could have done more to make the iPod incompatible with music illegally downloaded from peer to peer filesharing sites, perhaps not. Under the substantial noninfringing use standard that exact calculation is immaterial; all that matters is that there was substantial noninfringing use. In the case of the iPod, the ability of consumers to play music ripped from their own legally purchased CDs met that standard. In practice, technology developers may have to over-shoot the substantial noninfringing use mark to be completely confident that they are on solid legal ground, but the point is that such confidence is possible.

(4) The *Sony* decision has significant implications for copyright policy *and* innovation policy. If the Supreme Court had held the Sony Corporation liable for user infringement, it could have given content owners an effective veto over the development of the VCR. The Court, would have, in effect, asked potential new entrants to make their product design decisions as though they were vertically integrated subsidiaries of the entertainment industry.

(5) Justices Breyer and Ginsburg undertake an extended discussion of the merits and demerits of the *Sony* safe harbor in their concurring opinions in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), the main holding of which is discussed below.

Napster and Grokster

In *Sony v. Universal City Studios*, the manufacturer of the popular Betamax video recorder was not liable for widespread infringing uses of the device because the Betamax was also capable of substantial noninfringing uses. However, the *Sony* safe harbor may not be as effective for companies providing ongoing services rather than selling standalone products.

Notably, the Internet file sharing service, Napster, could not avoid liability by invoking *Sony* safe harbor because it had actual knowledge of specific infringing uses. In *A&M Records v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001) the Ninth Circuit held (at 1021-22):

... if a computer system operator learns of specific infringing material available on his system and fails to purge such material from the system, the operator knows of and contributes to direct infringement. Conversely, absent any specific information

which identifies infringing activity, a computer system operator cannot be liable for contributory infringement merely because the structure of the system allows for the exchange of copyrighted material. To enjoin simply because a computer network allows for infringing use would, in our opinion, violate *Sony* and potentially restrict activity unrelated to infringing use.

We nevertheless conclude that sufficient knowledge exists to impose contributory liability when linked to demonstrated infringing use of the Napster system. The record supports the district court's finding that Napster has actual knowledge that specific infringing material is available using its system, that it could block access to the system by suppliers of the infringing material, and that it failed to remove the material.

The *Napster* decision illustrates how important a technical architecture can be. Napster brokered direct file exchange between Napster users, however it maintained a centralized index of the files being exchanged. This led the District Court to conclude that Napster had reasonable knowledge of specific infringing files. In contrast, later generation file sharing services used a decentralized index, and thus, did not have the knowledge required to establish contributory liability according to the Ninth Circuit in *Grokster*. But that is far from the end of the story.

Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913 (2005)

The Supreme Court in *Grokster* overturned the Ninth Circuit without clearly agreeing or disagreeing the Court of Appeals' analysis of the implications of decentralized versus centralized file indexing. Instead, the Court explained that *Sony's* rule limits imputing culpable intent as a matter of law from the characteristics or uses of a distributed product. The Court emphasized that *Sony* was not meant to foreclose other rules of fault-based liability derived from the common law and it preferred to resolve the case on that basis.

The Supreme Court explained its disagreement with the Ninth Circuit (at 933-34) as follows:

Sony barred secondary liability based on presuming or imputing intent to cause infringement solely from the design or distribution of a product capable of substantial lawful use, which the distributor knows is in fact used for infringement. The Ninth Circuit has read *Sony's* limitation to mean that whenever a product is capable of substantial lawful use, the producer can never be held contributorily liable for third parties' infringing use of it; it read the rule as being this broad, even when an actual purpose to cause infringing use is shown by evidence independent of design and distribution of the product, unless the distributors had "specific knowledge of infringement at a time at which they contributed to the infringement, and failed to act upon that information." Because the Circuit found the StreamCast and Grokster software capable of substantial lawful use, it concluded on the basis of its reading of *Sony* that neither company could be held liable, since there was no showing that their software, being without any central server, afforded them knowledge of specific unlawful uses.

This view of *Sony*, however, was error, converting the case from one about liability resting on imputed intent to one about liability on any theory. Because *Sony* did not displace other theories of secondary liability, and because we find below that it was error to grant summary judgment to the companies on MGM's inducement claim, we do not revisit *Sony* further, as MGM requests, to add a more quantified description of the point of balance between protection and commerce when liability

rests solely on distribution with knowledge that unlawful use will occur. It is enough to note that the Ninth Circuit’s judgment rested on an erroneous understanding of Sony and to leave further consideration of the *Sony* rule for a day when that may be required.

At the time, interested observers had expected the Supreme Court to clarify or perhaps revise the substantial noninfringing use threshold, instead, the court took a different path and found the defendants liable on the basis of inducement. The Court announced what could be seen as another species of indirect copyright liability, liability for inducing infringement. Borrowing from the concept of inducement liability in patent law, the Court held (at 936-37):

... 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.

The Court was “mindful of the need to keep from trenching on regular commerce or discouraging the development of technologies with lawful and unlawful potential” and it stressed in several ways that establishing inducement requires substantial evidence. The Court explained (at 937):

... just as *Sony* did not find intentional inducement despite the knowledge of the VCR manufacturer that its device could be used to infringe, mere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability. Nor would ordinary acts incident to product distribution, such as offering customers technical support or product updates, support liability in themselves. The inducement rule, instead, premises liability on *purposeful, culpable expression and conduct*, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise. (emphasis added)

In a footnote to the decision, the Court made it clear that contributory liability cannot be based on the failure to take affirmative steps to prevent infringement alone, but it might be relevant in conjunction with other evidence of intent. Footnote 12 reads:

Of course, in the absence of other evidence of intent, a court would be unable to find contributory infringement liability merely based on a *failure to take affirmative steps to prevent infringement*, if the device otherwise was capable of substantial noninfringing uses. Such a holding would tread too close to the *Sony* safe harbor. (emphasis added)

In the wake of *Grokster* it remains true that the distributor of a device capable of a substantial noninfringing use generally lacks the knowledge required for contributory infringement and lacks the right and ability to supervise required for the vicarious liability. However, the distributor of such a device cannot plead ignorance of specific infringing uses when actively promotes infringing use.

Significant Post-*Grokster* Secondary Liability Cases

Perfect 10, Inc. v. Visa International Service Association, 494 F.3d 788 (9th Cir. 2007)

The plaintiff, Perfect 10, Inc. traded in high quality photos of barely dressed women. It published a magazine titled “PERFECT10” and operated a subscription website at the URL www.perfect10.com. By the time this case was decided, Perfect 10 already had a long history of copyright litigation against search engines and this lawsuit was in some senses the logical next step. Perfect 10 sued Visa International Service Association, Master-Card International Inc., and several affiliated banks and data processing services, alleging secondary liability under federal copyright and trademark law, among

other things. Perfect 10 argued that the credit card companies continued to process credit card payments to websites that it says infringe Perfect 10's intellectual property rights after being notified by Perfect 10 of infringement by those websites. By continuing to process payments after being told that the websites were infringing its copyright and trademark rights, Perfect 10 argued that the credit card companies were indirectly liable for those copyright and trademark infringements.

Circuit Judge Milan D. Smith, Jr.,

Secondary Liability for Copyright Infringement

Perfect 10 alleges that numerous websites based in several countries — and their paying customers — have directly infringed its rights under the Copyright Act, 17 U.S.C. § 101, et seq. In the present suit, however, Perfect 10 has sued Defendants, not the direct infringers, claiming contributory and vicarious copyright infringement because Defendants process credit card charges incurred by customers to acquire the infringing images.

We evaluate Perfect 10's claims with an awareness that credit cards serve as the primary engine of electronic commerce and that Congress has determined it to be the “policy of the United States — (1) to promote the continued development of the Internet and other interactive computer services and other interactive media [and] (2) to preserve the vibrant and competitive free market that presently exists for the Internet and other interactive computer services, unfettered by Federal or State regulation.” 47 U.S.C. §§ 230(b)(1), (2).

Contributory Copyright Infringement

Contributory copyright infringement is a form of secondary liability with roots in the tort-law concepts of enterprise liability and imputed intent. This court and the United States Supreme Court (Supreme Court) have announced various formulations of the same basic test for such liability. We have found that a defendant is a contributory infringer if it (1) has knowledge of a third party's infringing activity, and (2) “induces, causes, or materially contributes to the infringing conduct.” In an Internet context, we have found contributory liability when the defendant “engages in personal conduct that encourages or assists the infringement.” In *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, the Supreme Court adopted from patent law the concept of “inducement” and found that “one infringes contributorily by intentionally inducing or encouraging direct infringement.” Most recently, in a case also brought by Perfect 10, we found that “an actor may be contributorily liable [under *Grokster*] for intentionally encouraging direct infringement if the actor knowingly takes steps that are substantially certain to result in such direct infringement.” *Perfect 10, Inc. v. Amazon.com, Inc. et al.*, 487 F.3d 701, 727 (9th Cir.2007).

We understand these several criteria to be non-contradictory variations on the same basic test, i.e., that one contributorily infringes when he (1) has knowledge of another's infringement and (2) either (a) materially contributes to or (b) induces that infringement. Viewed in isolation, the language of the tests described is quite broad, but when one reviews the details of the actual “cases and controversies” before the relevant court in each of the testdefining cases and the actual holdings in those cases, it is clear that the factual circumstances in this case are not analogous. To find that Defendants' activities fall within the scope of such tests would require a radical and

inappropriate expansion of existing principles of secondary liability and would violate the public policy of the United States.

Material Contribution, Inducement, or Causation

To state a claim of contributory infringement, Perfect 10 must allege facts showing that Defendants induce, cause, or materially contribute to the infringing conduct. Three key cases found defendants contributorily liable under this standard: *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir.1996); *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir.2001) and *Grokster*. In *Fonovisa*, we held a swap meet operator contributorily liable for the sale of pirated works at the swap meet. In *Napster*, we held the operator of an electronic file sharing system liable when users of that system employed it to exchange massive quantities of copyrighted music. In *Grokster*, the Supreme Court found liability for the substantially similar act of distributing software that enabled exchange of copyrighted music on a peer-to-peer, rather than a centralized basis. Perfect 10 argues that by continuing to process credit card payments to the infringing websites despite having knowledge of ongoing infringement, Defendants induce, enable and contribute to the infringing activity in the same way the defendants did in *Fonovisa*, *Napster* and *Grokster*. We disagree.

Material Contribution

The credit card companies cannot be said to materially contribute to the infringement in this case because they have no direct connection to that infringement. Here, the infringement rests on the reproduction, alteration, display and distribution of Perfect 10's images over the Internet. Perfect 10 has not alleged that any infringing material passes over Defendants' payment networks or through their payment processing systems, or that Defendants' systems are used to alter or display the infringing images. In *Fonovisa*, the infringing material was physically located in and traded at the defendant's market. Here, it is not. Nor are Defendants' systems used to locate the infringing images. The search engines in Amazon.com provided links to specific infringing images, and the services in *Napster* and *Grokster* allowed users to locate and obtain infringing material. Here, in contrast, the services provided by the credit card companies do not help locate and are not used to distribute the infringing images. While Perfect 10 has alleged that Defendants make it easier for websites to profit from this infringing activity, the issue here is reproduction, alteration, display and distribution, which can occur without payment. Even if infringing images were not paid for, there would still be infringement.

Our analysis is fully consistent with this court's recent decision in *Perfect 10 v. Amazon.com*, where we found that "Google could be held contributorily liable if it had knowledge that infringing Perfect 10 images were available using its search engine, could take simple measures to prevent further damage to Perfect 10's copyrighted works, and failed to take such steps." The dissent claims this statement applies squarely to Defendants if we just substitute "payment systems" for "search engine." But this is only true if search engines and payment systems are equivalents for these purposes, and they are not. The salient distinction is that Google's search engine itself assists in the distribution of infringing content to Internet users, while Defendants' payment systems do not. The *Amazon.com* court noted that "Google substantially assists websites to distribute their infringing copies to a worldwide

market and assists a worldwide audience of users to access infringing materials.” Defendants do not provide such a service. They in no way assist or enable Internet users to locate infringing material, and they do not distribute it. They do, as alleged, make infringement more profitable, and people are generally more inclined to engage in an activity when it is financially profitable. However, there is an additional step in the causal chain: Google may materially contribute to infringement by making it fast and easy for third parties to locate and distribute infringing material, whereas Defendants make it easier for infringement to be profitable, which tends to increase financial incentives to infringe, which in turn tends to increase infringement.

The dissent disagrees with our reading of Amazon.com and charges us with wishful thinking and with “drawing a series of ephemeral distinctions.” We respectfully disagree and assert that our construction of the relevant statutes and case law is completely consistent with existing federal law, is firmly grounded in both commercial and technical reality and conforms to the public policy of the United States. Helping users to locate an image might substantially assist users to download infringing images, but processing payments does not. If users couldn’t pay for images with credit cards, infringement could continue on a large scale because other viable funding mechanisms are available. For example, a website might decide to allow users to download some images for free and to make its profits from advertising, or it might develop other payment mechanisms that do not depend on the credit card companies. In either case, the unlicensed use of Perfect 10’s copyrighted images would still be infringement. We acknowledge that Defendants’ payment systems make it easier for such an infringement to be profitable, and that they therefore have the effect of increasing such infringement, but because infringement of Perfect 10’s copyrights can occur without using Defendants’ payment system, we hold that payment processing by the Defendants as alleged in Perfect 10’s First Amended Complaint does not constitute a “material contribution” under the test for contributory infringement of copyrights.

Our holding is also fully consistent with and supported by this court’s previous holdings in *Fonovisa* and *Napster*. While there are some limited similarities between the factual scenarios in *Fonovisa* and *Napster* and the facts in this case, the differences in those scenarios are substantial, and, in our view, dispositive. In *Fonovisa*, we held a flea market proprietor liable as a contributory infringer when it provided the facilities for and benefitted from the sale of pirated works. The court found that the primary infringers and the swap meet were engaged in a mutual enterprise of infringement and observed that “it would be difficult for the infringing activity to take place in the massive quantities alleged without the support services provided by the swap meet. These services include, among other things, the provision of space, utilities, parking, advertising, plumbing, and customers.” But the swap meet owner did more to encourage the enterprise. In 1991, the Fresno County Sheriff raided the swap meet and seized 38,000 counterfeit recordings. The Sheriff sent a letter to the swap meet operator the following year notifying it that counterfeit sales continued and reminding it that it had agreed to provide the Sheriff with identifying information from each vendor, but had failed to do so. The *Fonovisa* court found liability because the swap meet operator knowingly provided the “site and facilities” for the infringing activity.

In *Napster*, this court found the designer and distributor of a software program liable for contributory infringement. Napster was a file-sharing program which, while capable of non-infringing use, was expressly engineered to enable the easy exchange of pirated music and was widely so used. See *Napster*, 239 F.3d at 1020 n. 5 (quoting document authored by Napster co-founder which mentioned “the need to remain ignorant of users’ real names and IP addresses ‘since they are exchanging pirated music’”). Citing the *Fonovisa* standard, the *Napster* court found that Napster materially contributes to the users’ direct infringement by knowingly providing the “site and facilities” for that infringement.

Seeking to draw an analogy to *Fonovisa* and, by extension, *Napster*, Perfect 10 pleads that Defendants materially contribute to the infringement by offering services that allow it to happen on a larger scale than would otherwise be possible. Specifically, because the swap meet in *Fonovisa* created a commercial environment which allowed the frequency of that infringement to increase, and the Napster program increased the frequency of infringement by making it easy, Perfect 10 argues that the Defendants have made available a payment system that allows third-party infringement to be profitable, and, consequently, more widespread than it otherwise might be. This analogy fails.

The swap meet operator in *Fonovisa* and the administrators of the Napster and Grokster programs increased the level of infringement by providing a centralized place, whether physical or virtual, where infringing works could be collected, sorted, found, and bought, sold, or exchanged.¹⁰

Footnote 10: In fact, as virtually every interested college student knew — and as the program’s creator expressly admitted—the sole purpose of the Napster program was to provide a forum for easy copyright infringement. Perfect 10 does not contend that Defendants’ payment systems were engineered for infringement in this way, and we decline to radically expand Napster’s cursory treatment of “material contribution” to cover a credit card payment system that was not so designed.

The provision of parking lots, plumbing and other accoutrements in *Fonovisa* was significant only because this was part of providing the environment and market for counterfeit recording sales to thrive.

Defendants, in contrast, do no such thing. While Perfect 10 has alleged that it is easy to locate images that infringe its copyrights, the Defendants’ payment systems do not cause this. Perfect 10’s images are easy to locate because of the very nature of the Internet — the website format, software allowing for the easy alteration of images, high-speed connections allowing for the rapid transfer of high-resolution image files, and perhaps most importantly, powerful search engines that can aggregate and display those images in a useful and efficient manner, without charge, and with astounding speed. Defendants play no role in any of these functions.

Perfect 10 asserts otherwise by arguing for an extremely broad conception of the term “site and facilities” that bears no relationship to the holdings in the actual “cases and controversies” decided in *Fonovisa* and *Napster*. Taken literally, Perfect 10’s theory appears to include any tangible or intangible component related to any transaction in which infringing material is bought and sold. But *Fonovisa* and *Napster* do not require or lend themselves to such a construction. The actual display, location, and distribution of infringing images in this case occurs on websites that organize, display, and transmit information over the wires and wireless instruments

that make up the Internet. The websites are the “site” of the infringement, not Defendants’ payment networks. Defendants do not create, operate, advertise, or otherwise promote these websites. They do not operate the servers on which they reside. Unlike the *Napster* (and *Grokster*) defendants, they do not provide users the tools to locate infringing material, nor does any infringing material ever reside on or pass through any network or computer Defendants operate. Defendants merely provide a method of payment, not a “site” or “facility” of infringement. Any conception of “site and facilities” that encompasses Defendants would also include a number of peripherally-involved third parties, such as computer display companies, storage device companies, and software companies that make the software necessary to alter and view the pictures and even utility companies that provide electricity to the Internet.

Perfect 10 seeks to side-step this reality by alleging that Defendants are still contributory infringers because they could refuse to process payments to the infringing websites and thereby undermine their commercial viability. Even though we must take this factual allegation as true, that Defendants have the power to undermine the commercial viability of infringement does not demonstrate that the Defendants materially contribute to that infringement. As previously noted, the direct infringement here is the reproduction, alteration, display and distribution of Perfect 10’s images over the Internet. Perfect 10 has not alleged that any infringing material passes over Defendants’ payment networks or through their payment processing systems, or that Defendants designed or promoted their payment systems as a means to infringe. While Perfect 10 has alleged that Defendants make it easier for websites to profit from this infringing activity, the infringement stems from the failure to obtain a license to distribute, not the processing of payments.

Inducement

In *Grokster*, the Supreme Court applied the patent law concept of “inducement” to a claim of contributory infringement against a file-sharing program. The court found 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.” Perfect 10 claims that *Grokster* is analogous because Defendants induce customers to use their cards to purchase goods and services, and are therefore guilty of specifically inducing infringement if the cards are used to purchase images from sites that have content stolen from Perfect 10. This is mistaken. Because Perfect 10 alleges no “affirmative steps taken to foster infringement” and no facts suggesting that Defendants promoted their payment system as a means to infringe, its claim is premised on a fundamental misreading of *Grokster* that would render the concept of “inducement” virtually meaningless.

The *Grokster* court announced that the standard for inducement liability is providing a service “with the object of promoting its use to infringe copyright.” “[M]ere knowledge of infringing potential or actual infringing uses would not be enough here to subject [a defendant] to liability.” Instead, inducement “premises liability on purposeful, culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise.” Moreover, to establish inducement liability, it is crucial to establish that the distributors

“communicated an inducing message to their ... users,” the classic example of which is an “advertisement or solicitation that broadcasts a message designed to stimulate others to commit violations.” The *Grokster* court summarized the “inducement” rule as follows:

In sum, where an article is good for nothing else but infringement, there is no legitimate public interest in its unlicensed availability, and there is no injustice in presuming or imputing an intent to infringe. Conversely, the doctrine absolves the equivocal conduct of selling an item with substantial lawful as well as unlawful uses, and limits liability to instances of more acute fault than the mere understanding that some of one’s products will be misused. It leaves breathing room for innovation and a vigorous commerce.

545 U.S. at 932-33.

Perfect 10 has not alleged that any of these standards are met or that any of these considerations are present here. Defendants do, of course, market their credit cards as a means to pay for goods and services, online and elsewhere. But it does not follow that Defendants affirmatively promote each product that their cards are used to purchase. The software systems in *Napster* and *Grokster* were engineered, disseminated, and promoted explicitly for the purpose of facilitating piracy of copyrighted music and reducing legitimate sales of such music to that extent. Most *Napster* and *Grokster* users understood this and primarily used those systems to purloin copyrighted music. Further, the *Grokster* operators explicitly targeted then-current users of the Napster program by sending them ads for its OpenNap program. In contrast, Perfect 10 does not allege that Defendants created or promote their payment systems as a means to break laws. Perfect 10 simply alleges that Defendants generally promote their cards and payment systems but points to no “clear expression” or “affirmative acts” with any specific intent to foster infringement.

The *Amazon.com* court recognized this distinction and applied it in a matter fully consistent with our analysis in this case. While the *Amazon.com* court did not bifurcate its analysis of contributory liability into “material contribution” liability and “inducement” liability, it did recognize that contributory liability “may be predicated on actively encouraging (or inducing) infringement through specific acts.” *Amazon.com*, 487 F.3d at 726 (quoting *Grokster*, 545 U.S. at 942 (Ginsburg, J., concurring)). It also found that Google could be held contributorily liable if it has “actual knowledge that specific infringing material is available using its system, and can take simple measures to prevent further damage,” but does not. While this test is read more naturally as a test for “material contribution” than as a test for “inducement,” under an “inducement” analysis Defendants are not within its scope. As discussed above, Perfect 10 has not alleged any “specific acts” intended to encourage or induce infringement. And moreover, Defendants are distinguishable under the *Amazon.com* test because, unlike Google, infringing material is not “available using [their] system” of payment processing. That system does not “facilitate access to websites”; infringers do not use it to copy, alter, distribute or display infringing material; and consumers do not use it to locate, view or download the infringing images. Rather, all parties involved simply use Defendants’ system to process payments for that infringing material.

Finally, we must take as true the allegations that Defendants lend their names and logos to the offending websites and continue to allow their cards to be used to purchase infringing images despite actual knowledge of the infringement — and perhaps even bending their association rules to do so. But we do not and need not, on this factual basis, take as true that Defendants “induce” consumers to buy pirated content with their cards. “Inducement” is a legal determination, and dismissal may not be avoided by characterizing a legal determination as a factual one. We must determine whether the facts as pled constitute a “clear expression” of a specific intent to foster infringement, and, for the reasons above noted, we hold that they do not.

Vicarious Copyright Infringement

Vicarious infringement is a concept related to, but distinct from, contributory infringement. Whereas contributory infringement is based on tort-law principles of enterprise liability and imputed intent, vicarious infringement’s roots lie in the agency principles of respondeat superior. To state a claim for vicarious copyright infringement, a plaintiff must allege that the defendant has (1) the right and ability to supervise¹³ the infringing conduct and (2) a direct financial interest in the infringing activity.

Footnote 13: *Fonovisa* essentially viewed “supervision” in this context in terms of the swap meet operator’s ability to control the activities of the vendors, 76 F.3d at 262, and *Napster* essentially viewed it in terms of Napster’s ability to police activities of its users, 239 F.3d at 1023.

The Supreme Court has recently offered (in dictum) an alternate formulation of the test: “One ... infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it.” *Grokster*, 545 U.S. at 930. Perfect 10 alleges that Defendants have the right and ability to control the content of the infringing websites by refusing to process credit card payments to the websites, enforcing their own rules and regulations, or both. We hold that Defendants’ conduct alleged in Perfect 10’s first amended complaint fails to state a claim for vicarious copyright infringement.

Right and Ability to Supervise the Infringing Activity

In order to join a Defendant’s payment network, merchants and member banks must agree to follow that Defendant’s rules and regulations. These rules, among other things, prohibit member banks from providing services to merchants engaging in certain illegal activities and require the members and member banks to investigate merchants suspected of engaging in such illegal activity and to terminate their participation in the payment network if certain illegal activity is found. Perfect 10 has alleged that certain websites are infringing Perfect 10’s copyrights and that Perfect 10 sent notices of this alleged infringement to Defendants. Accordingly, Perfect 10 has adequately pled that (1) infringement of Perfect 10’s copyrights was occurring, (2) Defendants were aware of the infringement, and (3) on this basis, Defendants could have stopped processing credit card payments to the infringing websites. These allegations are not, however, sufficient to establish vicarious liability because even with all reasonable inferences drawn in Perfect 10’s favor, Perfect 10’s allegations of fact cannot support a finding that Defendants have the right and ability to control the infringing activity.

In reasoning closely analogous to the present case, the *Amazon.com* court held that Google was not vicariously liable for third-party infringement that its search engine facilitates. In so holding, the court found that Google's ability to control its own index, search results, and webpages does not give Google the right to control the infringing acts of third parties even though that ability would allow Google to affect those infringing acts to some degree. Moreover, and even more importantly, the *Amazon.com* court rejected a vicarious liability claim based on Google's policies with sponsored advertisers, which state that it reserves "the right to monitor and terminate partnerships with entities that violate others' copyrights." The court found that

Google's right to terminate an AdSense partnership does not give Google the right to stop direct infringement by third-party websites. An infringing third-party website can continue to reproduce, display, and distribute its infringing copies of Perfect 10 images after its participation in the AdSense program has ended.

This reasoning is equally applicable to the Defendants in this case. Just like Google, Defendants could likely take certain steps that may have the indirect effect of reducing infringing activity on the Internet at large. However, neither Google nor Defendants has any ability to directly control that activity, and the mere ability to withdraw a financial "carrot" does not create the "stick" of "right and ability to control" that vicarious infringement requires. A finding of vicarious liability here, under the theories advocated by the dissent, would also require a finding that Google is vicariously liable for infringement — a conflict we need not create, and radical step we do not take.

Perfect 10 argues that this court's decision in *Napster* compels a contrary result. The *Napster* court found a likelihood of vicarious liability because Napster "had the right and ability to police its system and failed to exercise that right to prevent the exchange of copyrighted material." The *Napster* program created a forum for the exchange of digital music files and the program administrators had the ability to block certain users from accessing that forum to upload or download such files. As pled by Perfect 10, Defendants also provide a system that allows the business of infringement for profit to operate on a larger scale than it otherwise might, and Defendants have the ability to deny users access to that payment system.

This argument fails. The *Napster* program's involvement with — and hence its "policing" power over — the infringement was much more intimate and directly intertwined with it than Defendants' payment systems are. *Napster* provided users with the tools to enable the easy reproduction and distribution of the actual infringing content and to readily search out and identify infringing material. Defendants' payment systems do not. *Napster* also had the right and ability to block user access to its program and thereby deprive particular users of access to their forum and use of their location and distribution tools. Defendants can block access to their payment system, but they cannot themselves block access to the Internet, to any particular websites, or to search engines enabling the location of such websites. Defendants are involved with the payment resulting from violations of the distribution right, but have no direct role in the actual reproduction, alteration, or distribution of the infringing images. They cannot take away the tools the offending

websites use to reproduce, alter, and distribute the infringing images over the Internet. They can only take away the means the websites currently use to sell them.

Perfect 10 offers two counter-arguments. Perfect 10 first claims that Defendants' rules and regulations permit them to require member merchants to cease illegal activity — presumably including copyright infringement — as a condition to their continuing right to receive credit card payments from the relevant Defendant entities. Perfect 10 argues that these contractual terms effectively give Defendants contractual control over the content of their merchants' websites, and that contractual control over content is sufficient to establish the “right and ability” to control that content for purposes of vicarious liability. In the sense that economic considerations can influence behavior, these contractual rules and regulations do give Defendants some measure of control over the offending websites since it is reasonable to believe that fear of losing access to credit card payment processing services would be a sufficient incentive for at least some website operators to comply with a content-based suggestion from Defendants. But the ability to exert financial pressure does not give Defendants the right or ability to control the actual infringing activity at issue in this case. Defendants have no absolute right¹⁶ to stop that activity — they cannot stop websites from reproducing, altering, or distributing infringing images.

Footnote 16: We do not, as the dissent suggests, hold that an absolute right to stop the infringement is a prerequisite for vicarious liability. Rather, we consider the Defendants' inability to directly control the actual infringing activities of third-party websites — reproduction, alteration, display, and distribution over the Internet, not over Defendants' payment systems — as evidence that they, much like Google, lack the right and ability to control those activities.

Rather, the credit card companies are analogous to Google, which we held was not liable for vicarious copyright infringement even though search engines could effectively cause a website to disappear by removing it from their search results, and reserve the right to do so. Like Google, the credit card companies “cannot stop any of the third-party websites from reproducing, displaying, and distributing unauthorized copies of Perfect 10's images because that infringing conduct takes place on the third-party websites.” Defendants can only refuse to process credit card payments to the offending merchant within their payment network, or they can threaten to do so if the merchant does not comply with a request to alter content. While either option would likely have some indirect effect on the infringing activity, as we discuss at greater length in our analysis of the *Grokster* “stop or limit” standard below, so might any number of actions by any number of actors. For vicarious liability to attach, however, the defendant must have the right and ability to supervise and control the infringement, not just affect it, and Defendants do not have this right or ability.

Perfect 10 relies heavily on the reasoning of *Fonovisa* and *Napster* to support this argument, but that reliance is misplaced. The swap meet operator in *Fonovisa* and the software operator in *Napster* both had the right to remove individual infringers from the very place the infringement was happening. Defendants, like the defendants in *Amazon.com*, have no such right. As already discussed, Defendants cannot take away the software the offending websites use to copy, alter, and distribute the infringing images, cannot remove those websites from the Internet, and cannot themselves block the distribution of those images over the Internet. Defendants can

refuse to process credit card payments for those images, but while this refusal would reduce the number of those sales, that reduction is the result of indirect economic pressure rather than an affirmative exercise of contractual rights.¹⁷

Footnote 17: “We do not hold, as the dissent suggests, that the ability to exert financial pressure is categorically insufficient to establish sufficient control for vicarious liability. We recognize that financial pressure is often very powerful, but it is precisely for this reason that we hesitate to expand the law of vicarious liability to encompass the sort of financial pressure Defendants may exert. The dissent believes that the gravamen of “right and ability to control” is the “practical ability” to limit infringement. But if this were true, despite the dissent’s protestations to the contrary, there are many providers of essential services who could limit infringement by refusing to offer those services. If “practical ability” is the test, it does not matter if software operators, network technicians, or even utility companies do not have a contractual right to affect the websites’ content. It is an article of faith of the free market that, subject to certain limited exceptions, one can refuse to deal with anyone for any reason, and by refusing to deal with the offending websites, these providers could limit infringement.”

Perfect 10 also argues that were infringing websites barred from accepting the Defendants’ credit cards, it would be impossible for an online website selling adult images to compete and operate at a profit. While we must take this allegation as true, it still fails to state a claim because it conflates the power to stop profiteering with the right and ability to control infringement. Perfect 10’s allegations do not establish that Defendants have the authority to prevent theft or alteration of the copyrighted images, remove infringing material from these websites or prevent its distribution over the Internet. Rather, they merely state that this infringing activity could not be profitable without access to Defendants’ credit card payment systems. The alleged infringement does not turn on the payment; it turns on the reproduction, alteration and distribution of the images, which Defendants do not do, and which occurs over networks Defendants do not control.

The Supreme Court’s recent decision in *Grokster* does not undermine the validity of this distinction. As we held in *Amazon.com*, *Grokster* does not stand for the proposition that just because the services provided by a company help an infringing enterprise generate revenue, that company is necessarily vicariously liable for that infringement. Numerous services are required for the third party infringers referred to by Perfect 10 to operate. In addition to the necessity of creating and maintaining a website, numerous hardware manufacturers must produce the computer on which the website physically sits; a software engineer must create the program that copies and alters the stolen images; technical support companies must fix any hardware and software problems; utility companies must provide the electricity that makes all these different related operations run, etc. All these services are essential to make the businesses described viable, they all profit to some degree from those businesses, and by withholding their services, they could impair — perhaps even destroy — the commercial viability of those business. But that does not mean, and *Grokster* by no means holds, that they are all potentially liable as vicarious infringers. Even though they have the “right” to refuse their services, and hence the literal power to “stop or limit” the infringement, they, like Defendants, do not exercise sufficient control over the actual infringing activity for vicarious liability to attach.

Notes and questions

(1) In *Perfect 10, Inc. v. Visa International Service Association*, 494 F.3d 788 (9th Cir. 2007), the majority of the Ninth Circuit held that credit card companies that provided a payment mechanism used to pay for infringing materials were not liable for the underlying acts of

copyright. The essence of the court's decision was that the defendants lacked a sufficiently direct connection infringement to satisfy the requirement of material contribution under the standard test for contributory liability or the requirement for the right and ability to supervise the infringing activity under a theory of vicarious liability.

(2) The majority in *Visa International* makes an important observation about the secondary liability caselaw and its application (at 795):

Viewed in isolation, the language of the tests [for contributory infringement and inducement] is quite broad, but when one reviews the details of the actual “cases and controversies” before the relevant court in each of the testdefining cases and the actual holdings in those cases, it is clear that the factual circumstances in this case are not analogous.

Much the same could be said about vicarious liability as well. Judge Koziniski's dissent illustrates how elastic various formulations of secondary liability can be.

(3) Courts are often called upon to apply different notions of causality and they often distinguish between cause-in-fact and proximate cause. Does the majority decision reflect tort law notions of the need to establish proximate cause in addition to cause-in-fact? Consider the majority's holding (at 796) that the credit card companies did not materially contribute to the infringement of Perfect 10's copyrights “because they have no direct connection to that infringement.”

(4) The majority drew several key distinctions between the payment processors involvement with infringement and the involvement of defendants in prior cases. In particular, unlike the defendants in *Fonovisa* and *Napster*, the infringing material did not pass over the defendants' payment networks or through their payment processing systems (at 796):

In *Fonovisa*, the infringing material was physically located in and traded at the defendant's market. Here, it is not.

Another distinction for the majority was that unlike the search engine defendants in *Amazon.com* and the file-sharing services in *Napster* and *Grokster*, the defendants' systems were not used to locate specific infringing images. *Id.* at 796. How important are these distinctions?

(4) Relatedly, the Ninth Circuit majority clearly rejected marginal contribution as a sufficient basis for liability to attach. The court drew a distinction between making the acts of infringement themselves easier versus making it easier for websites to profit from infringing activity. The court was not so much concerned with the sequence of events as its apparent sense of the level of contribution—critically, the court noted that the acts of infringement *could* all occur and *would* all continue to occur without direct payment facilitated by the credit card companies (at 796):

Even if infringing images were not paid for, there would still be infringement.

Is this a test of causation-in-fact, proximate cause, or something else?

(5) How clear is the majority's distinction between “substantially assisting” and merely making a marginal contribution to infringement?

(6) The majority in *Visa International* makes an important distinction between the ability to stop providing a service (processing credit card payments) and possessing the “right and

ability to *control* infringing activity” required to establish vicarious liability. The majority explained (at 803) that just like Google, the search engine defendant in *Amazon.com*,

... Defendants could likely take certain steps that may have the indirect effect of reducing infringing activity on the Internet at large. However, neither Google nor Defendants has any ability to directly control that activity, and the mere ability to withdraw a financial “carrot” does not create the “stick” of “right and ability to control” that vicarious infringement requires.

The majority distinguished *Napster* (at 803-04) on the grounds that Napster was “much more intimate and directly intertwined with” the infringement. Critically, Napster provided users with the tools to locate, reproduce and distribute the infringing material, the credit card companies only provided the means of payment.

(7) Almost every online service imaginable comes with some kind of click-wrap end-user license agreement that nominally gives the service provider the right to terminate access if the service is used for any illegal purpose. Do these kinds of contractual rights establish the right and ability to supervise infringing activity required to for vicarious liability? No. As the majority in *Visa International* explains (at 804-05) the payment processors had the contractual right to terminate their service and fear of such action might have affected the conduct of some infringing websites,

But the ability to exert financial pressure does not give Defendants the right or ability to control the actual infringing activity at issue in this case. Defendants have no absolute right to stop that activity—they cannot stop websites from reproducing, altering, or distributing infringing images. For vicarious liability to attach, however, the defendant must have the right and ability to supervise and control the infringement, not just affect it, and Defendants do not have this right or ability.

(8) Contributory trademark infringement. The tests for secondary trademark infringement are even more difficult to satisfy than those required to find secondary copyright infringement. In *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 855 (1982), the Supreme Court held:

To be liable for contributory trademark infringement, a defendant must have (1) “intentionally induced” the primary infringer to infringe, or (2) continued to supply an infringing product to an infringer with knowledge that the infringer is mislabeling the particular product supplied.

As the Ninth Circuit explained in *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 984 (9th Cir.1999), when the alleged direct infringer supplies a service rather than a product, under the second prong of this test, the court must consider the extent of control exercised by the defendant over the third party’s means of infringement. For liability to attach, there must be direct control and monitoring of the instrumentality used by a third party to infringe the plaintiff’s mark.

(9) Vicarious Trademark Infringement. The threshold for vicarious liability in trademark is also higher than it is in copyright. In copyright cases, the courts require the right and ability to supervise the infringing conduct, whereas in trademark law they require “an apparent or actual partnership. See e.g. *Hard Rock Café Licensing Corp. v. Concession Services, Inc.*, 955 F.2d 1143, 1150 (7th Cir.1992):

Vicarious liability for trademark infringement requires a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one

another in transactions with third parties or exercise joint ownership or control over the infringing product.

(10) Internet Safe Harbors. In 1998 Congress enacted the Digital Millennium Copyright Act which created some important safe harbors for online intermediaries. As Professor Annemarie Bridy discusses in *Internet Payment Blockades*, 67 Florida Law Review 1523, 1538-39 (2015), *Visa International* demonstrates the gravitational pull of the DMCA safe harbors:

The omission of payment processors, which are the lynchpin of e-commerce, from the DMCA's safe harbor framework suggests that Congress neither contemplated nor foresaw that copyright's secondary liability doctrines could stretch far enough to encompass them. It seems highly unlikely that Congress would have intentionally excluded payment processors from safe harbor, given their importance to the expansion of e-commerce. In *Amazon.com*, Google was able to assert the DMCA's section 512(d) safe harbor for information location tools. In *Visa*, by contrast, the defendant payment processors could not have invoked any section 512 safe harbor, leaving them wide open to crippling statutory damages. That fact made a difference to the majority, which was concerned that secondary liability for payment processors would have a chilling effect on e-commerce.

(11) In the same article Professor Bridy explores the unacknowledged policy-driven rationales driving much secondary infringement analysis and concludes (at 1539-40):

It is undoubtedly true, ... that the split decision in *Visa* highlights the instability inherent in secondary infringement doctrines and the extent to which that instability predisposes secondary infringement analyses to unacknowledged policy-driven rationales. It is also true, policy considerations have a legitimate role to play when claimants invite courts to expand existing common law liability doctrines beyond their recognized scope.

What were the policies driving the courts decision in *Visa*?

(12) Should the providers of VPN services be liable for copyright infringement for allowing their users to evade geographic restrictions on the availability of copyrighted works?

Secondary liability for Internet Service Providers

BMG Rights Management (US) LLC v. Cox Communications, Inc., 881 F.3d 293 (4th Cir. 2018)

In *BMG Rights Management (US) LLC v. Cox Communications, Inc.*, the Fourth Circuit held that the defendant Internet access provider, *Cox*, was not entitled to the relevant DMCA safe harbors because its failure to adopt and reasonably implement a repeat infringer policy. The court of appeals then turned to the question of whether the district court had erred in instructing the jury as to contributory infringement.

Circuit Judge Diana Gribbon Motz

... Cox contends that the court erred in charging the jury as to the intent necessary to prove contributory infringement. Specifically, Cox challenges the district court's instructions that the jury could impose liability for contributory infringement if the jury found "Cox knew or should have known of such infringing activity." We agree that in so instructing the jury, the court erred.

Grokster teaches that "one infringes contributorily by *intentionally* inducing or encouraging direct infringement." 545 U.S. at 930 (emphasis added). The requisite

intent may, however, be presumed according to the “rules of fault-based liability derived from the common law.” *Id.* at 934-35. The most relevant of these common law rules is that if a person “knows that the consequences are certain, or substantially certain, to result from his act, and still goes ahead, he is treated by the law as if he had in fact desired to produce the result.” See *Restatement (Second) of Torts* § 8A cmt. b (1965); *Grokster* 545 U.S. at 932 (a person “will be presumed to intend the natural consequences of his acts”). Under this principle, “when an article is good for nothing else but infringement . . . there is no injustice in presuming or imputing an intent to infringe” based on its sale. *Grokster*, 545 U.S. at 932. Assuming the seller is aware of the nature of his product — that its only use is infringing — he knows that infringement is substantially certain to result from his sale of that product and he may therefore be presumed to intend that result.

A similar result follows when a person sells a product that has lawful uses, but with the knowledge that the buyer will in fact use the product to infringe copyrights. In that circumstance, the seller knows that infringement is substantially certain to result from the sale; consequently, the seller intends to cause infringement just as much as a seller who provides a product that has exclusively unlawful uses. See *Henry v. A.B. Dick Co.*, 224 U.S. 1 (1912). Indeed, *Henry*, a hundred-year-old Supreme Court case involving contributory patent infringement that the Supreme Court cited in *Grokster*, 545 U.S. at 932-33, 935, and *Sony*, 464 U.S. at 441-42, rests on this very reasoning. There, the Court affirmed a judgment for contributory infringement based on the defendants’ sale to a specific person with knowledge that the product would be used to infringe, even though the product — ink — also had noninfringing uses. *Henry*, 224 U.S. at 48-49. The Court reasoned that because the defendants sold the ink “with the expectation that it would be used” to infringe, “the purpose and intent that it would be so used” could be presumed. *Id.* at 49.

These principles apply equally in cases, like this one, that involve subscription services or rentals rather than one-time sales. Consider a company that leases VCRs, learns that specific customers use their VCRs to infringe, but nonetheless renews the lease to those infringing customers. Given those facts, the company knows that its action — renewing the lease of the VCR to these specific customers — is substantially certain to result in infringement, and so an intent to cause infringement may be presumed. See *Amazon.com*, 508 F.3d at 1172 (explaining that “intent may be imputed” based on “a service provider’s knowing failure to prevent infringing actions.”)

It is well-established that one mental state slightly less demanding than actual knowledge — willful blindness — can establish the requisite intent for contributory copyright infringement. This is so because the law recognizes willful blindness as equivalent to actual knowledge. See *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 766 (2011) (“Persons who know enough to blind themselves to direct proof of critical facts in effect have actual knowledge of those facts.”); *Aimster*, 334 F.3d at 650 (“Willful blindness is knowledge, in copyright law as it is in the law generally.”).

Whether other mental states — such as negligence (where a defendant “should have known” of infringement) — can suffice to prove contributory copyright infringement presents a more difficult question. The notion that contributory liability could be imposed based on something less than actual knowledge, or its equivalent,

willful blindness, is not entirely without support. See *Aimster*, 334 F.3d at 650 (“In copyright law . . . indeed it may be enough that the defendant should have known of the direct infringement. . . .”) Nonetheless, we believe for several reasons, that, as Cox contends, negligence does not suffice to prove contributory infringement; rather, at least willful blindness is required.

First, *Grokster*’s recitation of the standard — that “one infringes contributorily by intentionally inducing or encouraging direct infringement” — is on its face difficult to reconcile with a negligence standard. See 545 U.S. at 930 (emphasis added). In addition, it would have been unnecessary for the Court to discuss in detail the situations in which intent may be presumed, and those situations, like *Sony*, in which it may not, if liability did not require intent at all, but merely required negligence. See *id.* at 934.

Looking to patent law, as the Supreme Court did in *Sony* and *Grokster*, further counsels against a negligence standard. The Supreme Court has long held that contributory patent infringement requires knowledge of direct infringement. *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 (1964). And in 2011, the Court held that willful blindness satisfies this knowledge requirement, but recklessness (“one who merely knows of a substantial and unjustified risk of . . . wrongdoing”) and negligence (“one who should have known of a similar risk but, in fact, did not”) do not. *Global-Tech*, 563 U.S. at 769-71. The Court reaffirmed this holding in 2015, stating that contributory patent infringement “requires proof the defendant knew the acts were infringing,” and that *Global-Tech* “was clear in rejecting any lesser mental state as the standard.” *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1928 (2015). The Court expressly rejected the possibility “that a person, or entity, could be liable even though he did not know the acts were infringing.” *Id.* Thus, in the patent context, it is clear that contributory infringement cannot be based on a finding that a defendant “should have known” of infringement.

In both *Grokster* and *Sony*, the Supreme Court adopted now-codified patent law doctrines — the staple article doctrine and the inducement rule. The Court did so because of “the historic kinship between patent law and copyright law,” *Sony*, 464 U.S. at 439-42, and the similar need in both contexts to impose liability on “culpable expression and conduct” without “discouraging the development of technologies with lawful and unlawful potential,” *Grokster*, 545 U.S. at 936-37. We are persuaded that the *Global-Tech* rule developed in the patent law context, which held that contributory liability can be based on willful blindness but not on recklessness or negligence, is a sensible one in the copyright context. It appropriately targets culpable conduct without unduly burdening technological development.

The law of aiding and abetting, the criminal counterpart to contributory infringement, similarly militates against adoption of a negligence standard. A person “aids and abets a crime when he intends to facilitate that offense’s commission.” *Rosemond v. United States*, 134 S. Ct. 1240, 1248 (2014). The necessary intent can be presumed only “when a person actively participates in a criminal venture with full knowledge of the circumstances constituting the charged offense.” *Id.* at 1248-49 (emphasis added).

Furthermore, the Restatement of Torts, under a concert of action principle, accepts a doctrine with rough similarity to criminal aiding and abetting, and therefore provides

another analog to contributory infringement. See *Cent. Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 181 (1994). “An actor is liable for harm resulting to a third person from the tortious conduct of another ‘if he knows that the other’s conduct constitutes a breach of duty and gives substantial assistance or encouragement to the other.’” *Id.* (quoting *Restatement (Second) of Torts* § 876(b) (1977)) (emphasis added). Because the Restatement here uses only the word “knows,” where in other places it uses phrases like “knows or should know,” it is clear that “knows” here refers to actual knowledge, not any lesser mental state. Compare *Restatement (Second) of Torts* § 876(b) with § 336 (“knows or has reason to know”) and § 366 (“knows or should know”). And the Second Circuit’s widely-cited *Gershwin* decision on contributory infringement expressly drew on precisely this “common law doctrine that one who knowingly participates or furthers a tortious act is jointly and severally liable with the prime tortfeasor.” *Gershwin Publ’g. Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971).

We therefore hold that proving contributory infringement requires proof of at least willful blindness; negligence is insufficient.

In arguing to the contrary, BMG relies on a pre-Grokster decision, *Ellison v. Robertson*, in which the Ninth Circuit stated that some of its precedents had “interpreted the knowledge requirement for contributory copyright infringement to include both those with actual knowledge and those who have reason to know of direct infringement.” 357 F.3d 1072, 1076 (9th Cir. 2004). But the Ninth Circuit has since clarified, consistent with our holding today, that contributory infringement requires “actual knowledge of specific acts of infringement” or “willful blindness of specific facts.” *Ludvarts, LLC v. AT&T Mobility, LLC*, 710 F.3d 1068, 1072-73 (9th Cir. 2013).

BMG also argues that “*Sony* itself described a case where the defendant ‘knew or should have known’ of the infringement as a “situation in which the imposition of [contributory] liability is manifestly just.” Appellee Br. quoting *Sony*, 464 U.S. at 437-38, 437 n.18). BMG misreads *Sony*. The quoted sentence refers to vicarious liability, stating that imposing liability is “manifestly just” where the defendant can “control the use of copyrighted works by others,” *Sony*, 464 U.S. at 437-38 — which is an element of vicarious liability, but not of contributory infringement, see *Grokster*, 545 U.S. at 930 n.9.

In a footnote to that sentence, *Sony* cited numerous lower court cases, including one in which the district court held that an infringer’s advertising agency and similar defendants could be held contributorily liable if they “knew or should have known that they were dealing in illegal goods.” 464 U.S. at 437 n.18 (citing *Screen Gems-Columbia Music, Inc. v. Mark-Fi Records, Inc.*, 256 F.Supp. 399 (S.D.N.Y. 1966)). Although that district court used the phrase “knew or should have known,” the allegation in that case was that the defendants were dealing with counterfeit musical records priced “so suspiciously below the usual market price” that the defendants must have known or “deliberately closed their eyes” to the fact that the records were infringing. *Screen Gems-Columbia Music*, 256 F. Supp. at 404. In such circumstances, liability could be imposed based on a theory of willful blindness, making it unnecessary to permit the imposition of liability based on a lesser negligence standard.

In sum, the district court erred in charging the jury that Cox could be found liable for contributory infringement if it “knew or should have known of such infringing activity.” The formulation “should have known” reflects negligence and is therefore too low a standard. And because there is a reasonable probability that this erroneous instruction affected the jury’s verdict, we remand for a new trial.

Cox asserts two further errors in the district court’s contributory infringement instructions. . . . First, Cox contends that the district court erred in instructing the jury that Cox could be held liable for contributory copyright infringement on the basis of proof of “direct infringement of BMG’s copyrighted works by users of Cox’s Internet services” and that Cox knew “of such activity.” See Appellants Br. at 24. Cox maintains that such “generalized knowledge — that infringement was occurring somewhere on its network — is exactly what falls short under *Sony*.” Id. at 27. We must agree.

Selling a product with both lawful and unlawful uses suggests an intent to cause infringement only if the seller knows of specific instances of infringement, but not if the seller only generally knows of infringement. See *Ludvarts*, 710 F.3d at 1072 (holding that contributory copyright infringement “requires more than a generalized knowledge . . . of the possibility of infringement”; it requires “specific knowledge of infringement”). A seller who only generally knows of infringement is aware that “some of his products will be misused” — but critically, not which products will be misused. See *Grokster*, 545 U.S. at 932-33. Thus, when that seller makes a sale to a specific customer, the seller knows only that the customer may infringe, not that the customer is substantially certain to do so.

BMG does not dispute that the requisite mental state must be tied to specific infringements; it contends, however, that the court’s instructions in fact “tied knowledge to specific acts of direct infringement.” Appellee Br. at 50. BMG rests on the fact that the instruction required that Cox knew “of such infringing activity,” and that such infringing activity referred back to “direct infringement of BMG’s copyrighted works by users of Cox’s Internet service.”

It does not follow, however, that a jury so instructed found that Cox had knowledge of specific infringements. For example, the jury could have found that Cox knew of “direct infringement of BMG’s copyrighted works” by its subscribers if Cox had data showing that some number of its subscribers were infringing BMG’s copyrights, even if the data did not show which ones were infringing. That level of generalized knowledge does not reflect an intent to cause infringement, because it is not knowledge that infringement is substantially certain to result from Cox’s continued provision of Internet access to particular subscribers. Put another way, the proper standard requires a defendant to have specific enough knowledge of infringement that the defendant could do something about it. On remand, therefore, the contributory infringement instruction should require that Cox knew of specific instances of infringement or was willfully blind to such instances.

Relatedly, Cox challenges the district court’s willful blindness instruction. The court instructed the jury that Cox “acted with willful blindness if it was aware of a high probability that Cox users were infringing BMG’s copyrights but consciously avoided confirming that fact.” Since we have held that contributory infringement requires

knowledge of, or willful blindness to, specific instances of infringement, the court's willful blindness instruction should similarly require a conclusion that Cox consciously avoided learning about specific instances of infringement, not merely that Cox avoided confirming the fact that "Cox users were infringing BMG's copyrights" in general.

Although we have concluded that the district court incorrectly instructed the jury in some instances, we reject Cox's argument that with proper instructions, it is entitled to judgment as a matter of law. The district court's thoroughness and sure grasp of numerous complex issues provide a model of fair administration of justice. At trial, BMG offered powerful evidence from which a reasonable jury could find that Cox willfully blinded itself to specific instances of infringement by its subscribers, such as evidence that Cox prevented itself from receiving any of the more than one million notices Rightscorp sent on BMG's behalf. Indeed, that appears to be the primary theory for liability advanced by BMG. See Appellee Br. at 21 ("Cox was put on notice of — and willfully blinded itself to — millions of specific instances of unlawful sharing of BMG's works by its subscribers."). That determination, of course, must be made by a jury properly instructed as to the law. But the trial record provides no basis for judgment as a matter of law in Cox's favor.

Notes and questions

(1) In *BMG Rights Management (US) LLC v. Cox Communications, Inc.*, the Fourth Circuit reversed and remanded a \$25 million jury verdict resulting from an instruction that the jury could impose liability for contributory infringement if the jury found "Cox knew or should have known of such infringing activity." The court of appeals held that proving contributory copyright infringement requires proof of actual knowledge of specific acts of infringement or at least willful blindness of specific facts; it rejected recklessness and negligence as insufficient.

(2) The Fourth Circuit's opinion does a lot to clean up the vagueness of the Seventh Circuit's discussion of willful blindness in *Aimster*. In *BMG v. Cox*, the court of appeals held that "contributory infringement requires knowledge of, or willful blindness to, specific instances of infringement," and it therefore required that the trial court's willful blindness instruction to the jury "should similarly require a conclusion that Cox consciously avoided learning about specific instances of infringement, not merely that Cox avoided confirming the fact that Cox users were infringing BMG's copyrights in general."

(3) However, the appeals court offered substantial encouragement to the plaintiffs, noting that they had "offered powerful evidence from which a reasonable jury could find that Cox willfully blinded itself to specific instances of infringement by its subscribers, such as evidence that Cox prevented itself from receiving any of the more than one million notices Rightscorp sent on BMG's behalf."

Cobbler Nevada, LLC v. Gonzales, 901 F. 3d 1142 (9th Cir. 2018)

Circuit Judge McKeown

In this copyright action, we consider whether a bare allegation that a defendant is the registered subscriber of an Internet Protocol ("IP") address associated with

infringing activity is sufficient to state a claim for direct or contributory infringement. We conclude that it is not.

After tracing infringement of its copyrights to a particular IP address, Cobbler Nevada, LLC filed suit against the John Doe IP address for direct and contributory copyright infringement. Cobbler Nevada soon discovered that the IP address was registered to Thomas Gonzales, who operated an adult foster care home. Cobbler Nevada then amended its complaint to name Gonzales as the sole defendant, alleging that he directly infringed by copying and distributing copyrighted works himself or, in the alternative, contributed to another's infringement by failing to secure his internet connection.

The district court properly dismissed Cobbler Nevada's claims. The direct infringement claim fails because Gonzales's status as the registered subscriber of an infringing IP address, standing alone, does not create a reasonable inference that he is also the infringer. Because multiple devices and individuals may be able to connect via an IP address, simply identifying the IP subscriber solves only part of the puzzle. A plaintiff must allege something more to create a reasonable inference that a subscriber is also an infringer. Nor can Cobbler Nevada succeed on a contributory infringement theory because, without allegations of intentional encouragement or inducement of infringement, an individual's failure to take affirmative steps to secure his internet connection is insufficient to state a claim.

BACKGROUND

Cobbler Nevada holds copyrights in the film *The Cobbler*, a magic realism film that features a cobbler, bored of his everyday life, who stumbles upon a magical heirloom that allows him to become other people. Like a number of major motion pictures scheduled for theatrical release, *The Cobbler* has been the subject of unauthorized downloading and distribution (i.e., pirating) through BitTorrent networks. According to Cobbler Nevada, there have been over 10,000 instances of infringing activity of *The Cobbler* traced to Oregon alone.

Cobbler Nevada identified an IP address located in Portland, Oregon, that had downloaded and distributed *The Cobbler* multiple times without authorization. Cobbler Nevada filed suit against the unknown holder of the IP address — named in the complaint as Doe-24.21.136.125 — for direct and contributory copyright infringement. Records subpoenaed from Comcast identified Thomas Gonzales as the subscriber of the internet service associated with the IP address.

After several attempts to reach Gonzales, Cobbler Nevada's counsel finally connected with Gonzales via telephone. Once counsel learned that the internet service was accessible to both residents and visitors at an adult care home, he concluded that "it does not appear that [Gonzales] is a regular occupant of the residence or the likely infringer." Due to confidentiality concerns, Gonzales refused to share the names or work schedules of the individuals living and working in the home without a court order. Although the district court granted leave to depose Gonzales, the deposition revealed no new information regarding the identity of the actual infringer.¹

Footnote 1: During his deposition, Gonzales testified that, once he became aware of the infringing activity, he attempted to find out who the infringer was and instructed everyone to stop infringing. He also testified that the staff took the same steps, but no one was able to identify the infringer.

Nevertheless, Cobbler Nevada filed a First Amended Complaint and named Gonzales as the sole defendant. Cobbler Nevada alleged that Gonzales “copied and distributed” The Cobbler or, in the alternative, “facilitated and promoted the use of the internet for the infringing of [Cobbler Nevada’s] exclusive rights under the Copyright Act” by failing to “reasonably secure, police and protect” the use of his internet service. Cobbler Nevada also claimed that Gonzales “had been sent over 400 notices of infringing activity,” yet “failed and refused to take any action whatsoever and either continued to infringe by using BitTorrent to download and distribute copyrighted content or continued to allow infringing activity after such notices.”

The only facts in support of Cobbler Nevada’s direct infringement claim were that Gonzales was “the subscriber of the IP address used to download or distribute the movie, and that he was sent notices of infringing activity to which he did not respond.” Relying on the magistrate judge’s reasoning that these allegations were “not enough” to state a claim because there were no facts connecting Gonzales to the infringing activity, the district court dismissed the direct infringement claim without prejudice.

The district court also dismissed the contributory infringement claim, which rested on the theory that Gonzales failed to stop infringement by others after being notified of such infringement. The court wrote that liability arises by “actively encouraging... infringement through specific acts,” and not by mere failure to take affirmative steps to prevent infringement. Cobbler Nevada’s failure to allege that Gonzales “promoted, encouraged, enticed, persuaded, or induced another to infringe any copyright, let alone [Cobbler Nevada’s] copyright,” sunk the claim.

The district court gave Cobbler Nevada three weeks to file an amended complaint. Instead of amending its claims against Gonzales, Cobbler Nevada filed a Second Amended Complaint in which, once again, it named the Doe IP address as the sole defendant. No new factual allegations were added. The magistrate judge ordered Cobbler Nevada to show cause why the Second Amended Complaint should not be dismissed for failure to cure the deficiencies identified in the court’s dismissal of the First Amended Complaint, or for failure to identify the unknown party in a timely manner pursuant to Federal Rule of Civil Procedure 4(m). Less than a week later, Cobbler Nevada filed a notice of voluntary dismissal.

Gonzales then filed a motion requesting entry of judgment dismissing the case and for attorney’s fees for the contributory infringement claim. The district court granted the motion and awarded Gonzales attorney’s fees of \$17,222.40 and costs of \$252.20.

ANALYSIS

I. The District Court Properly Dismissed Cobbler Nevada’s Direct Infringement Claim Without Prejudice

Although copyright owners can often trace infringement of copyrighted material to an IP address, it is not always easy to pinpoint the particular individual or device engaged in the infringement. Internet providers, such as Comcast or AT & T, can go

so far as to identify the individual who is registered to a particular IP address (i.e., an account holder) and the physical address associated with the account, but that connection does not mean that the internet subscriber is also the infringer. The reasons are obvious — simply establishing an account does not mean the subscriber is even accessing the internet, and multiple devices can access the internet under the same IP address. Identifying an infringer becomes even more difficult in instances like this one, where numerous people live in and visit a facility that uses the same internet service. While we recognize this obstacle to naming the correct defendant, this complication does not change the plaintiff's burden to plead factual allegations that create a reasonable inference that the defendant is the infringer.

The only connection between Gonzales and the infringement was that he was the registered internet subscriber and that he was sent infringement notices. To establish a claim of copyright infringement, Cobbler Nevada “must show that [it] owns the copyright and that the defendant himself violated one or more of the plaintiff's exclusive rights under the Copyright Act.” *Ellison v. Robertson*, 357 F.3d 1072, 1076 (9th Cir. 2004). Cobbler Nevada has not done so.

This is a situation “[w]here a complaint pleads facts that are merely consistent with a defendant's liability, ... stop[ping] short of the line between possibility and plausibility of entitlement to relief.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). The allegations are not “enough to raise a right to relief above a speculative level.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). This result should come as no surprise to Cobbler Nevada, which acknowledged that its independent investigation did not permit identification of “a specific party that is likely to be the infringer.”

Nor did the district court err in entering judgment in favor of Gonzales after Cobbler Nevada voluntarily dismissed its Second Amended Complaint. Once the claims against Gonzales were dismissed, Cobbler Nevada failed to cure the deficiencies and instead amended its complaint to name the Doe IP address as the sole defendant. This put things right back where they started, naming an IP address without identifying an actual infringer. Recognizing that the claims against Gonzales were not resolved, the district court entered judgment reflecting its earlier dismissal of Cobbler Nevada's direct infringement claim without prejudice and the contributory infringement claim with prejudice. Cobbler Nevada argues that the district court should have granted it further leave to amend before entering judgment, which had the effect of foreclosing any further amendment. In light of Cobbler Nevada's prior amendments to the complaint and the futility of any further amendment, however, the district court acted within its discretion in not granting further leave to amend.

II. The District Court Properly Dismissed Cobbler Nevada's Contributory Infringement Claim With Prejudice

We have adopted the well-settled rule that “one infringes contributorily by intentionally inducing or encouraging direct infringement.” *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1170 (9th Cir. 2007) (quoting *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005)). Stated differently, “liability exists if the defendant engages in personal conduct that encourages or assists the infringement.” *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1019 (9th Cir.

2001) (internal quotation marks omitted). A claim for contributory infringement requires allegations that the defendant is “one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another.” *Fonovisa v. Cherry Auction, Inc.*, 76 F.3d 259, 264 (9th Cir. 1996) (brackets omitted) (quoting *Gershwin Publishing Corp. v. Columbia Artists Management*, 443 F.2d 1159, 1162 (2d Cir. 1971)). Cobbler Nevada’s contributory infringement claim is premised on a bare allegation that Gonzales failed to police his internet service. This perfunctory allegation, without more, does not sufficiently link Gonzales to the alleged infringement.

At the outset, we recognize that Gonzales’s position — a subscriber to internet service — does not fit cleanly within our typical contributory liability framework, which often involves consumer-facing internet platforms. See, e.g., *Grokster*, 545 U.S. at 919-20 (computer software provider); *Amazon*, 508 F.3d at 1171 (search engine). Nevertheless, it is no leap to apply the framework of similar technology-based cases to our analysis of Gonzales’s liability.

In *Sony Corp. of America v. Universal City Studios, Inc.*, the Supreme Court held that liability for another’s infringement cannot arise from the mere distribution of a product that is “widely used for legitimate, [non-infringing] purposes.” 464 U.S. 417, 442 (1984). The Court later refined the standard for liability, 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.” *Grokster*, 545 U.S. at 919. In essence, the limitation of liability in *Sony* — premised on a refusal to impute intent to a defendant based solely on knowledge that a product might be used for infringement — does not apply “where evidence ... shows statements or actions directed to promoting infringement.” *Id.* at 935. The Court was clear, however, that “in the absence of other evidence of intent, a court would be unable to find contributory infringement liability merely based on a failure to take affirmative steps to prevent infringement, if the device otherwise was capable of substantial noninfringing uses.” *Id.* at 939 n.12; see also *id.* at 937 (“[M]ere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability.”).

Although circuit courts approach contributory liability through varying lenses, our circuit has identified two strands of liability following *Sony* and *Grokster*: “actively encouraging (or inducing) infringement through specific acts” or “distributing a product distributees use to infringe copyrights, if the product is not capable of ‘substantial’ or ‘commercially significant’ noninfringing uses.” *Amazon*, 508 F.3d at 1170 (quoting *Grokster*, 545 U.S. at 942 (Ginsburg, J., concurring)). We analyze contributory liability “in light of ‘rules of fault-based liability derived from the common law,’ and common law principles establish that intent may be imputed.” *Id.* at 1170-71 (quoting *Grokster*, 545 U.S. at 934-35).

Turning to the first strand, Cobbler Nevada’s complaint lacks any allegations that Gonzales actively encouraged (or induced) infringement through specific acts. Nothing in Cobbler Nevada’s complaint alleges, or even suggests, that Gonzales actively induced or materially contributed to the infringement through “purposeful, culpable expression and conduct.” *Grokster*, 545 U.S. at 937. No allegations suggest

that Gonzales made any “clear expression” or took “affirmative steps” to foster the infringement — Gonzales’s only action was his failure to “secure, police and protect” the connection. *Id.* at 919. Because a “failure to take affirmative steps to prevent infringement” alone cannot trigger liability, *Grokster*, 545 U.S. at 939 n.12, *Cobbler Nevada* failed to “state a claim to relief that is plausible on its face,” *Iqbal*, 556 U.S. at 678 (quoting *Twombly*, 550 U.S. at 570).

Nor does the second strand implicate Gonzales. Providing internet access can hardly be said to be distributing a product or service that is not “capable of substantial” or “commercially significant noninfringing uses.” *Sony*, 464 U.S. at 442.

We note that *Cobbler Nevada*’s theory both strays from precedent and effectively creates an affirmative duty for private internet subscribers to actively monitor their internet service for infringement. Imposing such a duty would put at risk any purchaser of internet service who shares access with a family member or roommate, or who is not technologically savvy enough to secure the connection to block access by a frugal neighbor. This situation hardly seems to be one of “the circumstances in which it is just to hold one individual accountable for the actions of another.” *Id.* at 435.

Notes and questions

(1) In *Cobbler Nevada, LLC v. Gonzales*, 901 F. 3d 1142 (9th Cir. 2018), the Ninth Circuit held that a bare allegation that a defendant is the registered subscriber of an Internet Protocol address associated with infringing activity is not sufficient to state a claim for direct or contributory infringement.

(2) Why would *Cobbler Nevada* behave like this? This case should be understood in the context of the epidemic of file-sharing litigation that has swept the federal courts in recent years. In a recent article, *Defense Against the Dark Arts of Copyright Trolling*, Matthew Sag and Jake Haskell explain the problem in more detail.

Matthew Sag & Jake Haskell, *Defense Against the Dark Arts of Copyright Trolling*, 103 IOWA LAW REVIEW 571, 573–74 (2018)

Over the past six years, a small group of copyright owners has deluged the federal court system with lawsuits against John Doe defendants alleging online copyright infringement. These lawsuits are sometimes directed against a single defendant, sometimes thousands. This new wave of file-sharing lawsuits is, in our view, copyright trolling because of the opportunistic way in which they seek to monetize assertions of infringement. More importantly, we regard these suits as a kind of trolling because the plaintiffs’ claims of infringement rely on poorly substantiated form pleadings and are targeted indiscriminately at noninfringers as well as infringers. Plaintiffs have realized that there is no need to invest in a case that could actually be proven in court or in forensic systems that reliably identify infringement without a large ratio of false positives. The lawsuits described in this Article are filed primarily to generate a list of targets for collection and are unlikely to withstand the scrutiny of contested litigation. Sometimes the plaintiffs get lucky and target an actual infringer who is motivated to settle. Even when the infringement has not occurred or where the infringer has been misidentified, a combination of the threat of statutory damages—up to \$150,000 for a single download—tough talk, and

technological doublespeak are usually enough to intimidate even innocent defendants into settling.

The plaintiffs play a numbers game, targeting hundreds or thousands of defendants and seeking quick settlements priced just low enough that it is less expensive for the defendant to pay than to defend the claim. This game is profitable, whether the lawsuits are targeted at actual infringers or not. It is difficult to overstate the extent to which copyright trolling has come to dominate the federal copyright docket. In this Article, we report new empirical data on the continued growth of copyright trolling in the United States. We show that around 10,000 copyright lawsuits have been filed against John Doe defendants in the last six years and that these suits have accounted for almost half of all the copyright cases filed in the United States between 2014 and 2016. However, counting cases filed grossly understates the significance of copyright trolling, since an individual lawsuit may contain dozens, even thousands, of individual defendants. This places the true number of defendants in the hundreds of thousands. Many of these defendants are noninfringers.

The infringement claims made in these file-sharing cases are a Potemkin village: Their impressive façade is only paper thin. Despite their underlying weakness, plaintiffs have exploited information asymmetries, the high cost of federal court litigation, and the extravagant threat of statutory damages for copyright infringement to leverage settlements from the guilty and the innocent alike.

(3) As Sag and Haskell explain in *Defense Against the Dark Arts of Copyright Trolling*, there is a fundamental conflict between modern pleading requirements and the tactics adopted by many copyright trolls.

Matthew Sag & Jake Haskell, *Defense Against the Dark Arts of Copyright Trolling*, 103 IOWA LAW REVIEW 571, 590–92 (2018)

IP addresses are not people. Indeed, IP addresses are often used by multiple people in ways that make it very difficult to be sure who is responsible for what activity. Routers are left unsecured or with factory defaults; passwords are shared with family members, roommates, guests and neighbors; unsecured guest accounts are created and then forgotten; passwords are cracked; passwords are reused across different contexts (and once a password is guessed or compromised in one context it is worthless in all of them); and backdoors are opened up by malware and unsecure devices, including printers and even refrigerators. ...

The boilerplate complaints used by plaintiffs in John Doe file-sharing cases do not plead the identity of the defendant with specificity. Contrary to modern pleading standards, the plaintiffs rely on IP addresses and typically provide nothing to link the named defendant—the subscriber to the Internet account—to the act of infringement. Ironically, this problem becomes more acute once the plaintiff learns the identity of the IP address account holder. If we suspend our disbelief as to the plaintiff's black box process, it may seem reasonable to allege that an unknown person using an IP address, 91.220.139.137, for example, infringed its copyright in a particular manner at a particular point in time. However, when the plaintiff amends its complaint to replace "John Doe using IP address 91.220.139.137" with the name of whoever pays the bill on a particular Internet account, it is asserting, usually without any evidence, that the account holder and the John Doe are one and the same.

District courts have repeatedly found that the mere fact a defendant pays for the Internet account linked to an IP address does not prove that particular defendant

was the infringer; nor does it prove that she is somehow contributorily or vicariously liable for the infringement of others who use her IP address.

The Ninth Circuit's ruling in *Cobbler Nevada* was widely anticipated, but the case is important because it is the first federal court of appeals to hold that being the registered internet subscriber and receiving infringement notices does not establish that the account holder was (a) the infringer or (b) secondarily liable for infringement.

Tertiary Liability?

Where does the chain of responsibility for copyright infringement end? In a handful of cases, plaintiffs have asserted that management advisors, investors, executives, and the like can be held liable for copyright infringement that is at least two steps removed from their actions. In *In re Napster Inc.*, 2001 WL 36593841 (N.D. Cal. July 9, 2001), Matthew Katz, a music producer, alleged copyright infringement by Napster, Inc. ("Napster"), and individual defendants including Napster's CEO Hank Barry and its co-founder Sean Fanning. The court rejected what it characterized as a theory as tertiary liability (at *2):

Katz asks this court to adopt what is best described as a "tertiary theory" of liability for contributory infringement. He argues that defendants are liable for contributory infringement on the basis of their relationship to Napster. Katz does not allege that Napster is a direct infringer, but would hold Napster liable for contributory infringement on the basis of the service Napster provides to its users. Under this formulation, Napster users are the direct infringers, Napster is the secondary infringer and the individual defendants are tertiary infringers. The court finds no support for this legal proposition. Rather, courts have consistently held that liability for contributory infringement requires substantial participation in a specific act of direct infringement. *See e.g., Cable/Home Communication Corp. v. Network Prod., Inc.*, 902 F.2d 829, 845 (11th Cir.1990) ("Contributory infringement necessarily must follow a finding of direct or primary infringement."); *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162–63 (2nd Cir.1971); *see also 3 Nimmer on Copyright* § 12.04[A][2][a] at 12–73 ("in order to be deemed a contributory infringer, the authorization or assistance must bear some direct relationship to the infringing acts, and the person rendering such assistance or giving such authorization must be acting in concert with the infringer").

Another case in the Napster saga also raised the issue of tertiary liability, this time in relation to investors. In *UMG Recordings v. Bertelsmann AG*, 222 F.R.D. 408, 409 (N.D. Cal. 2004) the plaintiffs argued that Bertelsmann AG and the Venture Capital firm Hummer Winblad were contributorily and vicariously liable for copyright infringement through their relationship with Napster. The claims survived a motion to dismiss and were not assessed on the merits because Bertelsmann and Hummer Winblad settled. Remarkably, Bertelsmann agreed to pay approximately \$60 million as part of that settlement.

UMG Recordings, Inc. v. Shelter Capital Partners, 718 F.3d 1006, (9th Cir. 2013)

In *UMG Recordings, Inc. v. Shelter Capital Partners*, 718 F.3d 1006, (9th Cir. 2013) the record label plaintiffs sued a video sharing platform, Veoh, for copyright infringement with respect to user-generated content. The plaintiffs argued that Veoh's investors were also liable for these infringements. The court (at 1031) held that the application of the DMCA safe harbors to Veoh did not necessarily preclude secondary liability for the unshielded investors. The court agreed "that this would create an anomalous result," but it assumed without deciding that the suit against the investor defendants could properly proceed even though Veoh was protected from monetary liability by the DMCA. Nevertheless, the court of

appeals rejected the attempt to impose secondary liability on the investors. The plaintiffs failed to establish the necessary material contribution for contributory liability.

... UMG acknowledges that funding alone cannot satisfy the material assistance requirement. It thus argues that the Investor Defendants “provided Veoh’s necessary funding *and* directed its spending” on “basic operations including ... hardware, software, and employees”—“elements” UMG argues “form ‘the site and facilities’ for Veoh’s direct infringement.” UMG thus attempts to liken its case to *UMG Recordings, Inc. v. Bertelsmann AG et al.*, 222 F.R.D. 408 (N.D.Cal.2004), where the district court denied an investor’s motion to dismiss claims of contributory infringement. In *Bertelsmann*, however, the investor was Napster’s “only available source of funding,” and thus “held significant power and control over Napster’s operations.” Here, by contrast, there were multiple investors, and none of the Investor Defendants could individually control Veoh. Accordingly, UMG hinges its novel theory of secondary liability on the contention that the three Investor Defendants *together* took control of Veoh’s operations by obtaining three of the five seats on Veoh’s Board of Directors, and effectively provided the “site and facilities” for direct infringement by wielding their majority power to direct spending.

Even assuming that such joint control, not typically an element of contributory infringement, could satisfy *Fonovisa*’s site and facilities requirement, UMG’s argument fails on its own terms, because the complaint nowhere alleged that the Investor Defendants agreed to work in concert to this end. UMG suggests that it did allege that the Investor Defendants agreed to operate Veoh jointly—UMG alleged that the Investor Defendants operated Veoh by seeking and obtaining seats on Veoh’s Board of Directors as a condition of their investments. But three investors individually acquiring one seat apiece is not the same as agreeing to operate as a unified entity to obtain and leverage majority control. Unless the three independent investors were on some level working in concert, then none of them actually had sufficient control over the Board to direct Veoh in the way UMG contends. This missing allegation is critical because finding secondary liability without it would allow plaintiffs to sue any collection of directors making up 51 percent of the board on the theory that they constitute a majority, and therefore together they control the company. Without this lynchpin allegation, UMG’s claim that the Investor Defendants had sufficient control over Veoh to direct its spending and operations in a manner that might theoretically satisfy the “site and facilities” test falls apart. We therefore affirm the dismissal of UMG’s contributory infringement claim.

This missing allegation likewise requires us to affirm the district court’s dismissal of UMG’s vicarious liability and inducement of infringement claims. Inducement liability is proper where “one 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.” *Grokster*, 545 U.S. at 936–37. Vicarious liability is warranted if “the defendant profits directly from the infringement and has a right and ability to supervise the direct infringer.” *Grokster*, 545 U.S. at 930 n. 9; *see also Visa*, 494 F.3d at 802. UMG’s arguments that the Investor Defendants “distributed” Veoh’s services and had the right and ability to supervise the infringing users are premised on the unalleged contention that the Investor Defendants agreed to act in concert, and thus *together* they held a majority of seats on the Board and “maintained operational

control over the company.” We therefore affirm the dismissal of the complaint against the Investor Defendants.

Notes and questions

(1) Holding investors liable for the copyright infringements by the entities they invest in seems like an end-run around limited liability. Cases like *UMG Recordings, Inc. v. Shelter Capital Partners*, 718 F.3d 1006, (9th Cir. 2013) have rejected this circumvention on particular facts, but the courts should probably reject it in theory as well.

(2) There is more support for holding key executives liable and thus piercing the corporate veil. In *Arista Records LLC v. Lime Grp. LLC*, 784 F.Supp.2d 398, 437–38 (S.D.N.Y.2011), the district court held that an individual defendant can be held personally liable for claims of direct and secondary liability of a corporation. See also, *Capitol Records, Inc. v. Wings Digital Corp.*, 218 F.Supp.2d 280, 284–85 (E.D.N.Y.2002). In *EMI Christian Music Group, Incorporated v. MP3tunes, LLC.*, 844 F.3d 79 (2nd Cir. 2016), the Second Circuit upheld a jury verdict the MP3tunes’s CEO, Michael Robertson, was liable for the copyright infringements of the users of MP3tunes.com. The controversial feature offered by MP3tunes was the “sideload” plug-in which enabled users to download music directly to their MP3tunes storage lockers from other sources on the Internet.

Songs sideloaded into users’ lockers were then added to sideload.com’s index of searchable songs. This meant that the more songs users sideloaded from the internet, the more free music became available for sideload.com users to stream, download, or sideload into their own lockers.

The court of appeals held (at 99)

... here there was ample evidence to support the jury’s finding, ... that Robertson was vicariously liable for copyright infringement. Among other things, an MP3tunes employee testified that she and other employees “used Sideload marketing efforts to try to get people to sign up for lockers” and emphasized the availability of free music on sideload.com “in connection with trying to get users to purchase lockers.” Meanwhile, Robertson sought to use sideload.com to attract free users to MP3tunes whom MP3tunes could thereafter “upsell” to premium lockers. There was also evidence that Robertson, through a trust, was the near-exclusive funder of MP3tunes and thus had an “obvious and direct financial interest” in infringement that drew subscribers to MP3tunes.com. The jury thus had sufficient evidence to find Robertson vicariously liable in this case.

The court continued (at 99-100):

Robertson’s challenge to the jury’s contributory liability finding fares no better. ... Based on our review of the trial record, we reject Robertson’s challenge to the jury’s verdict finding him liable for contributory infringement based on the infringing activities of both MP3tunes executives and MP3tunes users. Robertson personally encouraged his employees to sideload songs to add to the index. Many of those songs were from sites that contained “pirated material.” The entire point of sideloading to the index was to make more music available for user download—even though Robertson knew the music was generally not available for free in MP3 form. This, in turn, aided and abetted infringement by sideload.com users.

Nor are we persuaded by Robertson’s argument that the District Court should have instructed the jury that his participation needed to be substantial and to have had a

direct relationship to the infringement in order to find him liable for contributory infringement. The District Court instructed the jury as follows: “A defendant is liable for contributory infringement if, one, with knowledge of the infringing activity, two, that defendant introduces, causes, or materially contributes to the infringing conduct of another.” ... We conclude that the District Court’s use of the phrase “materially contributes” rather than “substantially contributes” was not misleading and adequately informed the jury of the law. We also think that the District Court was not required to instruct the jury specifically that there had to be a “direct relationship” between the contributor’s activities and the infringement. We have never held that such an instruction was necessary. In any event, the District Court’s instruction adequately captured the necessary relationship when it reminded the jury that a defendant “materially contributes to the infringing conduct of another if the defendant engages in personal conduct that is part of, encourages, or assists the infringement.”

(3) The Ninth Circuit has held that a parent corporation can be held liable for the infringing acts of its subsidiary if there is a “substantial and continuing connection between the two with respect to infringing acts.” *Frank Music Corp. v. Metro-Goldwyn-Mayer Inc.*, 886 F.2d 1545, 1553 (9th Cir. 1989). *Frank Music* does not hold that a parent company is *per se* vicariously liable for the infringing acts of its subsidiary. As the District Court for the Southern District of New York held in *Banff Ltd. v. Limited, Inc.*, 869 F.Supp. 1103, (S.D.N.Y. 1994), it must be shown, the parent

has a direct financial interest in the infringing activity and that the parent has the right and ability to supervise the subsidiary, which is evidenced by some continuing connection between the two in regard to the infringing activity.

The court in *Banff Ltd.*, found that connection lacking where the subsidiary made its own day-to-day decisions linked to the infringement and because the parent had no “continuing connection” with the activities or people involved in the alleged infringement.

18. INTERNET SAFE HARBORS FROM CLAIMS OF COPYRIGHT INFRINGEMENT

The Digital Millennium Copyright Act and the Origins of the Section 512 Safe Harbors

Matthew Sag, *Internet Safe Harbors and the Transformation of Copyright Law*

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The DMCA was intended to shepherd copyright into the digital age, but it was drafted at a time when the full implications of digitization and the global interconnectedness of the Internet could not have been fully anticipated. In 1998, only forty-one percent of American households were connected to the Internet, and an hour of television would take more than twenty-four hours to download, assuming you had the latest 56k modem. Google was founded on September 4, 1998, less than two months before the DMCA was signed into law.

The DMCA's origin story begins in 1993 when President Clinton formed the Information Infrastructure Task Force to articulate and implement the Administration's vision for the National Information Infrastructure (i.e., the internet). The resulting White Paper was released in 1995 and eventually—after much lobbying, negotiation, forum shopping, and horse trading—morphed into the DMCA that we have today.¹⁶⁵ Note that the White Paper's legislative proposal contained no relief whatsoever for online intermediaries with respect to infringing user conduct.¹⁶⁶

The final text adopted in 1998 reflects a compromise between competing interests: Congress wanted to protect copyright owners from the prospect of massive digital piracy, but at the same time it sought to ensure quick access to movies, music, software, and literary works via the internet. Congress did not foresee user-generated content, Facebook posts, tweets, Vines (which used to be a thing), Snapchat videos, and the like; what it had in mind was a kind of "Celestial Jukebox," which would broadcast traditional content, made by traditional producers, on demand and via subscription.

In the 1990s, traditional commercial copyright producers, such as movie studios, record labels, songwriters, publishing houses, and software companies, were understandably concerned that rapidly spreading digital networks would facilitate the unauthorized copying of perfect digital reproductions of their works on a scale never before seen. Because the Internet promised the dissemination of copyrighted works

¹⁶⁵ See generally, Pamela Samuelson, *The U.S. Digital Agenda at WIPO*, 37 VA. J. INT'L L. 369, 379-81 (1997) (explaining the influence of the U.S. digital copyright agenda on the negotiation of the World Intellectual Property Organization (WIPO) internet treaties in the mid-1990s); JESSICA LITMAN, DIGITAL COPYRIGHT 89-150 (2001) (reviewing the legislative history of DMCA)

¹⁶⁶ See Annemarie Bridy, *Graduated Response and the Turn to Private Ordering in Online Copyright Enforcement*, 89 OR. L. REV. 81, 87-89 (2010) (summarizing the White Paper discussion concerning the scope of online service provider liability for copyright infringement).

almost instantaneously, copyright owners were reluctant to make their works available in digital form or online without enhanced legal protection.

On the flip side, the telecommunications providers that connected users to the Internet were concerned that they would be made liable for the infringing conduct of their users—conduct over which they had no real control. This liability could be direct or indirect. Cases in the 1990s, such as *Playboy Enterprises, Inc. v. Frena* 839 F. Supp. 1552 (M.D. Fla. 1993) and *Playboy Enterprises, Inc. v. Russ Hardenburgh, Inc.* 982 F. Supp. 503 (N.D. Ohio 1997) suggested that online service providers, such as internet bulletin boards, would be held directly liable for unlawful material posted by their users.¹⁶⁷ However, other cases, such as *Religious Technology Center v. Netcom On-Line Communication Services, Inc.* 907 F. Supp. 1361 (N.D. Cal. 1995) and *CoStar Group, Inc. v. LoopNet, Inc.* 373 F.3d 544, 550 (4th Cir. 2004), persuasively reached the opposite conclusion. In *Netcom*, the district court held that the defendant Internet service provider was not liable for the automatic reproduction of a copyrighted work by its computer system. The court refused to impose direct liability on the service provider, reasoning that “[a]lthough copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant’s system is merely used to create a copy by a third party.”¹⁶⁸ In *CoStar*, the Fourth Circuit likewise explained that direct copyright infringement required more than “mere ownership of a machine used by others to make illegal copies.”¹⁶⁹

Even if it had been clear that courts would adopt the “volitional copy” doctrine from *Netcom*—as many subsequently have—service providers would still have faced the possibility of indirect liability under copyright law principles of contributory and vicarious liability. Under the principle of contributory copyright infringement, a service provider could be held responsible for user infringement if it had knowledge of, and made a material contribution to, a user’s infringement.¹⁷⁰ Under the principle of vicarious liability, a service provider that had the right and ability to supervise infringing conduct and a direct financial interest in the infringing activity would also be liable.¹⁷¹ In 1984, the Supreme Court held that the knowledge required for contributory copyright liability could be established by the sale of an item whose only practical use was to infringe copyright.¹⁷² The corollary of this position was that a manufacturer would not be liable for the infringing acts of end users if the technology in question was a product “widely used for legitimate, unobjectionable purposes. Indeed, it need *merely be capable of substantial noninfringing uses.*”¹⁷³ Nonetheless, subsequent cases have clarified that the fact that a service has a

¹⁶⁷ See Eric Goldman, *How the DMCA’s Online Copyright Safe Harbor Failed*, 3 NTUT J. INTELL. PROP. L. & MGMT. 195, 195 (2014).

¹⁶⁸ *Netcom*, 907 F. Supp. at 1370.

¹⁶⁹ *CoStar*, 373 F.3d at 550.

¹⁷⁰ *Gershwin Publ’g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971); see also *MGM*, 545 U.S. at 915.

¹⁷¹ *Gershwin*, 443 F.2d at 1162.

¹⁷² *Sony Corp. of Am.*, 464 U.S. at 491 (Blackmun, J., dissenting).

¹⁷³ *Id.* at 442 (majority opinion) (emphasis added).

substantial noninfringing use will not shield the service provider if it has actual knowledge of infringement,¹⁷⁴ nor if it makes the service available “with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement.”¹⁷⁵

In the 1990s, copyright’s doctrines of secondary liability were seen as theoretically muddled and somewhat arbitrary in application. Accordingly, service providers had no way of predicting whether courts would apply key concepts, such as “knowledge,” “material contribution,” “the right and ability to supervise,” “financial interest in the infringing activity,” and “substantial noninfringing use” in a way that made them liable. Indeed, whether an Internet service provider that connects households to the Internet, such as Comcast or AT&T, could ever be held liable for the unauthorized transmission and/or storage of copyrighted material without their knowledge remains an open question even today. Likewise, the circumstances under which an online service provider, such as YouTube (a popular video-sharing website) or Flickr (a popular photo-sharing website), could actually be held liable for any infringing uploads by their users is unclear. In the mid-1990s, the issues were sufficiently in doubt that telecommunications providers and would-be providers of other online services convinced Congress that they were reluctant to “make the necessary investment in the expansion of the speed and capacity of the Internet” without reasonable assurances of limited liability for copyright infringement.¹⁷⁶

Although the Clinton administration initially focused on the reforms that Hollywood was demanding, principally anticircumvention rules now found in section 1201 of the Copyright Act, telecom companies and fledgling ISPs demanded and eventually received safe harbor protection as a *quid pro quo*.¹⁷⁷ Eventually, Congress enacted a patchwork of reforms, concessions, and incentives tailored to the interests of the major participants. Traditional commercial copyright producers obtained a number of important concessions in exchange for the safe harbors, most notably anticircumvention rules.

Congress sought to preserve “strong incentives for service providers and copyright owners to cooperate” in dealing with online infringement. It also sought to provide “greater certainty to service providers concerning their legal exposure for infringements that may occur in the course of their activities.” To achieve this balance, Internet and online service providers were given significant relief from prospective copyright liability under a set of provisions that are conventionally known as the DMCA safe harbors. Title II of the DMCA, also known as the Online Copyright Infringement Liability Limitation Act, now forms section 512 of the Copyright Act. As the term “safe harbor” suggests, Title II of the DMCA was intended to offer legal certainty to Internet service providers and online platforms if

¹⁷⁴ *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1020 (9th Cir. 2001).

¹⁷⁵ *MGM*, 545 U.S. at 936-37.

¹⁷⁶ S. REP. NO. 105-190, at 8 (1998).

¹⁷⁷ See Timothy Wu, *Copyright’s Communications Policy*, 103 MICH. L. REV. 278, 350-56 (2004) (discussing the tradeoff between Section 512 and Section 1201); see also Samuelson, *supra* note 30 (explaining the influence of the U.S. digital copyright agenda on the negotiation of the WIPO internet treaties in the mid-1990s).

their conduct stayed within certain parameters. Title II was modeled, in part, on the district court decision in *Netcom*, which held that a service operating automatically at the direction of a user lacks the volitional element required for copyright infringement. But rather than confirming this view of the law, Congress left this and related questions open. That the direct and indirect liability of Internet and online service providers remains open to debate some twenty years later is a testament to the success to the safe harbor regime.

The DMCA safe harbors have been a tremendous benefit to the U.S. copyright system and to the U.S. economy. Together with the protection that Section 230 of the Communications Decency Act provides against state law claims, such as defamation, the Internet safe harbors have propelled the growth of social networking and other “Web 2.0” businesses.¹⁷⁸ Some argue that the safe harbors give too much cover to online intermediaries and diminish their incentives to address online infringement.

The Section 512 Safe Harbors

Overview

There are four DMCA safe harbor provisions are located in Section 512 of the Copyright Act. The safe harbors do not change the underlying law of copyright and they do not impose any affirmative obligation on qualifying service providers. The safe harbors allow qualifying service providers to limit their liability for claims of copyright infringement based on (a) “transitory digital network communications,” (b) “system caching,” (c) “information residing on systems or networks at [the] direction of users,” and (d) “information location tools.”

Service Provider

To qualify for protection under any of the safe harbors, a party must be a “service provider,” as that term is defined in Section 512(k)(1).

17 US Code §512 (k) Definitions.—

(1) Service provider.—

(A) As used in subsection (a), the term “service provider” means an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.

(B) As used in this section, other than subsection (a), the term “service provider” means a provider of online services or network access, or the operator of facilities therefor, and includes an entity described in subparagraph (A).

Note that service provider is defined slightly differently for the “transitory digital network communications” safe harbor in subsection (a) than for the remaining three safe harbors. Generally, “service provider” means a provider of online services or network access and

¹⁷⁸ See Edward Lee, *Decoding the DMCA Safe Harbors*, 32 COLUM. J.L. & ARTS 233, 269 (2009) (“[T]he DMCA safe harbors have helped to foster tremendous growth in web applications.”).

includes companies like Comcast that provide Internet connections as well as companies like Facebook and Google that provide services over the Internet.

Conditions for Eligibility—In General

Section 512, subsection (i) specifies certain conditions of eligibility including the adoption and reasonable implementation of a “repeat infringer” policy and the accommodation on the “standard technical measures” used by copyright owners to identify or protect copyrighted works.

17 US Code § 512 (i) Conditions for Eligibility.—

(1) Accommodation of technology.— The limitations on liability established by this section shall apply to a service provider only if the service provider—

(A) has adopted and reasonably implemented, and informs subscribers and account holders of the service provider’s system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider’s system or network who are repeat infringers; and

(B) accommodates and does not interfere with standard technical measures.

(2) Definition.— As used in this subsection, the term “standard technical measures” means technical measures that are used by copyright owners to identify or protect copyrighted works and—

(A) have been developed pursuant to a broad consensus of copyright owners and service providers in an open, fair, voluntary, multi-industry standards process;

(B) are available to any person on reasonable and nondiscriminatory terms; and

(C) do not impose substantial costs on service providers or substantial burdens on their systems or networks.

Note that each particular safe harbor has its own additional requirements.

Conditions for eligibility—repeat infringer policies

The safe harbor conditions of eligibility require that service providers adopt and reasonably implement a policy for terminating the accounts of repeat infringers. See Section 512(i)(1)(A) extracted above.

Although Section 512(i)(1)(A) prescribes no particular form for a repeat-infringer policy, there are at least two foundational requirements. At minimum, a service provider must (a) independently maintain records of infringing activity, including activity identified through takedown notices, that it links to responsible subscribers; and (b) have an account termination process linked to infringement so identified.¹⁷⁹ A service provider that does not use takedown notices to identify infringing users has not “reasonably implemented” a repeat-infringer policy.

As the district court in *Capitol Records, Inc. v. MP3tunes, LLC*, 821 F.Supp.2d 627, 637 (S.D.N.Y.2011) explained, the requirement that service providers implement a repeat-infringer policy is a “fundamental safeguard for copyright owners” and “essential to maintain

¹⁷⁹ See, e.g., *Capitol Records, LLC v. Escape Media Grp., Inc.*, No. 12-cv-6646, 2015 WL 1402049, at *5-6 (S.D.N.Y. Mar. 25, 2015)

the strong incentives for service providers to prevent their services from becoming safe havens or conduits for known repeat copyright infringers.”

This requirement to reasonably implement a repeat infringer policy is an important condition on safe harbor eligibility, but has not been interpreted to be a particularly onerous one. In *Capitol Records, LLC v. Vimeo, LLC*, 972 F. Supp. 2d 500, 513 (S.D.N.Y. 2013), the court indicated that a threshold obligation to adopt a repeat infringer policy “should not be an overly burdensome one to meet.” Courts have not, for example, equated a repeat-infringer policy with a three-strikes policy of graduated response. However, recent litigation by BMG Rights Management has sought to test the boundaries of what it means to reasonably implement a repeat infringer policy.

A case study in how not to implement a repeat infringer policy: BMG Rights Management v. Cox Communications.¹⁸⁰

Discovery in *BMG v. Cox* revealed that prior to September 2012 Cox had an elaborate 13-strike policy leading up to nominal termination and routine reactivation of identified infringers. As one internal email explained, “once the customer has been terminated for DMCA, we have fulfilled the obligation of the DMCA safe harbor and can start over.” Another summarized more succinctly, “DMCA = reactivate.” Until September 2012, Cox never terminated a subscriber for infringement without reactivating them. After September 2012 Cox changed its practice and in the words of an internal email: “we now terminate, for real.” However the record showed that instead of terminating and then reactivating subscribers, Cox simply stopped terminating them in the first place.

In addition, at some point in time, Cox decided to delete automatically all infringement notices received from BMG’s agent, Rightscorp. As a result, Cox received none of the millions of infringement notices that Rightscorp sent to Cox on BMG’s behalf during the relevant period. The court of appeals took a dim view of this, “Cox’s decision to categorically disregard all notices from Rightscorp provides further evidence that Cox did not reasonably implement a repeat infringer policy.” Finally, the plaintiff was able to point to particular instances where Cox employees had identified a subscriber as a repeat infringer and yet failed to terminate. Cox might have had more success in minimizing isolated instances of failure were it not for internal emails directing an employee not to terminate an infringer and explicitly noting the access providers financial incentive not to terminate. Remarkably, Cox was unable to produce any evidence of instances in which it did follow through on its policy and terminate subscribers after giving them a final warning to stop infringing.

The court of appeals agreed with the district court’s grim assessment (at 303):

Here, Cox formally adopted a repeat infringer “policy,” but, both before and after September 2012, made every effort to avoid reasonably implementing that policy. Indeed, in carrying out its thirteen-strike process, Cox very clearly determined *not* to terminate subscribers who in fact repeatedly violated the policy.

The court of appeals concluded (at 305):

¹⁸⁰ The summary that follows relies exclusively on the judgments of the district court and the court of appeals in *BMG Rights Management (US) LLC v. Cox Communications, Inc.*, 881 F.3d 293 (4th Cir. 2018).

Cox failed to qualify for the DMCA safe harbor because it failed to implement its policy in any consistent or meaningful way—leaving it essentially with no policy.

The Cox case raises more questions than it answers:

(1) Under Cox’s policy, it never seemed to actually terminate any subscribers. The court of appeals indicates that a repeat infringer policy must trigger termination at some stage. However, the court of appeals does not actually address the adequacy of Cox’s thirteen-strike policy if it had resulted in termination. How should such policies be judged? The court of appeals does not elaborate on criteria to assess a repeat infringer policy, but it does make a passing reference to the “effectiveness of Cox’s thirteen-strike policy as a deterrent to copyright infringement”—should policies be judged on their effectiveness at deterring copyright infringement?

(2) Cox’s system escalated from no action for the first notice of infringement through a series of warning emails, suspensions with reactivation after a verbal warning delivered by a technician. At the 13th notice “the subscriber is again suspended, and, for the first time, considered for termination.” As well as being gradual, Cox’s policy restricted the number of notices it would process from any copyright holder or agent in one day; it only counted one notice per subscriber per day; and it reset each subscriber’s thirteen-strike counter every six months.

(3) Courts have been reluctant to be too prescriptive about repeat infringer policies, nor are they likely to insist that policies be followed perfectly in every case. As the court of appeals in *BMG v. Cox* explained (at 303):

We are mindful of the need to afford ISPs flexibility in crafting repeat infringer policies, and of the difficulty of determining when it is “appropriate” to terminate a person’s access to the Internet. At a minimum, however, an ISP has not “reasonably implemented” a repeat infringer policy if the ISP fails to enforce the terms of its policy in any meaningful fashion.

Was the problem with Cox’s policy that it was too lenient, or too discretionary, or both?

(4) Rightscorp, Inc., was hired by the plaintiffs to assist with copyright enforcement and it was not a party in *BMG v. Cox* (although it was represented by the same law firm), but it played a significant role in the case. Indeed the defendant’s refusal to pass along Rightscorp’s infringement notices to its subscribers was probably what precipitated the litigation. As the court of appeals explained (at 299-300),

Rightscorp also asks the ISP to forward the notice to the allegedly infringing subscriber, since only the ISP can match the IP address to the subscriber’s identity. For that purpose, the notice contains a settlement offer, allowing the alleged infringer to pay twenty or thirty dollars for a release from liability for the instance of infringement alleged in the notice. Cox has determined to refuse to forward or process notices that contain such settlement language. When Cox began receiving Rightscorp notices in the spring of 2011 (before Rightscorp had signed BMG as a client), Cox notified Rightscorp that it would process the notices only if Rightscorp removed the settlement language. Rightscorp did not do so. Cox never considered removing the settlement language itself or using other means to inform its subscribers of the allegedly infringing activity observed by Rightscorp.

Rightscorp’s settlement offers can pose a trap for the unwary. A subscriber who accepts Rightscorp’s offer for any single work is giving Rightscorp a vital piece of information, their

identity. Once Rightscorp had made the link between the subscriber and their IP address for one work, it can then demand much larger settlements for other works the subscriber (or someone using their IP address) is believed to have infringed.

(5) Is Rightscorp a “copyright troll?”

There is little substantive discussion in the Cox case of how Rightscorp identifies instances of infringement, how reliable their process is, whether their demands to convey their settlement offers are reasonable, or whether merely refusing such a demand takes the ISP outside the scope of the safe harbors. In *Defense Against the Dark Arts of Copyright Trolling*, (2018), Matthew Sag and Jake Haskell argue that copyright litigation relating alleged uses of the file sharing system BitTorrent has “victimized a substantial number of non-infringers” and they contend that “this seems to be a feature of the plaintiffs’ business model, not a bug.” They also argue that “although it would not be particularly difficult to amass credible and reliable evidence of online infringement over peer-to-peer networks, the plaintiffs [in the BitTorrent cases] do not appear to have done so.”¹⁸¹ Sag and Haskell were not addressing Rightscorp specifically, but should the concerns they raise give the courts second thoughts about require ISPs to take Rightscorp infringement notifications on faith?

Would an ISP ever be justified in blacklisting an entity like Rightscorp?

(6) The court of appeals in *BMG v. Cox* rejected the argument that the term “repeat infringers” in § 512(i) applied only to that “narrow subset of those who have been so adjudicated by a court.” (at 301). The court held instead that “use the term ‘infringer’ (and similar terms) to refer[s] to all who engage in infringing activity.” But notice that the court does not say how credible or precise an allegation of infringement must fall within an ISP’s repeat infringer policy. What if an ISP had reason to doubt the accuracy of the infringement allegation? Would an ISP “reasonably implement” a repeat infringer policy if it set minimum requirements to ensure that accusations of infringement were accurate?

(7) What if a notifying entity like Rightscorp insisted on using a form of notice that made it difficult or expensive for an ISP to keep up with a large volume of notifications? Would an ISP “reasonably implement” a repeat infringer policy if it required notices (other than DMCA takedown notices) to be delivered in a particular format, subject to particular authentications, etc.?

(8) Subscriber accounts don’t infringe copyright, people do. The mere fact a subscriber pays for the Internet account linked to an accused IP address does not prove that the subscriber herself was the infringer; nor does it prove that she is somehow contributorily or vicariously liable for the infringement of others who used her IP address. Should an infringement notice be required to give some reason to believe that the named subscriber associated with a particular IP address was in fact the person who committed the relevant act of infringement? How would an entity like Rightscorp determine whether the subscriber herself was the infringer?

(9) Cox and BMG settled in 2018.

¹⁸¹ 103 Iowa Law Review 571, 581.

Extended commentary on Section 512(i)(A) and what it means to reasonably implement a repeat infringer policy

What counts as a repeat infringer policy under Section 512(i)(A)

(i) One of the key questions in thinking about repeat infringer policies is what is it that makes someone a repeat infringer?

The term “repeat infringer” is not synonymous with “multiple infringer”. The statute does not define the term “repeat infringer” and thus the words should be given their ordinary meaning within the context of the statute as a whole. The plain language of the statute refers to “repeat” infringers, not multiple infringers. Thus, a single notice alleging that a subscriber has infringed more than one copyright does not render that subscriber a repeat infringer.¹⁸²

The term “repeat infringer” is not limited to adjudicated repeat infringers. In *BMG Rights Management (US) LLC v. Cox Communications, Inc.*, the Fourth Circuit rejected the argument that “repeat infringers” means *adjudicated* repeat infringers and relied on the ordinary meaning that “an infringer is someone who interferes with one of the exclusive rights of a copyright holder” regardless of whether they have been held liable by a court for doing so.¹⁸³

A mere accusation of infringement does not qualify anyone as an “infringer” or a “repeat infringer”. The ordinary meaning of “infringer” does not include those persons who are merely accused of infringement. This follows naturally from the plain meaning of the statute and from the Fourth Circuit’s consideration of the term in *BMG v. Cox*.

(ii) The substance and style of repeat infringer policies varies considerably. Nothing in the relevant legislative history or the cases applying Section 512(i)(1)(A) suggests that there is only one acceptable form of repeat infringer policy. The video sharing platform YouTube, for example, has adopted an elaborate set of written policies that includes a dispute resolution system and detailed definitions of what counts as a “copyright strike.” YouTube applies its copyright strikes mechanically so that users are terminated after three such “copyright strikes.” In contrast, the Ninth Circuit recently approved of an informal and largely undocumented termination policy for the pornography video sharing website, Motherless.com.¹⁸⁴

¹⁸² In *UMG v. Veoh*, the district court held that the defendant’s repeat infringer policy was reasonable where it terminated a user “after a second warning, even if the first warning was spurred by a DMCA notice identifying multiple infringements”). See *UMG v. Veoh* 665 F. Supp. 2d 1099, 1117-18 (C.D. Cal. 2009). In *BMG v. Cox*, the Fourth Circuit endorsed the Ninth Circuit’s definition of a repeat infringer as “someone who interferes with one of the exclusive rights of a copyright” ‘again or repeatedly.’” *BMG v. Cox*, (citing *EMI Christian Music Grp., Inc. v. MP3tunes, LLC*, 844 F.3d 79, 89 (2d Cir. 2016)). The Ninth Circuit treats a single DMCA notice relating to multiple infringing works as a single instance of infringement for the purposes of Section 512(i). See *Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597, 616 (9th Cir. 2018) (“He might make a “gut decision” to terminate a user after the first DMCA notice (that is, a user who is not a repeat infringer) if there are multiple infringing pictures or videos identified in the notice, though that is not his usual practice.”)

¹⁸³ *BMG Rights Mgmt. (US) LLC v. Cox Commc’ns, Inc.*, 881 F.3d 293, 301 (4th Cir. 2018). (noting that “Congress knew how to expressly refer to adjudicated infringement, but did not do so in the repeat infringer provision”)

¹⁸⁴ *Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597, 615–16 (9th Cir. 2018) (“The details of the termination policy are not written down. However, the statute does not say that the policy details must be

(iii) A repeat infringer policy is not the same thing as a surveillance policy or a filtering policy. Some countries require ISPs to filter content and monitor the content of their users transmissions, but the United States does not. Section 512(m)(1) of the Copyright Act provides that “nothing in this section shall be construed to condition the applicability of [the DMCA safe harbors] on a service provider monitoring its service or affirmatively seeking facts indicating infringing activity.” As the Second Circuit explained, this section “explicitly relieves service providers from having to affirmatively monitor their users for infringement.”¹⁸⁵ This was Congress’ unmistakable intention in defining the scope and limits of the Internet safe harbors.¹⁸⁶

(iv) A policy of *not terminating* repeat infringers, or terminating and simply reconnecting repeat infringers does not qualify as a repeat infringer policy. In *BMG v. Cox*, the Fourth Circuit disapproved of the defendant service provider’s initial policy of terminating and then automatically reactivating repeat infringers, noting that the defendant, “Cox *never* terminated a subscriber for infringement without reactivating them.”¹⁸⁷ As the court explained, “an ISP cannot claim the protections of the DMCA safe harbor provisions merely by terminating customers as a symbolic gesture before indiscriminately reactivating them within a short timeframe.”¹⁸⁸

(v) Determining the “appropriate circumstances” for termination may include, among other things, consideration of the extent of a subscriber’s infringement, both in absolute terms and relative to the subscriber’s use of the service. A repeat infringer policy provides for termination of subscribers who are repeat infringers “in appropriate circumstances.” The Act does not define “appropriate circumstances”, however, it stands to reason that determining appropriate circumstances requires consideration of the extent of a subscriber’s infringement in total and relative to the subscriber’s use of the service. In *Ventura Content*, the Ninth Circuit found that a repeat infringer policy was reasonably implemented when the decision to terminate a repeat infringer was taken in light of factors including “(1) the volume of complaints; (2) the amount of linked content in the complaints; (3) the timespan between notices; (4) the length of time the alleged infringer’s account had been active; [and] (5) the amount of total content the account has; ...”¹⁸⁹

(vi) Determining the “appropriate circumstances” for termination may include, among other things, consideration of the subscriber’s degree of culpability. In addition to the factors listed

written, just that the site must inform subscribers of “a policy” of terminating repeat infringers in appropriate circumstances.”)

¹⁸⁵ *EMI Christian Music Grp., Inc. v. MP3tunes, LLC*, 844 F.3d 79, 89–90 (2d Cir. 2016), cert. denied sub nom. *Robertson v. EMI Christian Music Grp., Inc.*, 137 S. Ct. 2269, 198 L. Ed. 2d 701 (2017), reh’g denied, 138 S. Ct. 43, 198 L. Ed. 2d 770 (2017). See also *Io Grp., Inc. v. Veoh Networks, Inc.*, 586 F. Supp. 2d 1132, 1145 (N.D. Cal. 2008) (stating that “section 512(i) does not require service providers to track users in a particular way or to affirmatively police users for evidence of repeat infringement”).

¹⁸⁶ S. Rep. 105–190, at 52 (1998); H.R. Rep. 105–551(II), at 61 (1998) (“[T]he Committee does not intend [the repeat-infringer policy requirement] to undermine the principles of new subsection [Section 512(m)] or the knowledge standard of new subsection (c) by suggesting that a provider must investigate possible infringements, monitor its service, or make difficult judgments as to whether conduct is or is not infringing.”).

¹⁸⁷ *BMG Rights Mgmt. (US) LLC v. Cox Commc’ns, Inc.*, 881 F.3d 293, 303 (4th Cir. 2018).

¹⁸⁸ *Id.* at 304.

¹⁸⁹ *Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597, 601–02 (9th Cir. 2018)

above, in the Ninth Circuit in *Ventura Content* also stated as a relevant factor “(6) whether the user is maliciously and intentionally uploading infringing content or uploading content without knowing the source; ...” Although it would be incorrect to say that only willful and malicious infringers should qualify for termination—because logically a repeat infringer is not necessarily a willful or malicious infringer, the legislative history for this subsection expressly “recognizes that there are different degrees of online copyright infringement, from the inadvertent to the noncommercial, to the willful and commercial.”¹⁹⁰

(vii) Determining the “appropriate circumstances” for termination should include, among other things, consideration of the authenticity, reliability, and credibility of any relevant infringement notice. The question is not, as some have suggested, whether the expression “repeat infringer” means *proven* or *adjudicated* repeat infringers or merely *alleged* or *accused* repeat infringers. See (i), above. No additional adjective is necessary to modify the term “repeat infringer” because the focus of Section 512(i) is on “how the site is generally managed, not just how the site responds to notice of a particular infringement.”¹⁹¹ Thus, the question to be answered with respect to the eligibility condition in subsection (i)(A) is not whether a subscriber is definitively an infringer, but rather, *what kind of process should lead the ISP to treat them as such.*

To reiterate, what Section 512(i)(A) boils down to is what kind of process should lead an ISP to treat a subscriber as a repeat infringer and escalate them toward termination. Courts addressing this question in the context of service providers that host content at the direction of their users — services such as YouTube, Twitter, and Facebook — have found it relatively straightforward. They simply follow the guidance of the notice-and-takedown procedures dictated by Section 512(c). In *Ventura Content*, for example, the final factor approved by the court was “(7) whether the takedown notices were DMCA-compliant.”¹⁹²

Internet platforms and services that host user-generated content rely on the Section 512(c) safe harbor which covers infringement claims that arise “by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider.” That safe harbor is often referred to as being part of a “notice-and-takedown” regime because it only applies if the service provider lacks knowledge of specific acts of infringement,¹⁹³ or, having such knowledge it “acts expeditiously to remove, or disable access to, the [infringing] material.”¹⁹⁴

The form and content of the notice in notice-and-takedown is closely regulated by the statute. The full text of Section 512(c)(3) is set forth below:

17 U.S. Code Section 512(c)(3) Elements of notification.—

¹⁹⁰ S. REP. 105-190, 51-52

¹⁹¹ *Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597, 614 (9th Cir. 2018).

¹⁹² *Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597, 601–02 (9th Cir. 2018)

¹⁹³ To be precise, subsection (i) refers to knowledge and subsection (ii) refers to an “aware[ness] of facts or circumstances from which infringing activity is apparent”, however both subsections require specific knowledge. See *Viacom International, Inc. v. YouTube, Inc.*, 676 F. 3d 19 (2d Cir. 2012) “The difference between actual and red flag knowledge is thus not between specific and generalized knowledge, but instead between a subjective and an objective standard.”)

¹⁹⁴ See § 512(c)(1)(A)(iii).

(A) To be effective under this subsection, a notification of claimed infringement must be a written communication provided to the designated agent of a service provider that includes substantially the following:

(i) A physical or electronic signature of a person authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

(ii) Identification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site.

(iii) Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material.

(iv) Information reasonably sufficient to permit the service provider to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted.

(v) A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.

(vi) A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

(B)

(i) Subject to clause (ii), a notification from a copyright owner or from a person authorized to act on behalf of the copyright owner that fails to comply substantially with the provisions of subparagraph (A) shall not be considered under paragraph (1)(A) in determining whether a service provider has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent.

(ii) In a case in which the notification that is provided to the service provider's designated agent fails to comply substantially with all the provisions of subparagraph (A) but substantially complies with clauses (ii), (iii), and (iv) of subparagraph (A), clause (i) of this subparagraph applies only if the service provider promptly attempts to contact the person making the notification or takes other reasonable steps to assist in the receipt of notification that substantially complies with all the provisions of subparagraph (A).

Under Section 512(c)(3), for a rightsholder notification to charge a service provider with knowledge of infringing material:

- the notice must be verified by a physical or electronic signature,¹⁹⁵
- it must identify the copyrighted work infringed with specificity,¹⁹⁶
- it must include contact information for the complaining party,¹⁹⁷
- it must attest to the complaining party's "good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law,"¹⁹⁸ and

¹⁹⁵ Section 512(c)(3)(A)(i).

¹⁹⁶ Section 512(c)(3)(A)(ii) and (iii).

¹⁹⁷ Section 512(c)(3)(A)(iv).

- it must further promise that “the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.”¹⁹⁹

Courts addressing the safe harbor eligibility condition in Section 512(i)(A) in the user-generated content context have expressly tied the repeat infringer policy to how the service provider deals with DMCA-compliant notifications. For example, in *Perfect 10, Inc. v. CCBill LLC*, the court of appeals held that “a service provider ‘implements’ a policy if it has a working notification system, a procedure for dealing with DMCA-compliant notifications, and if it does not actively prevent copyright owners from collecting information needed to issue such notifications.”²⁰⁰ In *Ventura Content* the court held that “DMCA-compliant notices put the provider on notice of infringement, but unsworn, non-compliant complaints do not.”²⁰¹

The notice-and-takedown provisions in Section 512(c) are not part of the conduit service provider safe harbor applicable to ISPs in Section 512(a) because there is literally nothing for the conduit ISP to takedown. ISPs do not host anyone’s content, they simply connect their subscribers to the Internet—they are more like UPS than a bulletin board.

The *BMG v. Cox* litigation illustrates how difficult it is for ISPs to demand the kind of high quality, credible notifications that apply under the 512(c) safe harbor. In that case Cox refused to forward or process Rightscorp notices that essentially amounted to a spearfishing attack on its clients and took the position that it would only process the notices if Rightscorp removed the offending language. Rightscorp declined to do so and Cox’s blacklisting of the Rightscorp notices evidently did not impress the court of appeals. At 300 the court notes:

In the fall of 2011, Cox decided to “blacklist” Rightscorp, meaning Cox would delete notices received from Rightscorp without acting on them or even viewing them. BMG hired Rightscorp in December 2011—*after* Cox blacklisted Rightscorp. Thus, Cox did not ever view a single one of the millions of notices that Rightscorp sent to Cox on BMG’s behalf.

This was not the decisive issue in the *Cox* case, but it appears that the court of appeals may have been somewhat hasty in scolding Cox without seriously considering potential problems with the Rightscorp notices.

Although the provisions of Section 512(c)(3) do not apply to infringement notices sent to conduit service providers, the same substantive requirements for a valid takedown notice should guide the interpretation and application of the safe harbor eligibility condition in Section 512(i)(A) for hosting service providers and conduit service providers alike. In other words, in determining the “appropriate circumstances” for termination of a subscriber’s account, both hosts and conduits should consider, among other things, the authenticity, specificity, reliability, and credibility of any relevant infringement notice. The court in *BMG v. Cox*, did not appear to take this into account, but cases such as *Perfect 10, Inc. v. CCBill LLC* illustrate why this should be so.

¹⁹⁸ Section 512(c)(3)(A)(v).

¹⁹⁹ Section 512(c)(3)(A)(vi).

²⁰⁰ *Perfect 10, Inc. v. CCBill LLC* 488 F.3d 1102, 1109 (9th Cir. 2007)

²⁰¹ *Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597, 617 (9th Cir. 2018).

In *Perfect 10, Inc. v. CCBill LLC*, the district court found that Perfect 10 did not provide notice that substantially complied with the requirements of § 512(c)(3), and thus did not raise a genuine issue of material fact as to whether the defendants had reasonably implemented a repeat infringer policy. The court of appeals agreed and its reasoning is instructive. The court said:

In order to substantially comply with § 512(c)(3)'s requirements, a notification must do more than identify infringing files. The DMCA requires a complainant to declare, under penalty of perjury, that he is authorized to represent the copyright holder, and that he has a good-faith belief that the use is infringing. *This requirement is not superfluous. Accusations of alleged infringement have drastic consequences: A user could have content removed, or may have his access terminated entirely.* If the content infringes, justice has been done. But if it does not, speech protected under the First Amendment could be removed. We therefore do not require a service provider to start potentially invasive proceedings if the complainant is unwilling to state under penalty of perjury that he is an authorized representative of the copyright owner, and that he has a good-faith belief that the material is unlicensed.²⁰²

As the court explained, accusations of copyright infringement can have serious consequences and should not be made lightly. For a service provider to begin to engage in a process that will ultimately lead to termination based on a casual assertion of infringement would be quite improper. A service provider does not need absolute proof of infringement to take an accusation seriously, but it does need a serious and credible accusation. Moreover, those who provide important and essential services should be extremely careful before subjecting a subscriber to a process that may ultimately lead to termination. Meeting Section 512(c)(3)'s requirements may not be the only way to make a serious and credible accusation of infringement, but they provide a roadmap for the conscientious service provider.

Conduit service providers are even more reliant on procedural protections than host service providers. Service providers that host content at the direction of their users can at least make an independent assessment of whether that content is infringing and act accordingly, however because ISPs are merely conduits for Internet traffic, they cannot make the same determination.²⁰³

(ix) Determining the “appropriate circumstances” for termination should include, among other things, consideration of the effect of termination on the subscriber, and the effect of termination on third parties. Broadband Internet service providers play a vital role in American society and in the American economy. The Internet has been described as “one of the most significant technological advancements of the 20th century,”²⁰⁴ and fast, reliable, and affordable access to the Internet is something many of us take for granted and few would willingly live without. As former FCC Chairman Tom Wheeler said recently addressing the importance of extending broadband access to low-income homes, “Internet

²⁰² *Perfect 10, Inc. v. CCBill LLC*, 488 F.3d 1102, 1112 (9th Cir. 2007) (emphasis added).

²⁰³ Guinevere Jobson & Armen Nercessian, *Developments Related to the Safe Harbors Under the Digital Millennium Copyright Act*, 73 *Bus. Law.* 243, 256 (2018) noting that “providers of section 512(a) conduit services, unlike section 512(c) hosting services (which actually store materials that plaintiffs may claim allegedly infringe their copyrights), have no practicable way to investigate instances of infringement; conduit ISPs merely provide the pipe.”

²⁰⁴ Senate Committee on Commerce, Science and Transportation, Report on Online Personal Privacy Act, Sen. Rep. No. 107- 240, at 7 (2002).

access has become essential for full participation in our modern economy and our society ...”²⁰⁵ The Internet is essential for work, for school, for government services, for healthcare, for applying for jobs, for learning about the world, for communicating with friends and family, and for entertainment.

In spite of the recent growth of mobile devices, the fact remains that broadband access is an essential utility.²⁰⁶ The Pew Research Center reports that while roughly nine-in-ten American adults use the Internet, only one-in-ten are “smartphone-only” Internet users.²⁰⁷ Families cut off from Internet access can face devastating consequences. A study by the Hispanic Heritage Foundation found that 100% of high school students said they were required to access the Internet to complete homework assignments outside of school.²⁰⁸ Other studies have found that students without broadband at home have graduation rates 6 to 8% lower than their peers with access.²⁰⁹ Broadband connectivity is essential for comparative shopping, taking advantage of online-only discounts, and buying from Internet only retailers.

In designing and implementing their repeat infringer policies, ISPs should be mindful of the vital importance of Internet access and the central place of broadband in providing that access. The limited case law addressing the Section 512(i)(A) eligibility condition has focused on platforms hosting user generated content, but ISP subscribers face far more serious consequences from termination: rather than losing access to a single website, they may lose effective to the Internet entirely. The need for caution before shutting off a subscriber’s Internet access is underscored by the Supreme Court’s recent decision in *Packingham v. North Carolina*, 137 S. Ct. 1730 (U.S. 2017). In that case, the Court held that a statute prohibiting sex offenders (tried and convicted by a court) from accessing social networking sites violated the First Amendment. The subscribers potentially affected by a denial of service in this context are accused of copyright infringement as opposed to sex crimes, they have not been tried or convicted, and their ability to access the entire Internet is placed in jeopardy. In short, the importance of broadband Internet access and the potential ramifications of

²⁰⁵ See Tom Wheeler, Statement Of Chairman Tom Wheeler Re: Lifeline And Link Up Reform And Modernization, WC Docket No. 11-42 ET AL.1 (Mar. 31, 2016), https://apps.fcc.gov/edocs_public/attachmatch/DOC-338676A2.pdf.

²⁰⁶ See *United States Telecom Ass’n v. Fed. Commc’ns Comm’n*, 825 F.3d 674, 689–90 (D.C. Cir. 2016) (“Most end users connect to the internet through a broadband provider, which delivers high-speed internet access using technologies such as cable modem service, digital subscriber line (DSL) service, and fiber optics.”) See also *See Getting Broadband*, Fed. Commc’ns Comm’n (Nov. 4, 2015), <https://www.fcc.gov/consumers/guides/getting-broadband>.

²⁰⁷ Pew Internet Center, Internet/Broadband Fact Sheet, February 5, 2018, available at <http://www.pewinternet.org/fact-sheet/internet-broadband>

²⁰⁸ Jessica Gonzalez, *Lifeline Is a Pathway Out of Poverty*, FREE PRESS (June 2, 2015), <http://www.freepress.net/blog/2015/06/02/lifeline-pathway-out-poverty>. See generally Stephanie Mariani, *Universal Internet Access As A Tool to Fight Poverty: The Fcc’s Lifeline Program*, 23 Geo. J. on Poverty L. & Pol’y 551 (2016)

²⁰⁹ Broadband Adoption Taskforce, Presentation To The Federal Communications Commission 14 (Nov. 30, 2011), https://apps.fcc.gov/edocs_public/attachmatch/DOC-311281A1.pdf.

termination are an appropriate circumstance for an ISP to take into account when formulating and applying a repeat infringer policy.²¹⁰

Moreover, just as the effect of termination on the subscriber should be considered in determining the “appropriate circumstances” for termination in the context of Section 512(i)(A), the effect on third parties should also be considered. One of the great difficulties with online infringement is that while the subscriber to the Internet access account tends to be a single individual, broadband access is almost always shared across an entire household. This has two significant implications. First, even if an account was used improperly, the named subscriber may be entirely innocent and oblivious to that improper use. Second, when an account is terminated and the entire household loses their connection to the Internet. Hosting websites that terminate individual users don’t face this problem. However, ISPs should consider the likely effect on third parties who rely on the subscriber’s Internet access in the calculus of appropriate circumstances for termination.

What does it mean to have “reasonably implemented” a repeat infringer policy?

Another key requirement of Section 512(i)(1)(A) is that the service provider must reasonably implement its repeat infringer policy. As *BMG v. Cox* illustrates, entirely failing to enforce a repeat infringer policy is not reasonable implementation. As the court of appeals noted, “at a minimum, however, an ISP has not ‘reasonably implemented’ a repeat infringer policy if the ISP fails to enforce the terms of its policy in any meaningful fashion.”²¹¹ *BMG v. Cox* was an extreme case: although the defendant had nominally adopted a repeat infringer policy, in the eyes of the court, it had made every effort to avoid implementing that policy. But the *Cox* case provides little guidance on what reasonable implementation means in a less extreme case.

A repeat infringer policy may be reasonably implemented and yet fall short of perfection. As the Ninth Circuit recently explained in the *Motherless.com* case, “Safe harbor eligibility does not require perfection, just ‘reasonable’ implementation of the policy ‘in appropriate circumstances.’ ... Congress used the word ‘reasonable’ to modify ‘implemented,’ so the phrase cannot be construed to require perfect implementation.”²¹²

The reasonableness of a service provider’s implementation depends on *all* the circumstances. Not only is perfection not required, but it seems reasonable to suggest that the service provider’s implementation of its policy should be assessed in the context of the scale and complexity of its operating environment. Providers who deliver critical Internet services in a complex operational environment will not execute any policy with perfect consistency. The question of whether a service provider has reasonably implemented its policy calls for consideration of its *conduct as a whole*. Showing that one or two individual employees failed to implement the policy correctly does not automatically establish that the service provider has generally failed to reasonably implement its policy. By way of analogy, one could say that the

²¹⁰ See *BMG Rights Mgmt. (US) LLC v. Cox Commc’ns, Inc.*, 881 F.3d 293, 303 (4th Cir. 2018) (“We are mindful of the need to afford ISPs flexibility in crafting repeat infringer policies, and of the difficulty of determining when it is “appropriate” to terminate a person’s access to the Internet.”)

²¹¹ *BMG Rights Mgmt. (US) LLC v. Cox Commc’ns, Inc.*, 881 F.3d 293, 303 (4th Cir. 2018)

²¹² *Ventura Content, Ltd. v. Motherless, Inc.*, 885 F.3d 597, 618 (9th Cir. 2018)

Hilton Hotel in Chicago was “reasonably clean” without implying that every room was spotless.

To be clear, the fact that a service provider has actual knowledge of an act of infringement is not without consequence under the DMCA safe harbors, but it does not necessarily negate the overall reasonableness of its implementation of a repeat infringer policy. Under the Section 512(c) safe harbor, “actual knowledge that the material or an activity using the material on the system or network is infringing” removes safe harbor protection with respect to that particular work regardless of whether the service provider meets the standard in Section 512(i)(A).

Furthermore, in assessing the reasonableness of a service provider’s implementation of a repeat infringer policy in the conduit context, a court should take account of the individual and public interest in maintaining broadband connection to the Internet. As discussed above, broadband Internet access is now “essential for full participation in our modern economy and our society ...”²¹³ Not only is this an “appropriate circumstance” to be considered terms of establishing a policy that identifies certain subscribers as repeat infringer and setting them up for eventual termination, it is also something that must be considered in evaluating whether that policy has been “reasonably implemented.” The significance of the interests of the subscriber and the subscriber’s household in retaining a broadband connection means that no action to disconnect should be taken lightly. These interests are reflected in the Copyright Alert System supported until 2017 by the Motion Picture Association of America and the Recording Industry Association of America. In 2011, the MPAA and the RIAA entered into a memorandum of understanding (“MoU”) with the five largest ISPs (AT&T, Verizon, Comcast, CSC Holdings, and Time Warner Cable) in relation to the Copyright Alert System. Under the Copyright Alert System, participating ISPs took a series of escalating actions in response to automated notices of claimed infringement. These escalating steps began with informational notices about copyright and concluded with temporary downgrades of Internet speed, not termination.²¹⁴ The MoU was not a binding commitment, nor did it purport to definitively endorse the six strikes program as an acceptable repeat infringer policy. On January 27, 2017, the Center for Copyright Information (“CCI”) announced the end of the Copyright Alert System.²¹⁵

Finally, although the case law on repeat infringer policies is still undeveloped, courts have identified certain factors that would suggest that a service provider’s implementation was not reasonable under the circumstances. For example, changing the email address to which takedown notices were sent without providing notice of the change;²¹⁶ participating in copyright infringement;²¹⁷ allowing terminated users to rejoin the service;²¹⁸ refusing to

²¹³ See Tom Wheeler, Statement Of Chairman Tom Wheeler Re: Lifeline And Link Up Reform And Modernization, WC Docket No. 11-42 ET AL.1 (Mar. 31, 2016), https://apps.fcc.gov/edocs_public/attachmatch/DOC-338676A2.pdf.

²¹⁴ See CTR. FOR COPYRIGHT INFO., THE COPYRIGHT ALERT SYSTEM: PHASE ONE AND BEYOND 7, 9 (2014), <http://www.copyrightinformation.org/wp-content/uploads/2014/05/Phase-One-And-Beyond.pdf>.

²¹⁵ Statement on the Copyright Alert System, CTR. COPYRIGHT INFO. (Jan. 27, 2017), <http://www.copyrightinformation.org/statement/statement-on-the-copyright-alert-system>.

²¹⁶ *Ellison v. Robertson*, 357 F.3d 1072, 1080 (9th Cir. 2004).

²¹⁷ *EMI Christian Music Grp., Inc. v. MP3tunes, LLC*, 844 F.3d 79, 90 (2d Cir. 2016)

terminate known repeat infringers.²¹⁹ These factors have been identified in specific factual contexts and the absence of one of these factors does not necessarily indicate about the service provider’s implementation was reasonable.

Section 512(c) “storage at the direction of a user”

The most litigated of the DMCA safe harbors is Section 512(c) which covers infringement claims that arise “by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider.”

17 US Code § 512 (c) Information Residing on Systems or Networks At Direction of Users.—

(1) In general.— A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider, if ...

The two key issues in determining the scope of the § 512(c) safe harbor are (1) the knowledge requirement in subsection (1)(A) and (2) the “notice and takedown” requirements in Section 512(c)(3).

What counts as knowledge of infringement under the DMCA safe harbors?

The most significant safe harbor requirement in the DMCA is that platforms must avoid knowledge of *specific and identifiable* instances of copyright infringement by their users—i.e., they must maintain plausible deniability.

For a service provider such as an Internet platform to remain eligible for the User Directed Content or Information Location Tools safe harbors it must avoid both actual knowledge and red flag knowledge of specific acts of infringement. See Sections 512(c)(1)(A)(i)–(ii), (d)(1)(A)–(B). The relevant provisions for both safe harbors provide that the service provider must “not have actual knowledge that the material or an activity using the material on the system or network is infringing”; or “in the absence of such actual knowledge,” it must not be “aware of facts or circumstances from which infringing activity is apparent.” If either of these knowledge thresholds are triggered, the service provider must “upon obtaining such knowledge or awareness, act[] expeditiously to remove, or disable access to, the material.” See § 512(c)(1)(A)(iii).

The major cases in this area are worth exploring in detail, especially, *Viacom International, Inc. v. YouTube, Inc.*, 676 F. 3d 19 (2d Cir. 2012), but their implications can be summarized fairly briefly: even in the face of a general awareness of widespread infringement, internet service providers are not required to take any active steps to detect or discourage infringement unless and until they acquire knowledge of specific and identifiable infringements.

²¹⁸ Cox Fourth Circuit and BMG Rights Mgmt. (US) LLC v. Cox Commc’ns, Inc., 149 F.Supp.3d 634, 656–58 (E.D. Va. 2015)

²¹⁹ BMG Rights Mgmt. (US) LLC v. Cox Commc’ns, Inc., 149 F.Supp.3d 634, 656–58 (E.D. Va. 2015)

Viacom International, Inc. v. YouTube, Inc., 676 F. 3d 19 (2d Cir. 2012)

YouTube permits users to upload videos free of charge, subject to a user agreement. When the video is uploaded, the website makes an exact copy in the file's original format, and it "transcodes" the video into a format better suited for transmission. Once a video is transcoded, it is available to the general public to view as a streaming video upon request. The YouTube system copies and makes public performances of massive quantities of copyrighted material—hundreds of millions of hours' worth every day. A great deal of this material is copied and performed without prior permission from the copyright owner.

The district court in *Viacom v. YouTube* noted that based on the plaintiffs' summary judgment submissions, "a jury could find that the defendants not only were generally aware of, but welcomed, copyright-infringing material being placed on their website." At the relevant time, various surveys suggested that between half and three-quarters of the content streamed on YouTube was infringing. Moreover, email correspondence between YouTube's founders showed a cavalier attitude toward copyright, to say the least. For example, responding to a suggestion that they remove a CNN clip of the Space Shuttle in 2005, YouTube cofounder Steve Chen responded:

but we should just keep that stuff on the site. i really don't see what will happen. what? someone from cnn sees it? he happens to be someone with power? he happens to want to take it down right away. he gets in touch with cnn legal. 2 weeks later, we get a cease & desist letter. we take the video down.

Viacom asked for a billion dollars in damages and claimed that 63,497 video clips on the site infringed its rights. Essentially, Viacom argued that widespread patterns of infringement themselves constituted "facts or circumstances from which specific infringing activity was apparent" and should have disqualified YouTube from safe harbor eligibility.

Both the district court and the court of appeals rejected this attack on the safe harbor and held that only "knowledge of specific and identifiable infringements" would take the defendant outside the protection of the safe harbors.

Actual knowledge and "red flag" knowledge

With respect to the so-called actual and "red flag" knowledge provisions of Section 512(c)(1)(A), the court of appeals said (at 30-31):

... we are persuaded that the basic operation of § 512(c) requires knowledge or awareness of specific infringing activity. Under § 512(c)(1)(A), knowledge or awareness alone does not disqualify the service provider; rather, the provider that gains knowledge or awareness of infringing activity retains safe-harbor protection if it "acts expeditiously to remove, or disable access to, the material." 17 U.S.C. § 512(c)(1)(A)(iii). Thus, the nature of the removal obligation itself contemplates knowledge or awareness of specific infringing material, because expeditious removal is possible only if the service provider knows with particularity which items to remove. Indeed, to require expeditious removal in the absence of specific knowledge or awareness would be to mandate an amorphous obligation to "take commercially reasonable steps" in response to a generalized awareness of infringement. Such a view cannot be reconciled with the language of the statute, which requires "expeditious[]" action to remove or disable "*the material*" at issue. 17 U.S.C. § 512(c)(1)(A)(iii) (emphasis added).

On appeal, the plaintiffs dispute this conclusion by drawing our attention to § 512(c)(1)(A)(ii), the so-called “red flag” knowledge provision. In their view, the use of the phrase “facts or circumstances” demonstrates that Congress did not intend to limit the red flag provision to a particular type of knowledge. The plaintiffs contend that requiring awareness of specific infringements in order to establish “aware[ness] of facts or circumstances from which infringing activity is apparent,” 17 U.S.C. § 512(c)(1)(A)(ii), renders the red flag provision superfluous, because that provision would be satisfied only when the “actual knowledge” provision is also satisfied. For that reason, the plaintiffs urge the Court to hold that the red flag provision “requires less specificity” than the actual knowledge provision.

This argument misconstrues the relationship between “actual” knowledge and “red flag” knowledge. It is true that we are required to ‘disfavor interpretations of statutes that render language superfluous. But contrary to the plaintiffs’ assertions, construing § 512(c)(1)(A) to require actual knowledge or awareness of specific instances of infringement does not render the red flag provision superfluous. The phrase “actual knowledge,” which appears in § 512(c)(1)(A)(i), is frequently used to denote subjective belief. By contrast, courts often invoke the language of “facts or circumstances,” which appears in § 512(c)(1)(A)(ii), in discussing an objective reasonableness standard.

The difference between actual and red flag knowledge is thus not between specific and generalized knowledge, but instead between a subjective and an objective standard. In other words, the actual knowledge provision turns on whether the provider actually or “subjectively” knew of specific infringement, while the red flag provision turns on whether the provider was subjectively aware of facts that would have made the specific infringement “objectively” obvious to a reasonable person. The red flag provision, because it incorporates an objective standard, is not swallowed up by the actual knowledge provision under our construction of the § 512(c) safe harbor. Both provisions do independent work, and both apply only to specific instances of infringement.

The court then reviewed the “limited body of case law interpreting the knowledge provisions of the § 512(c) safe harbor”, specifically, *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 667 F.3d 1022 (9th Cir.2011), *Capitol Records, Inc. v. MP3tunes, LLC*, 821 F.Supp.2d 627, 635, (S.D.N.Y.2011), and *UMG Recordings, Inc. v. Veoh Networks, Inc.*, 665 F.Supp.2d 1099, 1108 (C.D.Cal.2009). The court concluded (at 32):

While we decline to adopt the reasoning of those decisions *in toto*, we note that no court has embraced the contrary proposition—urged by the plaintiffs—that the red flag provision “requires less specificity” than the actual knowledge provision.

Based on the text of § 512(c)(1)(A), as well as the limited case law on point, we affirm the District Court’s holding that actual knowledge or awareness of facts or circumstances that indicate specific and identifiable instances of infringement will disqualify a service provider from the safe harbor.

The court of appeals held that although the District Court correctly interpreted § 512(c)(1)(A), summary judgment for the defendants was premature because the record raised material issues of fact regarding YouTube’s actual knowledge or “red flag” awareness of specific instances of infringement.

Willful blindness

The plaintiffs in the *Viacom* case also argued that YouTube fell outside the scope of the safe harbors because it was “willfully blind” to specific infringing activity. As the Supreme Court recently recounted in *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060 (2011), a patent law case (at 2069-2069):

The doctrine of willful blindness is well established in criminal law. Many criminal statutes require proof that a defendant acted knowingly or willfully, and courts applying the doctrine of willful blindness hold that defendants cannot escape the reach of these statutes by deliberately shielding themselves from clear evidence of critical facts that are strongly suggested by the circumstances. The traditional rationale for this doctrine is that defendants who behave in this manner are just as culpable as those who have actual knowledge.

The Supreme Court helpfully differentiated willful blindness from recklessness and negligence in that case (at 2070-2071):

While the Courts of Appeals articulate the doctrine of willful blindness in slightly different ways, all appear to agree on two basic requirements: (1) the defendant must subjectively believe that there is a high probability that a fact exists and (2) the defendant must take deliberate actions to avoid learning of that fact. We think these requirements give willful blindness an appropriately limited scope that surpasses recklessness and negligence. Under this formulation, a willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing and who can almost be said to have actually known the critical facts. See G. Williams, *Criminal Law* § 57, p. 159 (2d ed. 1961) (“A court can properly find wilful blindness only where it can almost be said that the defendant actually knew”). By contrast, a reckless defendant is one who merely knows of a substantial and unjustified risk of such wrongdoing, see ALI, *Model Penal Code* § 2.02(2)(c) (1985), and a negligent defendant is one who should have known of a similar risk but, in fact, did not, see § 2.02(2)(d).

The court of appeals in *Viacom* discussed these general principles and then turned to the role of willful blindness in the DMCA:

The DMCA does not mention willful blindness. As a general matter, we interpret a statute to abrogate a common law principle only if the statute “speaks directly to the question addressed by the common law.” *Matar v. Dichter*, 563 F.3d 9, 14 (2d Cir. 2009). The relevant question, therefore, is whether the DMCA “speaks directly” to the principle of willful blindness. The DMCA provision most relevant to the abrogation inquiry is § 512(m), which provides that safe harbor protection shall not be conditioned on “a service provider monitoring its service or affirmatively seeking facts indicating infringing activity, except to the extent consistent with a standard technical measure complying with the provisions of subsection (i).” Section 512(m) is explicit: DMCA safe harbor protection cannot be conditioned on affirmative monitoring by a service provider. For that reason, § 512(m) is incompatible with a broad common law duty to monitor or otherwise seek out infringing activity based on general awareness that infringement may be occurring. That fact does not, however, dispose of the abrogation inquiry; as previously noted, willful blindness cannot be defined as an affirmative duty to monitor. Because the statute does not

“speak directly” to the willful blindness doctrine, § 512(m) limits—but does not abrogate—the doctrine. Accordingly, we hold that the willful blindness doctrine may be applied, in appropriate circumstances, to demonstrate knowledge or awareness of specific instances of infringement under the DMCA.

The District Court cited § 512(m) for the proposition that safe harbor protection does not require affirmative monitoring, but did not expressly address the principle of willful blindness or its relationship to the DMCA safe harbors. As a result, whether the defendants made a “deliberate effort to avoid guilty knowledge,” *In re Aimster*, 334 F.3d at 650, remains a fact question for the District Court to consider in the first instance on remand.¹⁰

Footnote 10: Our recent decision in *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir.2010), lends support to this result. In *Tiffany*, we rejected a willful blindness challenge, holding that although eBay “knew as a general matter that counterfeit Tiffany products were listed and sold through its website,” such knowledge “is insufficient to trigger liability.” In so holding, however, we rested on the extensive findings of the district court with respect to willful blindness. Thus, the *Tiffany* holding counsels in favor of explicit fact-finding on the issue of willful blindness.

Control and Benefit: § 512(c)(1)(B)

The court also addressed the Section 512(c) safe harbor requirement that an eligible service provider must “not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity.” See 17 U.S.C. § 512(c)(1)(B). Viacom argued that the control provision codified the common law doctrine of vicarious copyright liability, but the court of appeals rejected this argument as inconsistent with the statute. The court noted that the provision must mean something more than the service provider having the ability to block infringers’ access to a particular environment, because other provisions of the Section 512(c) presume that service providers have the ability to “block ... access” to infringing material (at 37):

Indeed, a service provider who has knowledge or awareness of infringing material or who receives a takedown notice from a copyright holder is required to “remove, or disable access to, the material” in order to claim the benefit of the safe harbor. 17 U.S.C. § 512(c)(1)(A)(iii) & (C).

Thus, the court of appeals reasoned that the control provision of Section 512(c)(1)(B) “dictates a departure from the common law vicarious liability standard.” The court concluded (at 38):

... the “right and ability to control” infringing activity under § 512(c)(1)(B) requires something more than the ability to remove or block access to materials posted on a service provider’s website. The remaining—and more difficult—question is how to define the “something more” that is required.

To date, only one court has found that a service provider had the right and ability to control infringing activity under § 512(c)(1)(B). In *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F.Supp.2d 1146 (C.D.Cal.2002), the court found control where the service provider instituted a monitoring program by which user websites received detailed instructions regarding issues of layout, appearance, and content. The service provider also forbade certain types of content and refused access to users who failed to comply with its instructions. Similarly, inducement of copyright infringement under *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), which “premises liability on purposeful, culpable expression and conduct,” might also rise to the level

of control under § 512(c)(1)(B). Both of these examples involve a service provider exerting substantial influence on the activities of users, without necessarily—or even frequently—acquiring knowledge of specific infringing activity.

In light of our holding that § 512(c)(1)(B) does not include a specific knowledge requirement, we think it prudent to remand to the District Court to consider in the first instance whether the plaintiffs have adduced sufficient evidence to allow a reasonable jury to conclude that YouTube had the right and ability to control the infringing activity and received a financial benefit directly attributable to that activity.

Note and questions:

(1) What exactly is a red flag and to whom must its redness be apparent? In a recent case relating to the Vimeo video sharing website, *Capitol Records, LLC v. Vimeo, LLC*, 826 F.3d 78 (2d Cir. 2016), the Second Circuit held that the fact that Vimeo employees viewed a video containing a recognizable copyrighted song was not sufficient to establish red flag knowledge. The court elaborated (at 93–94)

The hypothetical “reasonable person” to whom infringement must be obvious is an ordinary person—not endowed with specialized knowledge or expertise concerning music or the laws of copyright. Furthermore, as noted above, § 512(m) makes clear that the service provider’s personnel are under no duty to “affirmatively seek” indications of infringement. The mere fact that an employee of the service provider has viewed a video posted by a user (absent specific information regarding how much of the video the employee saw or the reason for which it was viewed), and that the video contains all or nearly all of a copyrighted song that is “recognizable,” would be insufficient for many reasons to make infringement *obvious* to an ordinary reasonable person, who is not an expert in music or the law of copyright.

(2) In *In re Aimster Copyright Litigation*, 334 F.3d 643 (7th Cir. 2003), the Seventh Circuit held that the use of encryption technology in a P2P music-sharing service could not shield the creator from knowledge. Instead, the court found that the use of encryption amounts to willful blindness, which would be sufficient to meet the knowledge requirement for contributory infringement. Is the *Aimster* formulation of willful blindness consistent with the Supreme Court’s explanation in *Global-Tech Appliances*?

(3) On remand the district court found that the plaintiff could not establish willful blindness in the relevant DMCA sense because all of its arguments boiled to an affirmative duty to monitor and were thus precluded by Section 512(m).

(4) What is the “something more” the Viacom court was referring to when considering whether the service provider had “the right and ability to control infringing activity” under § 512(c)(1)(B)? The court cites one example where the service provider exerted “substantial influence on the activities of users, without necessarily—or even frequently—acquiring knowledge of specific infringing activity.” It also noted that the purposeful conduct inherent in inducement of copyright infringement might also rise to the level of control under § 512(c)(1)(B).

(5) On remand, the district court held that YouTube’s knowledge of the prevalence of infringing activity, and welcoming the same, did not establish the kind of influence or

participation in infringement that would meet the Second Circuit’s “something more” test. Do you agree?

(6) In *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006 (9th Cir. 2013) a group of music publishers sued the video sharing website Veoh for copyright infringement. On the subject of the “right and ability to control” provisions of Section 512(c), the Ninth Circuit agreed with the Second Circuit (at 1030–31)

... in order to have the “right and ability to control,” the service provider must exert substantial influence on the activities of users. “Substantial influence” may include, as the Second Circuit suggested, high levels of control over activities of users, as in *Cybernet*. Or it may include purposeful conduct, as in *Grokster*.

Applying this standard the court held that “Veoh’s interactions with and conduct toward its users did not rise to such a level.” The court recognized that Veoh could have implemented, and did in fact implement, filtering systems and it could have searched for potentially infringing content. But these facts alone did not amount to “substantial influence”. In contrast, the Ninth Circuit found those elements in *Columbia Indus. v. Fung*, 710 F.3d 1020, 1043 (9th Cir. 2013), where the record was “replete with instances of Fung actively encouraging infringement, by urging his users to both upload and download particular copyrighted works, providing assistance to those seeking to watch copyrighted films, and helping his users burn copyrighted material onto DVD.”

(7) Is it weird that the Ninth Circuit and the Second Circuit use inducement, a branch of contributory liability, to give content to the part of Section 512(c) that appears to have been modeled on vicarious liability (512(c)(1)(B)) and not the knowledge standard in (512(c)(1)(A))?

(8) Over the years since the DMCA was enacted, the common law doctrines of contributory liability and vicarious copyright liability and the analogous provisions of the 512(c) safe harbor have arguably converged. In a new article, *Convergence and Conflation in Online Copyright*, Christopher Cotropia and James Gibson argue that although:

At first glance, this convergence seems unproblematic. After all, uniformity was the DMCA’s goal, and convergence gets us closer to it. But a deeper look reveals that convergence has significantly changed the cost/benefit calculus for those whom the Act governs. The benefits of complying with the Act’s regulatory requirements have decreased, because convergence means that one can ignore the statute and rely solely on the case law. And the costs of complying have increased, because convergence has paradoxically caused courts to conflate the two different sets of standards, mixing and matching them in unpredictable and counterproductive ways to create new, unintended forms of copyright liability and immunity. In short, convergence has led to conflation, which means that the best course for today’s online community is to steer clear of the DMCA altogether.²²⁰

The status of pre-1972 sound recordings under the DMCA.

Although sound recordings have existed since the 19th century, they were only brought within the scope of federal copyright protection on February 15, 1972. This change in the law was prospective only. The Music Modernization Act of 2018 (MMA) eventually

²²⁰ Working paper available at <https://ssrn.com/abstract=3233113>.

established a new regime of protection for pre-1972 sound recordings (see below), but from 1972 to 2018, any protection against copying of pre-1972 sound recordings depended solely on state copyright laws (to the extent such laws are not pre-empted). In *Capitol Records, LLC v. Vimeo, LLC*, 826 F.3d 78 (2d Cir. 2016), discussed above, the Second Circuit held that the Section 512 safe harbors are effective against claims of infringement based on state copyright laws with respect to pre-1972 sound recordings.

The MMA established a new regime of protection for pre-1972 sound recordings and also applied the Section 512 safe harbors to those activities.

17 U.S. Code § 1401. Unauthorized use of pre-1972 sound recordings

(a) In General.—(1)Unauthorized acts.—Anyone who [] without the consent of the rights owner, engages in covered activity with respect to a sound recording fixed before February 15, 1972, shall be subject to the remedies provided in sections 502 through 505 and 1203 to the same extent as an infringer of copyright or a person that engages in unauthorized activity under chapter 12.

...

(l) Definitions.—In this section: (1)Covered activity.—The term “covered activity” means any activity that the copyright owner of a sound recording would have the exclusive right to do or authorize under section 106 or 602, or that would violate section 1201 or 1202, if the sound recording were fixed on or after February 15, 1972.

...

(f)(3) Material online.—[Section 512](#) shall apply to a claim under subsection (a) with respect to a sound recording fixed before February 15, 1972.

Designating an agent to receive notifications of claimed infringement

Obtaining safe harbor protection under Section 512(c) also requires service providers to comply with the seemingly perfunctory step of designating an agent to receive notifications of claimed infringement and providing certain information to the Copyright Office, see Section 512(c)(2).

17 US Code § 512 (c) Information Residing on Systems or Networks At Direction of Users.—

(2) Designated agent.— The limitations on liability established in this subsection apply to a service provider only if the service provider has designated an agent to receive notifications of claimed infringement described in paragraph (3), by making available through its service, including on its website in a location accessible to the public, and by providing to the Copyright Office, substantially the following information:

(A) the name, address, phone number, and electronic mail address of the agent.

(B) other contact information which the Register of Copyrights may deem appropriate.

The Register of Copyrights shall maintain a current directory of agents available to the public for inspection, including through the Internet, and may require payment of a fee by service providers to cover the costs of maintaining the directory.

Note that parent company's designation of an agent to address infringement claims did not extend to its subsidiary and also "A service provider cannot retroactively qualify for the safe harbor for infringements occurring before the proper designation of an agent under the statute." See, *BWP Media USA Inc. v. Hollywood Fan Sites LLC*, 2015 WL 3971750, at *3 (S.D.N.Y. June 30, 2015).

What activities are at the direction of the user for the purposes of Section 512(c)?

Mavrix Photographs, LLC v. Livejournal, Inc., 873 F.3d 1045 (9th Cir. 2017)

Mavrix Photographs, LLC, a celebrity photography company brought an infringement action against owner of social media platform that allowed users to post content in user-created thematic communities. The case involved a LiveJournal blog called *Ob No They Didn't!* ("ONTD") that republishes reader submissions about celebrity gossip. The key issue in *Mavrix* was whether, in light of the role that moderators played, LiveJournal could establish that the infringing material the plaintiff complained of met the 512(c) threshold of being stored "at the direction of the user."

Circuit Judge Richard A. Paez

When ONTD was created, like other LiveJournal communities, it was operated exclusively by volunteer moderators. LiveJournal was not involved in the day-to-day operation of the site. ONTD, however, grew in popularity to 52 million page views per month in 2010 and attracted LiveJournal's attention. By a significant margin, ONTD is LiveJournal's most popular community and is the only community with a "household name." In 2010, LiveJournal sought to exercise more control over ONTD so that it could generate advertising revenue from the popular community. LiveJournal hired a then active moderator, Brendan Delzer, to serve as the community's full time "primary leader." By hiring Delzer, LiveJournal intended to "take over" ONTD, grow the site, and run ads on it.

As the "primary leader," Delzer instructs ONTD moderators on the content they should approve and selects and removes moderators on the basis of their performance. Delzer also continues to perform moderator work, reviewing and approving posts alongside the other moderators whom he oversees. While Delzer is paid and expected to work full time, the other moderators are "free to leave and go and volunteer their time in any way they see fit." In his deposition, Mark Ferrell, the General Manager of LiveJournal's U.S. office, explained that Delzer "acts in some capacities as a sort of head maintainer" and serves in an "elevated status" to the other moderators. Delzer, on the other hand, testified at his deposition that he does not serve as head moderator and that ONTD has no "primary leader." ...

LiveJournal must make a threshold showing that Mavrix's photographs were stored at the direction of the user. "Storage," in this context, has a unique meaning. Congress explained that "examples of such storage include providing server space for a user's web site, for a chatroom, or other forum in which material may be posted at the direction of users." S. Rep. 105-190, at 43 (1998). We have held that storage "encompasses the access-facilitating processes" in addition to storage itself. *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1016 (9th Cir.2013) (rejecting a claim that the safe harbor addresses mere storage lockers). We reasoned that rather than requiring "that the infringing conduct *be* storage," the statutory language allows for infringement "*by reason of the storage* at the direction of a

user.” The district court held that although moderators screened and publicly posted all of the ONTD posts, the posts were at the direction of the user. The district court focused on the users’ submission of infringing photographs to LiveJournal rather than LiveJournal’s screening and public posting of the photographs. A different safe harbor, § 512(a), protects service providers from liability for the passive role they play when users submit infringing material to them. 17 U.S.C. § 512(a). The § 512(c) safe harbor focuses on the service provider’s role in making material stored by a user publicly accessible on its site. *See Shelter Capital*, 718 F.3d at 1018; S. Rep. No. 105-190, at 43-44 (1998). Contrary to the district court’s view, public accessibility is the critical inquiry. In the context of this case, that inquiry turns on the role of the moderators in screening and posting users’ submissions and whether their acts may be attributed to LiveJournal.

Mavrix, relying on the common law of agency, argues that the moderators are LiveJournal’s agents, making LiveJournal liable for the moderators’ acts. The district court erred in rejecting this argument.

Statutes are presumed not to disturb the common law, unless the language of a statute is clear and explicit for this purpose. Pursuant to this principle, the Supreme Court and this court have applied common law in cases involving federal copyright law, including the DMCA. ... We therefore have little difficulty holding that common law agency principles apply to the analysis of whether a service provider like LiveJournal is liable for the acts of the ONTD moderators.

In light of the summary judgment record, we conclude that there are genuine issues of material fact as to whether the moderators are LiveJournal’s agents. The factual dispute is evident when we apply common law agency principles to the evidentiary record.

“Agency is the fiduciary relationship that arises when one person (a ‘principal’) manifests assent to another person (an ‘agent’) that the agent shall act on the principal’s behalf and subject to the principal’s control, and the agent manifests assent or otherwise consents so to act.” Restatement (Third) Of Agency § 1.01 (Am. Law Inst. 2006). For an agency relationship to exist, an agent must have authority to act on behalf of the principal and “the person represented [must have] a right to control the actions of the agent.” Restatement (Third) Of Agency § 1.01, cmt. c (Am. Law Inst. 2006).

An agency relationship may be created through actual or apparent authority. Actual authority arises through “the principal’s assent that the agent take action on the principal’s behalf.” Restatement (Third) of Agency § 3.01 (Am. Law Inst. 2006). LiveJournal argues that it did not assent to the moderators acting on its behalf. Mavrix, however, presented evidence that LiveJournal gave its moderators explicit and varying levels of authority to screen posts. Although LiveJournal calls the moderators “volunteers,” the moderators performed a vital function in LiveJournal’s business model. There is evidence in the record that LiveJournal gave moderators express directions about their screening functions, including criteria for accepting or rejecting posts. Unlike other sites where users may independently post content, LiveJournal relies on moderators as an integral part of its screening and posting business model. LiveJournal also provides three different levels of authority:

moderators review posts to ensure they contain celebrity gossip and not pornography or harassment, maintainers delete posts and can remove moderators, and owners can remove maintainers. Genuine issues of material fact therefore exist regarding whether the moderators had actual authority.

Apparent authority arises by “a person’s manifestation that another has authority to act with legal consequences for the person who makes the manifestation, when a third party reasonably believes the actor to be authorized and the belief is traceable to the manifestation.” Restatement (Third) of Agency § 3.03 (Am. Law Inst. 2006); *see also Hawaiian Paradise Park Corp. v. Friendly Broad. Co.*, 414 F.2d 750, 756 (9th Cir. 1969). “The principal’s manifestations giving rise to apparent authority may consist of direct statements to the third person, directions to the agent to tell something to the third person, or the granting of permission to the agent to perform acts under circumstances which create in him a reputation of authority.” *Hawaiian Paradise Park*, 414 F.2d at 756.

LiveJournal selected moderators and provided them with specific directions. Mavrix presented evidence that LiveJournal users may have reasonably believed that the moderators had authority to act for LiveJournal. One user whose post was removed pursuant to a DMCA notice complained to LiveJournal “I’m sure my entry does not violate any sort of copyright law. ... I followed [ONTD’s] formatting standards and the moderators checked and approved my post.” The user relied on the moderators’ approval as a manifestation that the post complied with copyright law, and the user appeared to believe the moderators acted on behalf of LiveJournal. Such reliance is likely traceable to LiveJournal’s policy of providing explicit roles and authority to the moderators. Accordingly, genuine issues of material fact exist regarding whether there was an apparent authority relationship.

Whether an agency relationship exists also depends on the level of control a principal exerts over the agent. Evidence presented by Mavrix shows that LiveJournal maintains significant control over ONTD and its moderators. Delzer gives the moderators substantive supervision and selects and removes moderators on the basis of their performance, thus demonstrating control. Delzer also exercises control over the moderators’ work schedule. For example, he added a moderator from Europe so that there would be a moderator who could work while other moderators slept. Further demonstrating LiveJournal’s control over the moderators, the moderators’ screening criteria derive from rules ratified by LiveJournal.

On the other hand, ONTD moderators “are free to leave and go and volunteer their time in any way they see fit.” In addition, the moderators can reject submissions for reasons other than those provided by the rules, which calls into question the level of control that LiveJournal exerts over their conduct. This evidence raises genuine issues of material fact regarding the level of control LiveJournal exercised over the moderators. From the evidence currently in the record, reasonable jurors could conclude that an agency relationship existed.

We turn briefly to a related issue that the fact finder must resolve in the event there is a finding that the moderators are agents of LiveJournal. In that event, the fact finder must assess whether Mavrix’s photographs were indeed stored at the direction of the users in light of the moderators’ role in screening and posting the

photographs. Infringing material is stored at the direction of the user if the service provider played no role in making that infringing material accessible on its site or if the service provider carried out activities that were “narrowly directed” towards enhancing the accessibility of the posts. See *UMG Recordings, Inc. v. Veoh Networks, Inc.*, 620 F.Supp.2d 1081, 1092 (C.D. Cal. 2008); see also *Shelter Capital*, 718 F.3d at 1018. Accessibility-enhancing activities include automatic processes, for example, to reformat posts or perform some technological change. *Shelter Capital*, 718 F.3d at 1020 (referring to accessibility-enhancing activities as those where the service provider did “not actively participate in or supervise file uploading”). Some manual service provider activities that screen for infringement or other harmful material like pornography can also be accessibility-enhancing. Indeed, § 512(m) of the DMCA provides that no liability will arise from “a service provider monitoring its service or affirmatively seeking facts indicating infringing activity.” *Id.* at 1022 (quoting 17 U.S.C. § 512(m)).²²¹

The ONTD moderators manually review submissions and publicly post only about one-third of submissions. The moderators review the substance of posts; only those posts relevant to new and exciting celebrity gossip are approved. The question for the fact finder is whether the moderators’ acts were merely accessibility-enhancing activities or whether instead their extensive, manual, and substantive activities went beyond the automatic and limited manual activities we have approved as accessibility-enhancing.

Because the district court focused on the users’ submission of Mavrix’s photographs rather than on ONTD’s role in making those photographs publicly accessible and rejected Mavrix’s argument that unpaid moderators could be agents of LiveJournal, the district court erred in granting summary judgment to LiveJournal. Genuine issues of material fact exist as to whether the moderators were LiveJournal’s agents. Accordingly, remand is warranted. In assessing LiveJournal’s threshold eligibility for the § 512(c) safe harbor, the fact finder must resolve the factual dispute regarding the moderators’ status as LiveJournal’s agents and in light of that determination, whether LiveJournal showed that Mavrix’s photographs were stored at the direction of the users.

Notes and questions:

(1) Although the court of appeals in *Mavrix Photographs, LLC v. LiveJournal, Inc.*, holds that common law agency principles apply to the analysis of whether a service provider like LiveJournal is liable for the acts of its moderators, it also holds that the agency question is not strictly determinative. If the moderators are agents then the fact finder must assess whether Mavrix’s photographs were indeed posted at the direction of the users in light of the moderators’ role in screening and posting the photographs. The question becomes whether “the service provider [through its agents] carried out activities that were “narrowly directed” towards enhancing the accessibility of the posts.”

²²¹ In a footnote the court explains that the district court did not assess whether the moderators’ review of posts exceeded accessibility-enhancing activities because it focused on submission rather than public accessibility and did not determine whether the moderators were agents.

(2) *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006 (9th Cir. 2013) held that accessibility-enhancing activities include automatic processes, for example, to reformat posts or perform some technological change. The same court would have also regarded some manual service provider activities that screen for infringement or other harmful material like pornography as accessibility-enhancing. Furthermore, Section 512(m) of the DMCA provides that no liability will arise from “a service provider monitoring its service or affirmatively seeking facts indicating infringing activity.” Is *Mavrix Photographs* consistent with *Shelter Capital*? What are the risks inherent in different kinds of content moderation after the Ninth Circuit’s opinion in *Mavrix Photographs*?

Liability for misrepresentation under 512(f)

For a rightsholder notification to be effective under the DMCA, it must identify the infringed work and provide enough information for the service provider to locate the material that should be blocked or removed. Under Section 512(c)(3)(A)(v-vi), a notification must also attest to the complaining party’s “good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law,” and it must further promise that “the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.”

Section 512(f) establishes a remedy for any user who is injured by a knowingly false representation in a takedown notice. The caselaw determining the scope of this potential liability begins with *Online Policy Group v. Diebold, Inc.*, 337 F. Supp. 2d 1195 (N.D. Cal. 2004). In the *Diebold* case, the district court applied an objective standard to section 512(f) and held that the term “knowingly” encompassed actual knowledge of falsity and also instances where a party “should have known if it acted with reasonable care or diligence, or would have had no substantial doubt had it been acting in good faith.”

However, very shortly thereafter, the Ninth Circuit in *Rossi v. Motion Picture Ass’n of America*, 391 F.3d 1000 (9th Cir. 2004) held that the good faith belief requirement “encompasses a subjective, rather than objective, standard.” Under a subjective standard, negligent, unreasonable, or overzealous assertions of infringement do not violate the good-faith requirement and do not constitute an actionable misrepresentation under section 512(f). This narrow reading of the DMCA’s statutory misrepresentation remedy is doubly significant because the *Diebold* held that the DMCA remedy preempts state law causes of action, such as tortious interference with contract, which might have otherwise provided a remedy. However, the Ninth Circuit’s decision in *Lenz v. Universal Music Corp.*, 815 F.3d 1145 (9th Cir. 2015) suggests that the subjective standard for actionable misrepresentation under section 512(f) is less forgiving to sophisticated copyright owners than it may have first appeared.

*The case of the dancing baby*²²²

Figure 21 Dancing Baby Video (Screenshot)



On February 7, 2007, Stephanie Lenz uploaded a twenty-nine second home video capturing her children dancing in the family’s kitchen to the song *Let’s Go Crazy* by Prince. The “dancing baby video” is utterly unremarkable except for the eight years (and counting) of litigation that it provoked. At the time, Universal Music Corporation administered the relevant copyrights on behalf of Prince. Universal issued a DMCA takedown notice to YouTube on June 4, 2007.

YouTube removed the video the following day. Lenz issued a counternotification, and her video was eventually restored some six weeks later. The dancing baby video was targeted for removal by Universal as part of a broader effort to purge unauthorized Prince titles from YouTube—Prince apparently had strong feelings on the subject, and Universal was keen to make him happy. This is how the legal assistant at Universal who reviewed the video described his process:

I put a video on the list that embodied a Prince composition in some way if the—there was a significant use of it, of the composition, specifically if the song was recognizable, was in a significant portion of the video or was the focus of the video.

The assistant determined that the dancing baby video violated Prince’s copyright because of its title, *Let’s Go Crazy # 1*; because he recognized the song in the background “right off the bat,” and because “the song was loud and played through the entire video.” The assistant also based his decision on the fact that the audio track “included a voice asking the children whether they liked the music.” When Universal issued its takedown notice, it attested that it had “a good faith belief that the above-described activity is not authorized by the copyright owner, its agent, or the law.” However, at no stage did the legal assistant, nor anyone else in Universal’s legal department, consider whether the dancing baby video qualified as fair use.

²²² This summary is adapted from Matthew Sag, *Internet Safe Harbors and the Transformation of Copyright Law*, 93 NOTRE DAME L. REV. 499 (2017).

Universal's omission was unfortunate because it is beyond serious question that the dancing baby video qualifies as fair use. The video opens with the camera focused on a baby in a red jumper pushing a red cart along a kitchen floor in a cacophony of noise. The baby turns to the camera and, off screen, a woman asks "what do you think of the music?" Another child briefly enters the frame and the sounds of Prince singing "c'mon baby let's get nuts" become audible and recognizable, at least to the average Prince fan. For the remaining seventeen seconds of the video, the baby stays in the center of the frame, not exactly dancing but apparently enjoying the music. In the background, there is adult laughter as another child does laps of the kitchen. Apart from the music, the general domestic background noise is loud throughout the video. The dancing baby video captures a child's reaction to a well-known pop song in an ordinary family setting.

The child and its reaction, not the music, are the focus of the video. Any objective observer could see this. Rightsholders place great value on so-called synchronization rights: the right to synchronize music with otherwise unrelated visual media. However, the dancing baby video could not be mistaken for an ordinary synchronization. Although the music is identifiable, only a relatively brief part of the song is featured, and the audio quality is poor. No one would watch or listen to this video in order to appreciate the Prince classic. Any objective observer familiar with the fair use doctrine should have recognized that the dancing baby video was fair use.

As a result, the dancing baby video set the stage for an important test case on the relationship between the DMCA notice-and-takedown procedures and fair use. The district court in *Lenz v. Universal Music Corp.*, 572 F. Supp. 2d 1150 (N.D. Cal. 2008) held, in denying a motion to dismiss, that an allegation that a copyright owner acted in bad faith by issuing a takedown notice without proper consideration of the fair use doctrine was sufficient to state a misrepresentation claim pursuant to section 512(f) of the DMCA.

Lenz v. Universal Music Corp., 815 F.3d 1145 (9th Cir. 2015)

Circuit Judge Tallman

Section 512(c) permits service providers, e.g., YouTube or Google, to avoid copyright infringement liability for storing users' content if — among other requirements — the service provider "expeditiously" removes or disables access to the content after receiving notification from a copyright holder that the content is infringing. Section 512(c)(3)(A) sets forth the elements that such a "takedown notification" must contain. These elements include identification of the copyrighted work, identification of the allegedly infringing material, and, critically, a statement that the copyright holder believes in good faith the infringing material "is not authorized by the copyright owner, its agent, or the law." *Id.* § 512(c)(3)(A). The procedures outlined in § 512(c) are referred to as the DMCA's "takedown procedures."

To avoid liability for disabling or removing content, the service provider must notify the user of the takedown. *Id.* § 512(g)(1)-(2). The user then has the option of restoring the content by sending a counter-notification, which must include a statement of "good faith belief that the material was removed or disabled as a result of mistake or misidentification...." *Id.* § 512(g)(3)(C). Upon receipt of a valid counter-notification, the service provider must inform the copyright holder of the

counter-notification and restore the content within “not less than 10, nor more than 14, business days,” unless the service provider receives notice that the copyright holder has filed a lawsuit against the user seeking to restrain the user’s infringing behavior. Id. § 512(g)(2)(B)-(C). The procedures outlined in § 512(g) are referred to as the DMCA’s “put-back procedures.”

If an entity abuses the DMCA, it may be subject to liability under § 512(f). That section provides: “Any person who knowingly materially misrepresents under this section — (1) that material or activity is infringing, or (2) that material or activity was removed or disabled by mistake or misidentification, shall be liable for any damages...” Id. § 512(f). Subsection (1) generally applies to copyright holders and subsection (2) generally applies to users. Only subsection (1) is at issue here.

B

We must first determine whether 17 U.S.C. § 512(c)(3)(A)(v) requires copyright holders to consider whether the potentially infringing material is a fair use of a copyright under 17 U.S.C. § 107 before issuing a takedown notification. Section 512(c)(3)(A)(v) requires a takedown notification to include a “statement that the complaining party has a good faith belief that the use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.” The parties dispute whether fair use is an authorization under the law as contemplated by the statute — which is so far as we know an issue of first impression in any circuit across the nation. “Canons of statutory construction dictate that if the language of a statute is clear, we look no further than that language in determining the statute’s meaning... A court looks to legislative history only if the statute is unclear.” *United States v. Lewis*, 67 F.3d 225, 228-29 (9th Cir.1995) (citations omitted). We agree with the district court and hold that the statute unambiguously contemplates fair use as a use authorized by the law.

Fair use is not just excused by the law, it is wholly authorized by the law. In 1976, Congress codified the application of a four-step test for determining the fair use of copyrighted works:

Notwithstanding the provisions of sections 106 and 106A, *the fair use of a copyrighted work*, ... for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, *is not an infringement of copyright*. 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 finding is made upon consideration of all the above factors.

17 U.S.C. § 107 (emphasis added). The statute explains that the fair use of a copyrighted work is permissible because it is a non-infringing use.

While Title 17 of the United States Code (“Copyrights”) does not define the term “authorize” or “authorized,” “[w]hen there is no indication that Congress intended a specific legal meaning for the term, the court may look to sources such as dictionaries for a definition.” *United States v. Mohrbacher*, 182 F.3d 1041, 1048 (9th Cir.1999). Black’s Law Dictionary defines “authorize” as “1. To give legal authority; to empower” and “2. To formally approve; to sanction.” *Authorize*, *Black’s Law Dictionary* (10th ed. 2014). Because 17 U.S.C. § 107 both “empowers” and “formally approves” the use of copyrighted material if the use constitutes fair use, fair use is “authorized by the law” within the meaning of § 512(c). See also 17 U.S.C. § 108(f)(4) (“Nothing in this section in any way affects *the right of fair use* as provided by section 107....” (emphasis added)).

Universal’s sole textual argument is that fair use is not “authorized by the law” because it is an affirmative defense that excuses otherwise infringing conduct. Universal’s interpretation is incorrect as it conflates two different concepts: an affirmative defense that is labeled as such due to the procedural posture of the case, and an affirmative defense that excuses impermissible conduct. Supreme Court precedent squarely supports the conclusion that fair use does not fall into the latter camp: “anyone who ... makes a fair use of the work is not an infringer of the copyright with respect to such use.” *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 433 (1984).

Given that 17 U.S.C. § 107 expressly authorizes fair use, labeling it as an affirmative defense that excuses conduct is a misnomer:

Although the traditional approach is to view “fair use” as an affirmative defense, this writer, speaking only for himself, is of the opinion that it is better viewed as a right granted by the Copyright Act of 1976. Originally, as a judicial doctrine without any statutory basis, fair use was an infringement that was excused — this is presumably why it was treated as a defense. As a statutory doctrine, however, fair use is not an infringement. Thus, since the passage of the 1976 Act, fair use should no longer be considered an infringement to be excused; instead, it is logical to view fair use as a right. Regardless of how fair use is viewed, it 1153*1153 is clear that the burden of proving fair use is always on the putative infringer.

Bateman v. Mnemonics, Inc., 79 F.3d 1532, 1542 n. 22 (11th Cir.1996) (Birch, J.). We agree. Cf. Lydia Pallas Loren, *Fair Use: An Affirmative Defense?*, 90 WASH. L. REV. 685, 688 (2015) (“Congress did not intend fair use to be an affirmative defense — a defense, yes, but not an affirmative defense.”). Fair use is therefore distinct from affirmative defenses where a use infringes a copyright, but there is no liability due to a valid excuse, e.g., misuse of a copyright, *Practice Management Information Corp. v. American Medical Ass’n*, 121 F.3d 516, 520 (9th Cir.1997), and laches, *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 950-51 (9th Cir.2001).

Universal concedes it must give due consideration to other uses authorized by law such as compulsory licenses. The introductory language in 17 U.S.C. § 112 for compulsory licenses closely mirrors that in the fair use statute. Compare 17 U.S.C. § 112(a)(1) (“Notwithstanding the provisions of section 106, ... it is not an infringement of copyright for a transmitting organization entitled to transmit to the

public a performance or display of a work... to make no more than one copy or phonorecord of a particular transmission program embodying the performance or display...”), with id. § 107 (“Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work... is not an infringement of copyright.”). That fair use may be labeled as an affirmative defense due to the procedural posture of the case is no different than labeling a license an affirmative defense for the same reason. Compare *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 573 & n. 3, 590 (1994) (stating that “fair use is an affirmative defense” where the district court converted a motion to dismiss based on fair use into a motion for summary judgment), with *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1025-26 (9th Cir.2001) (“Napster contends that ... the district court improperly rejected valid affirmative defenses of ... implied license...”). Thus, Universal’s argument that it need not consider fair use in addition to compulsory licenses rings hollow.

Even if, as Universal urges, fair use is classified as an “affirmative defense,” we hold — for the purposes of the DMCA — fair use is uniquely situated in copyright law so as to be treated differently than traditional affirmative defenses. We conclude that because 17 U.S.C. § 107 created a type of non-infringing use, fair use is “authorized by the law” and a copyright holder must consider the existence of fair use before sending a takedown notification under § 512(c).

C

We must next determine if a genuine issue of material fact exists as to whether Universal knowingly misrepresented that it had formed a good faith belief the video did not constitute fair use. This inquiry lies not in whether a court would adjudge the video as a fair use, but whether Universal formed a good faith belief that it was not. Contrary to the district court’s holding, Lenz may proceed under an actual knowledge theory, but not under a willful blindness theory.

1

Though Lenz argues Universal should have known the video qualifies for fair use as a matter of law, we have already decided a copyright holder need only form a subjective good faith belief that a use is not authorized. *Rossi v. Motion Picture Ass’n of Am. Inc.*, 391 F.3d 1000 (9th Cir.2004). In *Rossi*, we explicitly held that “the ‘good faith belief’ requirement in § 512(c)(3)(A)(v) encompasses a subjective, rather than objective standard,” and we observed that “Congress understands this distinction.” *Id.* at 1004. We further held:

When enacting the DMCA, Congress could have easily incorporated an objective standard of reasonableness. The fact that it did not do so indicates an intent to adhere to the subjective standard traditionally associated with a good faith requirement...

In § 512(f), Congress included an expressly limited cause of action for improper infringement notifications, imposing liability only if the copyright owner’s notification is a knowing misrepresentation. A copyright owner cannot be liable simply because an unknowing mistake is made, even if the copyright owner acted unreasonably in making the mistake. Rather, there must be a demonstration of some actual knowledge of misrepresentation on the part of the copyright owner.

Id. at 1004-05 (citations omitted). Neither of these holdings are dictum. See *United States v. Johnson*, 256 F.3d 895, 914 (9th Cir.2001) (en banc) (“[W]here a panel confronts an issue germane to the eventual resolution of the case, and resolves it after reasoned consideration in a published opinion, that ruling becomes the law of the circuit, regardless of whether doing so is necessary in some strict logical sense.”). We therefore judge Universal’s actions by the subjective beliefs it formed about the video.

2

Universal faces liability if it knowingly misrepresented in the takedown notification that it had formed a good faith belief the video was not authorized by the law, i.e., did not constitute fair use. Here, Lenz presented evidence that Universal did not form any subjective belief about the video’s fair use — one way or another — because it failed to consider fair use at all, and knew that it failed to do so. Universal nevertheless contends that its procedures, while not formally labeled consideration of fair use, were tantamount to such consideration. Because the DMCA requires consideration of fair use prior to sending a takedown notification, a jury must determine whether Universal’s actions were sufficient to form a subjective good faith belief about the video’s fair use or lack thereof.³

Footnote 3: Although the panel agrees on the legal principles we discuss herein, we part company with our dissenting colleague over the propriety of resolving on summary judgment Universal’s claim to subjective belief that the copyright was infringed. The dissent would find that no triable issue of fact exists because Universal did not specifically and expressly consider the fair-use elements of 17 U.S.C. § 107. But the question is whether the analysis Universal did conduct of the video was sufficient, not to conclusively establish as a matter of law that the video’s use of *Let’s Go Crazy* was fair, but to form a subjective good faith belief that the video was infringing on Prince’s copyright. And under the circumstances of this case, that question is for the jury, not this court, to decide.

To be clear, if a copyright holder ignores or neglects our unequivocal holding that it must consider fair use before sending a takedown notification, it is liable for damages under § 512(f). If, however, a copyright holder forms a subjective good faith belief the allegedly infringing material does not constitute fair use, we are in no position to dispute the copyright holder’s belief even if we would have reached the opposite conclusion. A copyright holder who pays lip service to the consideration of fair use by claiming it formed a good faith belief when there is evidence to the contrary is still subject to § 512(f) liability. Cf. *Disney Enters., Inc. v. Hotfile Corp.*, No. 11-cv-20427, 2013 WL 6336286, at *48 (S.D.Fla. Sept. 20, 2013) (denying summary judgment of § 512(f) counterclaim due to “sufficient evidence in the record to suggest that [Plaintiff] Warner intentionally targeted files it knew it had no right to remove”); *Rosen v. Hosting Servs., Inc.*, 771 F.Supp.2d 1219, 1223 (C.D.Cal.2010) (denying summary judgment of § 512(f) counterclaim where the takedown notification listed four URL links that did not contain content matching the description of the purportedly infringed material); *Online Policy Grp. v. Diebold, Inc.*, 337 F.Supp.2d 1195, 1204-05 (N.D.Cal.2004) (“[T]here is no genuine issue of fact that Diebold knew — and indeed that it specifically intended — that its letters to OPG and Swarthmore would result in prevention of publication of that content.... The fact that Diebold never actually brought suit against any alleged infringer suggests strongly that Diebold sought to use the DMCA’s safe harbor provisions — which were designed to protect ISPs, not copyright holders — as a sword to suppress publication of embarrassing content rather than as a shield to protect its intellectual property.”).

3

We hold the willful blindness doctrine may be used to determine whether a copyright holder “knowingly materially misrepresent[ed]” that it held a “good faith belief” the offending activity was not a fair use. See 17 U.S.C. § 512(c)(3)(A)(v), (f). “[T]he willful blindness doctrine may be applied, in appropriate circumstances, to demonstrate knowledge or awareness of specific instances of infringement under the DMCA.” *Viacom Int’l, Inc. v. YouTube, Inc.*, 676 F.3d 19, 35 (2d Cir.2012) (interpreting how a party can establish the “actual knowledge” — a subjective belief — required by § 512(c)(1)(A)(i)); see also *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1023 (9th Cir.2013) (“Of course, a service provider cannot willfully bury its head in the sand to avoid obtaining such specific knowledge.” (citing *Viacom*, 676 F.3d at 31)). But, based on the specific facts presented during summary judgment, we reject the district court’s conclusion that Lenz may proceed to trial under a willful blindness theory.

To demonstrate willful blindness a plaintiff must establish two factors: “(1) the defendant must subjectively believe that there is a high probability that a fact exists and (2) the defendant must take deliberate actions to avoid learning of that fact.” *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754 (2011). “Under this formulation, a willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing and who can almost be said to have actually known the critical facts.” To meet the Global-Tech test, Lenz must demonstrate a genuine issue as to whether — before sending the takedown notification — Universal (1) subjectively believed there was a high probability that the video constituted fair use, and (2) took deliberate actions to avoid learning of this fair use.

On summary judgment Lenz failed to meet a threshold showing of the first factor. To make such a showing, Lenz must provide evidence from which a juror could infer that Universal was aware of a high probability the video constituted fair use. See *United States v. Yi*, 704 F.3d 800, 805 (9th Cir.2013). But she failed to provide any such evidence. The district court therefore correctly found that “Lenz does not present evidence suggesting Universal subjectively believed either that there was a high probability any given video might make fair use of a Prince composition or her video in particular made fair use of Prince’s song ‘Let’s Go Crazy.’” Yet the district court improperly denied Universal’s motion for summary judgment on the willful blindness theory because Universal “has not shown that it lacked a subjective belief.” By finding blame with Universal’s inability to show that it “lacked a subjective belief,” the district court improperly required Universal to meet its burden of persuasion, even though Lenz had failed to counter the initial burden of production that Universal successfully carried. Lenz may not therefore proceed to trial on a willful blindness theory.

V

Section 512(f) provides for the recovery of “any damages, including costs and attorneys['] fees, incurred by the alleged infringer ... who is injured by such misrepresentation, as the result of the service provider relying upon such misrepresentation in removing or disabling access to the material or activity claimed to be infringing...” 17 U.S.C. § 512(f). We hold a plaintiff may seek recovery of nominal damages for an injury incurred as a result of a § 512(f) misrepresentation.

Universal incorrectly asserts that Lenz must demonstrate she incurred “actual monetary loss.” Section 512(k) provides a definition for “monetary relief” as “damages, costs, attorneys['] fees, and any other form of monetary payment.” The term “monetary relief” appears in § 512(a), (b)(1), (c)(1), and (d), but is notably absent from § 512(f). As a result, the damages an alleged infringer may recover under § 512(f) from “any person” are broader than monetary relief. Because Congress specified the recovery of “any damages,” we reject Universal’s contention that Congress did not indicate its intent to depart from the common law presumption that a misrepresentation plaintiff must have suffered a monetary loss.

Lenz may seek recovery of nominal damages due to an unquantifiable harm suffered as a result of Universal’s actions. The DMCA is akin to a statutorily created intentional tort whereby an individual may recover nominal damages for a “knowingly material misrepresent[ation] under this section [512].” 17 U.S.C. § 512(f); cf. *Memphis Cmty. Sch. Dist. v. Stachura*, 477 U.S. 299, 305 (1986) (“We have repeatedly noted that 42 U.S.C. § 1983 creates a species of tort liability in favor of persons who are deprived of rights, privileges, or immunities secured to them by the Constitution. Accordingly, when § 1983 plaintiffs seek damages for violations of constitutional rights, the level of damages is ordinarily determined according to principles derived from the common law of torts.” (quotation and citations omitted)).

“In a number of common law actions associated with intentional torts, the violation of the plaintiff’s right has generally been regarded as a kind of legal damage in itself. The plaintiff who proves an intentional physical tort to the person or to property can always recover nominal damages.” 3 Dan B. Dobbs et al., *The Law of Torts* § 480 (2d ed. 2011). The tort need not be physical in order to recover nominal damages. Defamation, for example, permits the recovery of nominal damages:

A nominal damage award can be justified in a tort action only if there is some reason for awarding a judgment in favor of a claimant who has not proved or does not claim a compensable loss with sufficient certainty to justify a recovery of compensatory or actual damages. There may be such a reason in an action for defamation, since a nominal damage award serves the purpose of vindicating the plaintiff’s character by a verdict of the jury that establishes the falsity of the defamatory matter.

W. Page Keeton et al., *Prosser and Keeton on Torts* § 116A, at 845 (5th ed. 1984). Also, individuals may recover nominal damages for trespass to land, even though the trespasser’s “presence on the land causes no harm to the land [or] its possessor....” *Restatement (Second) of Torts* § 163 & comments d, e (1965).

The district court therefore properly concluded in its 2010 order:

The use of “any damages” suggests strongly Congressional intent that recovery be available for damages even if they do not amount to ... substantial economic damages.... Requiring a plaintiff who can [show that the copyright holder knowingly misrepresented its subjective good faith] to demonstrate in addition not only that she suffered damages but also that those damages were economic and substantial would vitiate the deterrent effect of the statute.

Lenz v. Universal Music Corp., 2010 WL 702466, at *10 (N.D.Cal., Feb. 25, 2010). Relying on this opinion, the Southern District of Florida held the same. *Hoffile*, 2013

WL 6336286, at *48 (“The Court observes that the quantity of economic damages to Hotfile’s system is necessarily difficult to measure with precision and has led to much disagreement between the parties and their experts. Notwithstanding this difficulty, the fact of injury has been shown, and Hotfile’s expert can provide the jury with a non-speculative basis to assess damages.”).

We agree that Lenz may vindicate her statutorily created rights by seeking nominal damages. Because a jury has not yet determined whether Lenz will prevail at trial, we need not decide the scope of recoverable damages, i.e., whether she may recover expenses following the initiation of her § 512(f) suit or pro bono costs and attorneys’ fees, both of which arose as a result of the injury incurred.

VI

Copyright holders cannot shirk their duty to consider — in good faith and prior to sending a takedown notification — whether allegedly infringing material constitutes fair use, a use which the DMCA plainly contemplates as authorized by the law. That this step imposes responsibility on copyright holders is not a reason for us to reject it. We affirm the district court’s order denying the parties’ cross-motions for summary judgment.

AFFIRMED.

Notes and questions:

(1) In *Lenz v. Universal Music Corp.*, 815 F.3d 1145 (9th Cir. 2015), the Ninth Circuit held that because the fair use of a copyrighted work is indeed “authorized by the law” a person may *knowingly* materially misrepresent under Section 512(f) by making a statement in support of 512(c) takedown notice that it has “a *good faith* belief that use of the material ... is not authorized by the copyright owner, its agent, or the law” when that person has not considered the application of the fair use doctrine.

Since the fair use of a copyrighted work is authorized by law, the court concluded (at 1154) that

Universal faces liability if it knowingly misrepresented in the takedown notification that it had formed a good faith belief the video was not authorized by the law, i.e., did not constitute fair use.

In other words, before issuing a takedown notice, a rightsholder must at least form a view about whether the accused work is infringing, and that process includes forming a view as to whether the accused work is fair use.

(2) Was the court correct in characterizing fair use as right? The argument is that fair use is no mere defense, such as laches or lack of personal jurisdiction; rather, fair use is a fundamental part of the copyright system that confers rights on the public and defines the outer limits of the copyright owner’s enumerated exclusive rights. This view seems inescapable based on the text of section 107: “Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work . . . is not an infringement of copyright.” The fact that, procedurally, fair use must usually be pleaded as a defense does not alter its substance. As the court stated, “fair use is not just excused by the law, it is wholly authorized by the law.”

(3) Note that Circuit Judge M. Smith, disagreed with the majority as to whether Lenz was entitled to summary judgment. The majority held that whether Universal’s actions were sufficient to form a subjective good faith belief about the video’s fair use or lack thereof presented a triable issue of fact. Smith saw the issue differently:

Universal admittedly did not consider fair use before notifying YouTube to take down Lenz’s video. It therefore could not have formed a good faith belief that Lenz’s video was infringing, and its notification to the contrary was a knowing material misrepresentation. Accordingly, I would hold that Lenz is entitled to summary judgment.

(4) The version of the Lenz decision extracted above is a little different to the Ninth Circuit’s original decision. As Dan Burk summarizes:

Dan L. Burk, *Algorithmic Fair Use*, 86 University of Chicago Law Review 283, 291 (2019)

But clearly with the use of automated detection and removal algorithms in mind, the court continued: “We note, without passing judgment, that the implementation of computer algorithms appears to be a valid and good faith middle ground for processing a plethora of content while still meeting the DMCA’s requirements to somehow consider fair use.”²²³

Perhaps not surprisingly, the court later withdrew this particular passage of dicta from the published opinion. The record label’s copyright enforcement search and judgment in *Lenz* was done manually, and it is unclear whether fair use consideration can in fact be automated.

The critical question in the wake of *Lenz* is whether rightsholders can rely on the same algorithms they use to identify potential infringement to make a judgment about fair use. As many have noted, identifying fair use is a hard problem for any automated system.²²⁴

(5) In *Internet Safe Harbors and the Transformation of Copyright Law*, Matthew Sag argues (at 534):

... the Ninth Circuit’s decision in *Lenz* may have ramifications for the broader public debate on the future of fair use in the United States and overseas. Interest groups advocating for the abolition of fair use, or for a scaling back of the doctrine, frequently buttress their opposition with the argument that fair use is fundamentally uncertain and unpredictable. If fair use doctrine were genuinely as volatile as many insist, then it seems unlikely that a rightsholder could rely on an algorithm to identify potential fair uses without risking section 512(f) liability. Consequently, it is very hard to see how rightsholders’ notice-and-takedown operations could ever scale up to deal with the massive volume of online infringement. But then again, if a rightsholder truly believes that fair use is fundamentally uncertain, could it even attest to its good faith belief that an accused work is not “authorized by ... law” in an individual case, as the statute requires? If I assume that a coin is equally weighted between heads and tails, I cannot in good faith express the belief that it will land on heads. Following *Lenz*, the radical uncertainty critique of fair use seems to pose a

²²³ *Lenz v Universal Music Corp*, 801 F3d 1126, 1135 (9th Cir 2015). This passage was withdrawn and superseded by *Lenz*, 815 F3d at 1148.

²²⁴ For further discussion, see Matthew Sag, *Internet Safe Harbors and the Transformation of Copyright Law*, 93 Notre Dame Law Review 499 (2017), Dan L. Burk, *Algorithmic Fair Use*, 86 University of Chicago Law Review 283 (2019).

problem for rightsholders. The easiest way for copyright owner representatives such as the Recording Industry Association of America (RIAA) and the Motion Picture Association of America (MPAA) to get out of this conundrum would be to articulate and defend their views on the scope of fair use, rather than simply throwing their hands in the air and pronouncing the whole question an unknowable mystery.

European Union Internet safe harbors

The E-Commerce Directive & the Information Society Directive

The European Union has a system of safe harbors and notice-and-takedown under the E-Commerce Directive (Directive 2000/31, O.J. 2000 (L 178)) regime that is broadly similar to the DMCA provisions enacted in Section 512 of the Copyright Act.

E-Commerce Directive of 2000

Article 12

"Mere conduit"

1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, Member States shall ensure that the service provider is not liable for the information transmitted, on condition that the provider:

- (a) does not initiate the transmission;
- (b) does not select the receiver of the transmission; and
- (c) does not select or modify the information contained in the transmission.

2. The acts of transmission and of provision of access referred to in paragraph 1 include the automatic, intermediate and transient storage of the information transmitted in so far as this takes place for the sole purpose of carrying out the transmission in the communication network, and provided that the information is not stored for any period longer than is reasonably necessary for the transmission.

3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement.

Article 13

"Caching"

1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients of the service upon their request, on condition that:

- (a) the provider does not modify the information;
- (b) the provider complies with conditions on access to the information;

(c) the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry;

(d) the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information; and

(e) the provider acts expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement.

2. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement.

Article 14

Hosting

1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:

(a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or

(b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

2. Paragraph 1 shall not apply when the recipient of the service is acting under the authority or the control of the provider.

3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility for Member States of establishing procedures governing the removal or disabling of access to information.

Article 15

No general obligation to monitor

1. Member States shall not impose a general obligation on providers, when providing the services covered by Articles 12, 13 and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating illegal activity.

2. Member States may establish obligations for information society service providers promptly to inform the competent public authorities of alleged illegal activities undertaken or information provided by recipients of their service or obligations to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have storage agreements.

[Placeholder for additional discussion of European Union Internet safe harbors under the E-Commerce Directive (Directive 2000/31, O.J. 2000 (L 178)) and the Information Society Directive (Directive 2001/29, O.J. 2001 (L 167))]

Digital Single Market Directive

Article 17 in Chapter 2 of the Digital Single Market Directive (“DSMD”) of 2019 marks a significant departure from the system of safe harbors that are currently in force in the United States. The DSMD was approved in April 2019.²²⁵ Article 17 resulted from a perception that Internet platforms hosting user-generated content—principally, YouTube²²⁶— had been placed at an unfair advantage over other sources of media by the Internet safe harbors.

For example, both YouTube and Spotify stream music to consumers, but Spotify pays a much higher royalty rate than YouTube. The theory is YouTube’s ability to invoke the safe harbors gave it a superior negotiating position with record companies and other rightsholders and thus created a “value gap.” Of course, the value gap assumes both that there are no relevant differences between YouTube and Spotify that would otherwise explain the different royalties they pay; and also that streaming on YouTube substitutes for the use of Spotify.

In broad terms, Article 17 imposes new duties on content-sharing websites such as YouTube to prevent users uploading unauthorized copyrighted material. The new directive does not specifically refer to “upload filters”, but such devices will become essential for the majority of large scale user-generated content hosting platforms.

Modified liability and safe harbors for “content-sharing” Internet platforms

Article 17 defines a special set of rules for “content-sharing” Internet platforms. The new rules are designed to ensure that “content-sharing” Internet platforms are directly liable for any infringing content on their sites by subjecting them to a special definition of “communication to the public” and “making available to the public.” See Article 17(1). Article 17 suspends the existing Internet safe harbors in the E-Commerce Directive for such platforms—see Article 17(3)—and replaces them with a modified safe harbor regime—see Articles 17(4) and (5).

The new Article 17 safe harbor is only available to platforms that can demonstrate that they have made a “best efforts” to obtain authorization from rightsholders, and to ensure the unavailability of specific works for which the relevant rights holder has provided the necessary information. Furthermore, they must respond expeditiously to infringement notices and make “best efforts” to prevent future uploads of the same works. See Article 17(4). Essentially, this replaces a regime of specific notice and takedown with notice and “stay down.” Article 17(10) provides that the European Commission will issue guidance on the application on “the cooperation referred to in paragraph 4.”

²²⁵ Directive 2019/790, O.J. 2019 (L 130/92)

²²⁶ As Annemarie Bridy notes: “The text of the DSMD nowhere mentions YouTube, but anyone versed in the political economy of digital copyright knows that Article 17 was purpose-built to make YouTube pay.” See Annemarie Bridy, *EU Copyright Reform: Grappling with the Google Effect* (2019 working paper), available at <https://ssrn.com/abstract=3412249>.

For many platforms, the safe harbor conditions in Article 17(4) can only be met by adopting sophisticated filtering measures such as YouTube’s ContentID. However, Article 17(5) subjects the safe harbor conditions to a “principle of proportionality” taking into account the nature of the platform, the content it hosts and its audience, and also “the availability of suitable and effective means and their cost for service providers.” No doubt, the application of the principle of proportionality will be fleshed out in future case law and the guidance referred to in Article 17(10).

Exactly how a filtering system should be distinguished from the “general monitoring obligation” which Article 17(8) disclaims is an interesting question.

Digital Single Market Directive of 2019

Article 17: Use of protected content by online content-sharing service providers

1. Member States shall provide that an online content-sharing service provider performs an act of communication to the public or an act of making available to the public for the purposes of this Directive when it gives the public access to copyright-protected works or other protected subject matter uploaded by its users.

An online content-sharing service provider shall therefore obtain an authorisation from the rightholders referred to in Article 3(1) and (2) of Directive 2001/29/EC [the rights of making available and communication to the public in the Copyright in the Information Society Directive] and, for instance by concluding a licensing agreement, in order to communicate to the public or make available to the public works or other subject matter.

2. Member States shall provide that, where an online content-sharing service provider obtains an authorisation, for instance by concluding a licensing agreement, that authorisation shall also cover acts carried out by users of the services falling within the scope of Article 3 of Directive 2001/29/EC [the rights of making available and communication to the public in the Copyright in the Information Society Directive] when they are not acting on a commercial basis or where their activity does not generate significant revenues.

3. When an online content-sharing service provider performs an act of communication to the public or an act of making available to the public under the conditions laid down in this Directive, the limitation of liability established in Article 14(1) of Directive 2000/31/EC [the E-Commerce Directive safe harbor for “hosting” service providers] shall not apply to the situations covered by this Article.

The first subparagraph of this paragraph shall not affect the possible application of Article 14(1) of Directive 2000/31/EC to those service providers for purposes falling outside the scope of this Directive.

4. If no authorisation is granted, online content-sharing service providers shall be liable for unauthorised acts of communication to the public, including making available to the public, of copyright-protected works and other subject matter, unless the service providers demonstrate that they have:

(a) made best efforts to obtain an authorisation, and

(b) made, in accordance with high industry standards of professional diligence, best efforts to ensure the unavailability of specific works and other subject matter for which the rightholders have provided the service providers with the relevant and necessary information; and in any event

(c) acted expeditiously, upon receiving a sufficiently substantiated notice from the rightholders, to disable access to, or to remove from, their websites the notified works or other subject matter, and made best efforts to prevent their future uploads in accordance with point (b).

5. In determining whether the service provider has complied with its obligations under paragraph 4, and in light of the principle of proportionality, the following elements, among others, shall be taken into account:

(a) the type, the audience and the size of the service and the type of works or other subject matter uploaded by the users of the service; and

(b) the availability of suitable and effective means and their cost for service providers.

8. The application of this Article shall not lead to any general monitoring obligation.

Member States shall provide that online content-sharing service providers provide rightholders, at their request, with adequate information on the functioning of their practices with regard to the cooperation referred to in paragraph 4 and, where licensing agreements are concluded between service providers and rightholders, information on the use of content covered by the agreements.

10. As of *[date of entry into force of this Directive]* the Commission, in cooperation with the Member States, shall organise stakeholder dialogues to discuss best practices for cooperation between online content-sharing service providers and rightholders. The Commission shall, in consultation with online content-sharing service providers, rightholders, users' organisations and other relevant stakeholders, and taking into account the results of the stakeholder dialogues, issue guidance on the application of this Article, in particular regarding the cooperation referred to in paragraph 4. When discussing best practices, special account shall be taken, among other things, of the need to balance fundamental rights and of the use of exceptions and limitations. For the purpose of the stakeholder dialogues, users' organisations shall have access to adequate information from online content-sharing service providers on the functioning of their practices with regard to paragraph 4.

Who is covered?

The new rules in Article 17 will not apply to every content-sharing platform.

Article 2 Definitions.

For the purposes of this Directive, the following definitions apply:

... (6) 'online content-sharing service provider' means a provider of an information society service of which the main or one of the main purposes is to store and give the public access to a large amount of copyright-protected works or other protected subject matter uploaded by its users, which it organises and promotes for profit-making purposes. Providers of services, such as not-for-profit online encyclopedias, not-for-profit educational and scientific repositories, open source software-developing and- sharing platforms, electronic communication service providers as defined in Directive (EU) 2018/1972, online marketplaces, business-to-business cloud services and cloud services that allow users to upload content for their own use, are not 'online content-sharing service providers' within the meaning of this Directive.

Even within this definition, there is an exception for new online content-sharing service providers under a certain size. Article 17(6) exempts new platforms in operation in the European Union for less than three years and with an annual turnover less than 10 million Euros. However, the exception does not apply (or mostly does not apply) to service providers with 5 million monthly unique visitors or more.

Article 17(6)

Member States shall provide that, in respect of new online content-sharing service providers the services of which have been available to the public in the Union for less than three years and which have an annual turnover below EUR 10 million, calculated in accordance with Commission Recommendation 2003/361/EC20, the conditions under the liability regime set out in paragraph 4 are limited to compliance with point (a) of paragraph 4 and to acting expeditiously, upon receiving a sufficiently substantiated notice, to disable access to the notified works or other subject matter or to remove those works or other subject matter from their websites.

Where the average number of monthly unique visitors of such service providers exceeds 5 million, calculated on the basis of the previous calendar year, they shall also demonstrate that they have made best efforts to prevent further uploads of the notified works and other subject matter for which the rightholders have provided relevant and necessary information.

Encouraging and regulating cooperation between online content-sharing service providers and rightholders

The premise of Article 17 seems to be that content-sharing platforms will negotiate directly with rightholders rather than relying on the modified safe harbors. Indeed, the first condition of the paragraph 4 safe harbor is that the service provider can demonstrate that it is made best efforts to obtain an authorization. The drafters of Article 17 have addressed the concern this new regime will be hostile to noninfringing uses of copyrighted material in Articles 17(7) and 17(9).

Article 17(7) states that the “cooperation between online content-sharing service providers and rightholders *shall not result*” in the denial of access to noninfringing material. Significantly, it requires member states to ensure that users are able to rely on exceptions and limitations relating to “quotation, criticism, review” and “use for the purpose of caricature, parody or pastiche. One assumes that the “shall not result” language is intended to convey a mandatory obligation and is not merely an optimistic prediction? If so, this provision could be used to limit overreaching agreements between online content-sharing service and rightholders. Does this place hosting platforms between a rock and hard place where they must negotiate agreements with rightholders that precisely follow the contours of copyright law?

Article 17(9) adds to user protections by requiring “effective and expeditious” dispute resolution mechanisms.

Digital Single Market Directive of 2019

Article 17: Use of protected content by online content-sharing service providers

7. The cooperation between online content-sharing service providers and rightholders **shall not result** in the prevention of the availability of works or other subject matter uploaded by users, which do not infringe copyright and related rights,

including where such works or other subject matter are covered by an exception or limitation.

Member States shall ensure that users in each Member State are able to rely on any of the following existing exceptions or limitations when uploading and making available content generated by users on online content-sharing services:

- (a) quotation, criticism, review;
- (b) use for the purpose of caricature, parody or pastiche.

9. Member States shall provide that online content-sharing service providers put in place an effective and expeditious complaint and redress mechanism that is available to users of their services in the event of disputes over the disabling of access to, or the removal of, works or other subject matter uploaded by them.

Where rightholders request to have access to their specific works or other subject matter disabled or those works or other subject matter removed, they shall duly justify the reasons for their requests. Complaints submitted under the mechanism provided for in the first subparagraph shall be processed without undue delay, and decisions to disable access to or remove uploaded content shall be subject to human review. Member States shall also ensure that out-of-court redress mechanisms are available for the settlement of disputes. Such mechanisms shall enable disputes to be settled impartially and shall not deprive the user of the legal protection afforded by national law, without prejudice to the rights of users to have recourse to efficient judicial remedies. In particular, Member States shall ensure that users have access to a court or another relevant judicial authority to assert the use of an exception or limitation to copyright and related rights.

This Directive shall in no way affect legitimate uses, such as uses under exceptions or limitations provided for in Union law, and shall not lead to any identification of individual users nor to the processing of personal data, except in accordance with Directive 2002/58/EC and Regulation (EU) 2016/679.

Online content-sharing service providers shall inform their users in their terms and conditions that they can use works and other subject matter under exceptions or limitations to copyright and related rights provided for in Union law.

Notes and questions:

(1) Will Article 17 really do anything to address the “value gap”? Is there merit in the argument that the expensive and technically difficult new requirements that the directive places on would-be challengers will simply strengthen incumbents in these industries? Or are platforms such as Google and Facebook already so entrenched that the concern about strengthening their position with respect to new entrants is strictly hypothetical?

(2) At present, it is not clear how Article 17 will fit in with existing European Union jurisprudence, such as the Judgment in Case C-70/10 *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*.

19. DIGITAL RIGHTS MANAGEMENT AND COPYRIGHT MANAGEMENT INFORMATION

The Circumvention of Technological Protection Measures (aka Digital Rights Management) — International

The 1996 the WIPO Copyright Treaty and the 1996 WIPO Performances and Phonograms Treaty (collectively, the WIPO Internet Treaties) marked a significant change in international landscape of copyright. These treaties mandated legal protection, not just for copyright works themselves, but also for the digital locks on copyrighted works—technological measures that can be used to restrict access to, and use of copyrighted works.

Article 11 of the WIPO Copyright Treaty sets out the obligation to provide legal protection for rightsholders' *technological protection measures* (or TPMs). Article 11 of the WCT provides:

WIPO Copyright Treaty. Article 11. Obligations concerning Technological Measures

Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.

Article 18 of the WIPO Performances and Phonograms Treaty contains a similar obligation for phonograms (sound recordings) and performances (related rights).

The United States Digital Millennium Copyright Act (DMCA) protects TPMs used to control access to a work and TPMs used to control the copying of a work. The terms “access control” and “copy control” do not appear in either the WIPO Internet Treaties, however, the United States has made the effective protection of both access and copy control TPMs a key part of various bilateral and regional trade agreements that came into effect since the mid-1990s. The requirements of these bilateral and regional free-trade agreements in relation to the effective protection of TPMs often exceed those of the WIPO Treaties.

The Circumvention of Technological Protection Measures (aka Digital Rights Management)—United States

An overview of the DMCA

In theory, the DMCA was enacted in 1998 to implement the United States' obligations under the WIPO Copyright Treaty. In reality, those obligations only came into existence because the executive branch of the United States government had actively championed their inclusion in international agreements.

The DMCA contains three provisions targeted at the circumvention of technological protections. The first is subsection 1201(a)(1)(A), the anticircumvention provision. This provision prohibits a person from circumventing a technological measure that effectively controls access to a work protected under the copyright act.

17 U.S. Code § 1201 - Circumvention of copyright protection systems

(a) Violations Regarding Circumvention of Technological Measures.—

(1)

(A) No person shall circumvent a technological measure that effectively controls access to a work protected under this title. The prohibition contained in the preceding sentence shall take effect at the end of the 2-year period beginning on the date of the enactment of this chapter.

...

The second and third provisions are subsections 1201(a)(2) and 1201(b)(1) the anti-trafficking provisions. Subsection 1201(a)(1) differs from both of these anti-trafficking subsections in that it targets the use of a circumvention technology, not the trafficking in such a technology. The anti-trafficking provisions are targeted to both access and copy control, but it is important to note that the DMCA does not contain a ban on the act of circumventing copy controls themselves.

17 U.S. Code § 1201 - Circumvention of copyright protection systems

(a) Violations Regarding Circumvention of Technological Measures.—

...

(2) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—

(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;

(B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.

17 U.S. Code § 1201 - Circumvention of copyright protection systems

(b) Additional Violations.—

(1) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—

(A) is primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof;

(B) has only limited commercially significant purpose or use other than to circumvent protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing protection afforded by a

technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof.

These sections also contain embedded definitions relating to “circumvention” and “effective control” that the courts have found important to construing the scope of the anti-circumvention and anti-trafficking prohibitions.

17 U.S. Code § 1201 (a)(3)

As used in this subsection—

(A) to “circumvent a technological measure” means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner; and

(B) a technological measure “effectively controls access to a work” if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.

17 U.S. Code § 1201(b)(2)

As used in this subsection—

(A) to “circumvent protection afforded by a technological measure” means avoiding, bypassing, removing, deactivating, or otherwise impairing a technological measure; and

(B) a technological measure “effectively protects a right of a copyright owner under this title” if the measure, in the ordinary course of its operation, prevents, restricts, or otherwise limits the exercise of a right of a copyright owner under this title.

To recap in general terms, Section 1201 of the DMCA prohibits the circumvention of technological measures that restrict access to or copying of copyrighted works. It also prohibits the creation or distribution of tools that facilitate circumvention. The DMCA creates civil remedies and criminal sanctions (§1203, §1204) and it specifically authorizes a court to grant temporary and permanent injunctions on such terms as it deems reasonable to prevent or restrain a violation. §1203(b)(1).

DMCA exceptions and limitations

The DMCA contains a number of exceptions to these prohibitions, including specific provisions relating to nonprofit libraries, archives, and educational institutions (§1201(d)) law enforcement, intelligence, and other government activities (§1201(e)), reverse engineering (§1201(f)) encryption research (§1201(g)) and security testing (§1201(j)). There are also exceptions relating to the protection of personally identifying information and technology designed to restrict the access of minors to the Internet (§1201(i) and (h), respectively). Section 1201(k) makes it illegal to sell, any VHS VCR, 8 mm analogue video tape recorder, Beta video recorder or other analogue video cassette recorder which is not affected by automatic gain control copy protection.

The exact terms of these provisions need to be read carefully and although they provide some useful exceptions they are not as broad as many users would like them to be.

Furthermore Section 1201(c) contains, among other things, a fair use savings clause and a “no mandate” clause.

17 U.S. Code § 1201(c) Other Rights, Etc., Not Affected.—

(1) Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.

(2) Nothing in this section shall enlarge or diminish vicarious or contributory liability for copyright infringement in connection with any technology, product, service, device, component, or part thereof.

(3) Nothing in this section shall require that the design of, or design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure, so long as such part or component, or the product in which such part or component is integrated, does not otherwise fall within the prohibitions of subsection (a)(2) or (b)(1).

(4) Nothing in this section shall enlarge or diminish any rights of free speech or the press for activities using consumer electronics, telecommunications, or computing products.

The “no mandate” limitation in subsection (3) makes it clear that the makers of technology such as personal computers or televisions do not have to design these devices to respond to any particular TPM. As Gwen Hinze explained in 2007 law review article, *Brave New World, Ten Years Later*.

[The “no mandate” limitation] is crucial for technological innovation and competition. At the time that the DMCA was debated, the U.S. consumer electronics industry feared that without such a provision, rightholders could use TPMs on content to control the design of technologies that interoperated with their content.²²⁷

Administrative Exemptions

In addition to the exceptions and limitations noted above, the DMCA sets out a rulemaking process which allows the Copyright Office to determine specific exceptions to the DMCA for three-year periods. The purposes of the rulemaking proceeding is to determine whether current technologies that control access to copyrighted works are diminishing the ability of individuals to use works in lawful, noninfringing ways. The relevant provision is Section 1201(a)(1)(B).

[Placeholder for additional discussion of DMCA triennial rulemaking]

MDY Industries, LLC v. Blizzard Entertainment, Inc., 629 F. 3d 928 (9th Cir. 2010)

Circuit Judge Callahan

Blizzard Entertainment, Inc. (“Blizzard”) is the creator of World of Warcraft (“WoW”), a popular multiplayer online role-playing game in which players interact in a virtual world while advancing through the game’s 70 levels. MDY Industries, LLC and its sole member Michael Donnelly (“Donnelly”) (sometimes referred to collectively as “MDY”) developed and sold Glider, a software program that automatically plays the early levels of WoW for players.

²²⁷ Gwen Hinze, *Brave New World, Ten Years Later*, 57 Case W. Res. L. Rev. 779, 810 (2007)

MDY brought this action for a declaratory judgment to establish that its Glider sales do not infringe Blizzard's copyright or other rights, and Blizzard asserted counterclaims under the Digital Millennium Copyright Act ("DMCA"), 17 U.S.C. § 1201 et seq., and for tortious interference with contract under Arizona law. The district court found MDY and Donnelly liable for secondary copyright infringement, violations of DMCA § 1201(a)(2) and (b)(1), and tortious interference with contract.

I.

A. World of Warcraft

In November 2004, Blizzard created WoW, a "massively multiplayer online role-playing game" in which players interact in a virtual world. WoW has ten million subscribers, of which two and a half million are in North America. The WoW software has two components: (1) the game client software that a player installs on the computer; and (2) the game server software, which the player accesses on a subscription basis by connecting to WoW's online servers. WoW does not have single-player or offline modes.

WoW players roleplay different characters, such as humans, elves, and dwarves. A player's central objective is to advance the character through the game's 70 levels by participating in quests and engaging in battles with monsters. As a player advances, the character collects rewards such as in-game currency, weapons, and armor. WoW's virtual world has its own economy, in which characters use their virtual currency to buy and sell items directly from each other, through vendors, or using auction houses. Some players also utilize WoW's chat capabilities to interact with others.

B. Blizzard's use agreements

Each WoW player must read and accept Blizzard's End User License Agreement ("EULA") and Terms of Use ("ToU") on multiple occasions. The EULA pertains to the game client, so a player agrees to it both before installing the game client and upon first running it. The ToU pertains to the online service, so a player agrees to it both when creating an account and upon first connecting to the online service. Players who do not accept both the EULA and the ToU may return the game client for a refund.

C. Development of Glider and Warden

Donnelly is a WoW player and software programmer. In March 2005, he developed Glider, a software "bot" (short for robot) that automates play of WoW's early levels, for his personal use. A user need not be at the computer while Glider is running. As explained in the Frequently Asked Questions ("FAQ") on MDY's website for Glider:

Glider ... moves the mouse around and pushes keys on the keyboard. You tell it about your character, where you want to kill things, and when you want to kill. Then it kills for you, automatically. You can do something else, like eat dinner or go to a movie, and when you return, you'll have a lot more experience and loot.

Glider does not alter or copy WoW's game client software, does not allow a player to avoid paying monthly subscription dues to Blizzard, and has no commercial use

independent of WoW. Glider was not initially designed to avoid detection by Blizzard.

The parties dispute Glider's impact on the WoW experience. Blizzard contends that Glider disrupts WoW's environment for non-Glider players by enabling Glider users to advance quickly and unfairly through the game and to amass additional game assets. MDY contends that Glider has a minimal effect on non-Glider players, enhances the WoW experience for Glider users, and facilitates disabled players' access to WoW by auto-playing the game for them.

In summer 2005, Donnelly began selling Glider through MDY's website for fifteen to twenty-five dollars per license. Prior to marketing Glider, Donnelly reviewed Blizzard's EULA and client-server manipulation policy. He reached the conclusion that Blizzard had not prohibited bots in those documents.

In September 2005, Blizzard launched Warden, a technology that it developed to prevent its players who use unauthorized third-party software, including bots, from connecting to WoW's servers. Warden was able to detect Glider, and Blizzard immediately used Warden to ban most Glider users. MDY responded by modifying Glider to avoid detection and promoting its new anti-detection features on its website's FAQ. It added a subscription service, Glider Elite, which offered "additional protection from game detection software" for five dollars a month.

Thus, by late 2005, MDY was aware that Blizzard was prohibiting bots. MDY modified its website to indicate that using Glider violated Blizzard's ToU. In November 2005, Donnelly wrote in an email interview, "Avoiding detection is rather exciting, to be sure. Since Blizzard does not want bots running at all, it's a violation to use them." Following MDY's anti-detection modifications, Warden only occasionally detected Glider. As of September 2008, MDY had gross revenues of \$3.5 million based on 120,000 Glider license sales.

D. Financial and practical impact of Glider

Blizzard claims that from December 2004 to March 2008, it received 465,000 complaints about WoW bots, several thousand of which named Glider. Blizzard spends \$940,000 annually to respond to these complaints, and the parties have stipulated that Glider is the principal bot used by WoW players. Blizzard introduced evidence that it may have lost monthly subscription fees from Glider users, who were able to reach WoW's highest levels in fewer weeks than players playing manually. Donnelly acknowledged in a November 2005 email that MDY's business strategy was to make Blizzard's anti-bot detection attempts financially prohibitive:

The trick here is that Blizzard has a finite amount of development and test resources, so we want to make it bad business to spend that much time altering their detection code to find Glider, since Glider's negative effect on the game is debatable.... [W]e attack th[is] weakness and try to make it a bad idea or make their changes very risky, since they don't want to risk banning or crashing innocent customers.

IV.

[The court found that although Glider violated the games terms of service, specifically the prohibitions against bots and unauthorized third-party software, these terms were "covenants rather than copyright-enforceable conditions." As such

violation of the terms of service could only trigger copyright liability if the licensee's action (1) exceeded the license's scope (2) in a manner that implicated one of the licensor's exclusive statutory rights. No such violation was present, thus there was no direct copyright infringement and no secondary copyright by MDY.]

V.

After MDY began selling Glider, Blizzard launched Warden, its technology designed to prevent players who used bots from connecting to the WoW servers. Blizzard used Warden to ban most Glider users in September 2005. Blizzard claims that MDY is liable under DMCA § 1201(a)(2) and (b)(1) because it thereafter programmed Glider to avoid detection by Warden.

A. The Warden technology

Warden has two components. The first is a software module called "scan.dll," which scans a computer's RAM prior to allowing the player to connect to WoW's servers. If scan.dll detects that a bot is running, such as Glider, it will not allow the player to connect and play. After Blizzard launched Warden, MDY reconfigured Glider to circumvent scan.dll by not loading itself until after scan.dll completed its check. Warden's second component is a "resident" component that runs periodically in the background on a player's computer when it is connected to WoW's servers. It asks the computer to report portions of the WoW code running in RAM, and it looks for patterns of code associated with known bots or cheats. If it detects a bot or cheat, it boots the player from the game, which halts the computer's copying of copyrighted code into RAM.

B. The Digital Millennium Copyright Act

Congress enacted the DMCA in 1998 to conform United States copyright law to its obligations under two World Intellectual Property Organization ("WIPO") treaties, which require contracting parties to provide effective legal remedies against the circumvention of protective technological measures used by copyright owners. See *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 440 (2d Cir.2001). In enacting the DMCA, Congress sought to mitigate the problems presented by copyright enforcement in the digital age. *Id.* The DMCA contains three provisions directed at the circumvention of copyright owners' technological measures. The Supreme Court has yet to construe these provisions, and they raise questions of first impression in this circuit.

The first provision, 17 U.S.C. § 1201(a)(1)(A), is a general prohibition against "circumventing a technological measure that effectively controls access to a work protected under [the Copyright Act]." The second prohibits trafficking in technology that circumvents a technological measure that "effectively controls access" to a copyrighted work. 17 U.S.C. § 1201(a)(2). The third prohibits trafficking in technology that circumvents a technological measure that "effectively protects" a copyright owner's right. 17 U.S.C. § 1201(b)(1).

C. The district court's decision

The district court assessed whether MDY violated DMCA § 1201(a)(2) and (b)(1) with respect to three WoW components. First, the district court considered the game client software's literal elements: the source code stored on players' hard drives.

Second, the district court considered the game client software's individual non-literal elements: the 400,000+ discrete visual and audible components of the game, such as a visual image of a monster or its audible roar. Finally, it considered the game's dynamic non-literal elements: that is, the "real-time experience of traveling through different worlds, hearing their sounds, viewing their structures, encountering their inhabitants and monsters, and encountering other players."

The district court granted MDY partial summary judgment as to Blizzard's § 1201(a)(2) claim with respect to WoW's literal elements. The district court reasoned that Warden does not effectively control access to the literal elements because WoW players can access the literal elements without connecting to a game server and encountering Warden; they need only install the game client software on their computers. The district court also ruled for MDY following trial as to Blizzard's § 1201(a)(2) claim with respect to WoW's individual non-literal elements, reasoning that these elements could also be accessed on a player's hard drive without encountering Warden.

The district court, however, ruled for Blizzard following trial as to its § 1201(a)(2) and (b)(1) claims with respect to WoW's dynamic non-literal elements, or the "real-time experience" of playing WoW. It reasoned that Warden effectively controlled access to these elements, which could not be accessed without connecting to Blizzard's servers. It also found that Glider allowed its users to circumvent Warden by avoiding or bypassing its detection features, and that MDY marketed Glider for use in circumventing Warden.

We turn to consider whether Glider violates DMCA § 1201(a)(2) and (b)(1) by allowing users to circumvent Warden to access WoW's various elements. MDY contends that Warden's scan.dll and resident components are separate, and only scan.dll should be considered as a potential access control measure under § 1201(a)(2). However, in our view, an access control measure can both (1) attempt to block initial access and (2) revoke access if a secondary check determines that access was unauthorized. Our analysis considers Warden's scan.dll and resident components together because the two components have the same purpose: to prevent players using detectable bots from continuing to access WoW software.

D. Construction of § 1201

One of the issues raised by this appeal is whether certain provisions of § 1201 prohibit circumvention of access controls when access does not constitute copyright infringement. To answer this question and others presented by this appeal, we address the nature and interrelationship of the various provisions of § 1201 in the overall context of the Copyright Act.

We begin by considering the scope of DMCA § 1201's three operative provisions, §§ 1201(a)(1), 1201(a)(2), and 1201(b)(1). We consider them side-by-side, because "[w]e do not ... construe statutory phrases in isolation; we read statutes as a whole. Thus, the [term to be construed] must be read in light of the immediately following phrase...." *United States v. Morton*, 467 U.S. 822, 828.

1. Text of the operative provisions

We begin, as always, with the text of the statute. Section 1201(a)(1)(A) prohibits “circumvent[ing] a technological measure that effectively controls access to a work protected under this title.” Sections 1201(a)(2) and (b)(1) provide that “no person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that —

(emphasis added).

Editor’s note for the visually impaired: The court reproduced the operative provisions of the statute side by side with certain words bolded for emphasis. Section § 1201(a)(2)(A) (the access provision) and § 1201(b)(1)(A) (the control provision) begin with parallel language: “is primarily designed or produced for the purpose of” and then the access provision reads “circumventing a technological measure that effectively controls access to a work protected under this title” whereas the control provision reads “circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner.” the remaining subsections (B) and (C) of the access provision and the control provision are fairly similar.

2. Our harmonization of the DMCA’s operative provisions

For the reasons set forth below, we believe that § 1201 is best understood to create two distinct types of claims. First, § 1201(a) prohibits the circumvention of any technological measure that effectively controls access to a protected work and grants copyright owners the right to enforce that prohibition. Cf. *Corley*, 273 F.3d at 441 (“The focus of subsection 1201(a)(2) is circumvention of technologies designed to prevent access to a work”). Second, and in contrast to § 1201(a), § 1201(b)(1) prohibits trafficking in technologies that circumvent technological measures that effectively protect “a right of a copyright owner.” Section 1201(b)(1)’s prohibition is thus aimed at circumventions of measures that protect the copyright itself: it entitles copyright owners to protect their existing exclusive rights under the Copyright Act. Those exclusive rights are reproduction, distribution, public performance, public display, and creation of derivative works. 17 U.S.C. § 106. Historically speaking, preventing “access” to a protected work in itself has not been a right of a copyright owner arising from the Copyright Act.

Our construction of § 1201 is compelled by the four significant textual differences between § 1201(a) and (b). First, § 1201(a)(2) prohibits the circumvention of a measure that “effectively controls access to *a work protected under this title*,” whereas § 1201(b)(1) concerns a measure that “effectively protects *a right of a copyright owner under this title in a work or portion thereof*.” (emphasis added). We read § 1201(b)(1)’s language — “right of a copyright owner under this title” — to reinforce copyright owners’ traditional exclusive rights under § 106 by granting them an additional cause of action against those who traffic in circumventing devices that facilitate infringement. Sections 1201(a)(1) and (a)(2), however, use the term “work protected under this title.” Neither of these two subsections explicitly refers to traditional copyright infringement under § 106. Accordingly, we read this term as extending a new form of protection, i.e., the right to prevent circumvention of access controls, broadly to works protected under Title 17, i.e., copyrighted works.

Second, as used in § 1201(a), to “circumvent a technological measure” means “to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner.” 17 U.S.C. § 1201(a)(3)(A). These two specific examples of unlawful circumvention under § 1201(a) — descrambling a scrambled work and

decrypting an encrypted work — are acts that do not necessarily infringe or facilitate infringement of a copyright.⁶

Footnote 6: Perhaps for this reason, Congress did not list descrambling and decrypting as circumventing acts that would violate § 1201(b)(1). *See* 17 U.S.C. § 1201(b)(2)(A).

Descrambling or decrypting only enables someone to watch or listen to a work without authorization, which is not necessarily an infringement of a copyright owner's traditional exclusive rights under § 106. Put differently, descrambling and decrypting do not necessarily result in someone's reproducing, distributing, publicly performing, or publicly displaying the copyrighted work, or creating derivative works based on the copyrighted work.

The third significant difference between the subsections is that § 1201(a)(1)(A) prohibits circumventing an effective access control measure, whereas § 1201(b) prohibits trafficking in circumventing devices, but does not prohibit circumvention itself because such conduct was already outlawed as copyright infringement. The Senate Judiciary Committee explained:

This ... is the reason there is no prohibition on conduct in 1201(b) akin to the prohibition on circumvention conduct in 1201(a)(1). The prohibition in 1201(a)(1) is necessary because prior to this Act, the conduct of circumvention was never before made unlawful. The device limitation on 1201(a)(2) enforces this new prohibition on conduct. The copyright law has long forbidden copyright infringements, so no new prohibition was necessary.

Senate Report No. 105-90, at 11 (1998). This difference reinforces our reading of § 1201(b) as strengthening copyright owners' traditional rights against copyright infringement and of § 1201(a) as granting copyright owners a new anti-circumvention right.

Fourth, in § 1201(a)(1)(B)-(D), Congress directs the Library of Congress ("Library") to identify classes of copyrighted works for which "noninfringing uses by persons who are users of a copyrighted work are, or are likely to be, adversely affected, and the [anti-circumvention] prohibition contained in [§ 1201(a)(1)(A)] shall not apply to such users with respect to such classes of works for the ensuing 3-year period." There is no analogous provision in § 1201(b). We impute this lack of symmetry to Congress' need to balance copyright owners' new anti-circumvention right with the public's right to access the work. Sections 1201(a)(1)(B)-(D) thus promote the public's right to access by allowing the Library to exempt circumvention of effective access control measures in particular situations where it concludes that the public's right to access outweighs the owner's interest in restricting access. In limiting the owner's right to control access, the Library does not, and is not permitted to, authorize infringement of a copyright owner's traditional exclusive rights under the copyright. Rather, the Library is only entitled to moderate the new anti-circumvention right created by, and hence subject to the limitations in, DMCA § 1201(a)(1).

Our reading of § 1201(a) and (b) ensures that neither section is rendered superfluous. A violation of § 1201(a)(1)(A), which prohibits circumvention itself, will not be a violation of § 1201(b), which does not contain an analogous prohibition on circumvention. A violation of § 1201(a)(2), which prohibits trafficking in devices that

facilitate circumvention of access control measures, will not always be a violation of § 1201(b)(1), which prohibits trafficking in devices that facilitate circumvention of measures that protect against copyright infringement. Of course, if a copyright owner puts in place an effective measure that both (1) controls access and (2) protects against copyright infringement, a defendant who traffics in a device that circumvents that measure could be liable under both § 1201(a) and (b). Nonetheless, we read the differences in structure between § 1201(a) and (b) as reflecting Congress's intent to address distinct concerns by creating different rights with different elements.

3. Our construction of the DMCA is consistent with the legislative history

Although the text suffices to resolve the issues before us, we also consider the legislative history in order to address the parties' arguments concerning it. Our review of that history supports the view that Congress created a new anticircumvention right in § 1201(a)(2) independent of traditional copyright infringement and granted copyright owners a new weapon against copyright infringement in § 1201(b)(1). For instance, the Senate Judiciary Committee report explains that § 1201(a)(2) and (b)(1) are "not interchangeable": they were "designed to protect two distinct rights and to target two distinct classes of devices," and "many devices will be subject to challenge only under one of the subsections." Senate Report No. 105-190, at 12 (1998). That is, § 1201(a)(2) "is designed to protect access to a copyrighted work," while § 1201(b)(1) "is designed to protect the traditional copyright rights of the copyright owner." *Id.* Thus, the Senate Judiciary Committee understood § 1201 to create the following regime:

If an effective technological protection measure does nothing to prevent access to the plain text of the work, but is designed to prevent that work from being copied, then a potential cause of action against the manufacturer of a device designed to circumvent the measure lies under § 1201(b)(1), but not under § 1201(a)(2). Conversely, if an effective technological protection measure limits access to the plain text of a work only to those with authorized access, but provides no additional protection against copying, displaying, performing or distributing the work, then a potential cause of action against the manufacturer of a device designed to circumvent the measure lies under § 1201(a)(2), but not under § 1201(b).

Id. The Senate Judiciary Committee proffered an example of § 1201(a) liability with no nexus to infringement, stating that if an owner effectively protected access to a copyrighted work by use of a password, it would violate § 1201(a)(2)(A)

To defeat or bypass the password and to make the means to do so, as long as the primary purpose of the means was to perform this kind of act. This is roughly analogous to making it illegal to break into a house using a tool, the primary purpose of which is to break into houses.

Id. at 12. The House Judiciary Committee similarly states of § 1201(a)(2), "The act of circumventing a technological protection measure put in place by a copyright owner to control access to a copyrighted work is the electronic equivalent of breaking into a locked room in order to obtain a copy of a book." See House Report No. 105-551, pt. 1, at 17 (1998). We note that bypassing a password and breaking into a locked room in order to read or view a copyrighted work would not infringe on any of the copyright owner's exclusive rights under § 106.

We read this legislative history as confirming Congress’s intent, in light of the current digital age, to grant copyright owners an independent right to enforce the prohibition against circumvention of effective technological access controls. In § 1201(a), Congress was particularly concerned with encouraging copyright owners to make their works available in digital formats such as “on-demand” or “pay-per-view,” which allow consumers effectively to “borrow” a copy of the work for a limited time or a limited number of uses. As the House Commerce Committee explained:

An increasing number of intellectual property works are being distributed using a “client-server” model, where the work is effectively “borrowed” by the user (e.g., infrequent users of expensive software purchase a certain number of uses, or viewers watch a movie on a pay-per-view basis). To operate in this environment, content providers will need both the technology to make new uses possible and the legal framework to ensure they can protect their work from piracy.

See House Report No. 105-551 pt. 2, at 23 (1998).

Our review of the legislative history supports our reading of § 1201: that section (a) creates a new anticircumvention right distinct from copyright infringement, while section (b) strengthens the traditional prohibition against copyright infringement.¹⁰

Footnote 10: The Copyright Office has also suggested that § 1201(a) creates a new access control right independent from copyright infringement, by expressing its view that the fair use defense to traditional copyright infringement does not apply to violations of § 1201(a)(1). U.S. Copyright Office, *The Digital Millennium Copyright Act of 1998: U.S. Copyright Office Summary 4* (1998) (“Since the fair use doctrine is not a defense to the act of gaining unauthorized access to a work, the act of circumventing a technological measure in order to gain access is prohibited.”).

We now review the decisions of the Federal Circuit that have interpreted § 1201 differently.

4. The Federal Circuit’s decisions

The Federal Circuit has adopted a different approach to the DMCA. In essence, it requires § 1201(a) plaintiffs to demonstrate that the circumventing technology infringes or facilitates infringement of the plaintiff’s copyright (an “infringement nexus requirement”). See *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1203 (Fed.Cir.2004); *Storage Tech. Corp. v. Custom Hardware Eng’g & Consulting, Inc.*, 421 F.3d 1307 (Fed.Cir.2005).

The seminal decision is *Chamberlain*, 381 F.3d 1178 (Fed.Cir.2004). In *Chamberlain*, the plaintiff sold garage door openers (“GDOs”) with a “rolling code” security system that purportedly reduced the risk of crime by constantly changing the transmitter signal necessary to open the door. Customers used the GDOs’ transmitters to send the changing signal, which in turn opened or closed their garage doors.

Plaintiff sued the defendant, who sold “universal” GDO transmitters for use with plaintiff’s GDOs, under § 1201(a)(2). The plaintiff alleged that its GDOs and transmitters both contained copyrighted computer programs and that its rolling code security system was a technological measure that controlled access to those programs. Accordingly, plaintiff alleged that the defendant — by selling GDO transmitters that were compatible with plaintiff’s GDOs — had trafficked in a technology that was primarily used for the circumvention of a technological measure (the rolling code security system) that effectively controlled access to plaintiff’s copyrighted works.

The Federal Circuit rejected the plaintiff's claim, holding that the defendant did not violate § 1201(a)(2) because, *inter alia*, the defendant's universal GDO transmitters did not infringe or facilitate infringement of the plaintiff's copyrighted computer programs. The linchpin of the Chamberlain court's analysis is its conclusion that DMCA coverage is limited to a copyright owner's rights under the Copyright Act as set forth in § 106 of the Copyright Act. *Id.* at 1192-93. Thus, it held that § 1201(a) did not grant copyright owners a new anti-circumvention right, but instead, established new causes of action for a defendant's unauthorized access of copyrighted material when it infringes upon a copyright owner's rights under § 106. *Id.* at 1192, 1194. Accordingly, a § 1201(a)(2) plaintiff was required to demonstrate a nexus to infringement — *i.e.*, that the defendant's trafficking in circumventing technology had a "reasonable relationship" to the protections that the Copyright Act affords copyright owners. *Id.* at 1202-03. The Federal Circuit explained:

Defendants who traffic in devices that circumvent access controls in ways that facilitate infringement may be subject to liability under § 1201(a)(2). Defendants who use such devices may be subject to liability under § 1201(a)(1) whether they infringe or not. Because all defendants who traffic in devices that circumvent rights controls necessarily facilitate infringement, they may be subject to liability under § 1201(b). Defendants who use such devices may be subject to liability for copyright infringement. *And finally, defendants whose circumvention devices do not facilitate infringement are not subject to § 1201 liability.*

Id. at 1195 (emphasis added). Chamberlain concluded that § 1201(a) created a new cause of action linked to copyright infringement, rather than a new anti-circumvention right separate from copyright infringement, for six reasons.

First, Chamberlain reasoned that Congress enacted the DMCA to balance the interests of copyright owners and information users, and an infringement nexus requirement was necessary to create an anti-circumvention right that truly achieved that balance. *Id.* at 1196. Second, Chamberlain feared that copyright owners could use an access control right to prohibit exclusively fair uses of their material even absent feared foul use. *Id.* at 1201. Third, Chamberlain feared that § 1201(a) would allow companies to leverage their sales into aftermarket monopolies, in potential violation of antitrust law and the doctrine of copyright misuse. Fourth, Chamberlain viewed an infringement nexus requirement as necessary to prevent "absurd and disastrous results," such as the existence of DMCA liability for disabling a burglary alarm to gain access to a home containing copyrighted materials. *Id.*

Fifth, Chamberlain stated that an infringement nexus requirement might be necessary to render Congress's exercise of its Copyright Clause authority rational. *Id.* at 1200. The Copyright Clause gives Congress "the task of defining the scope of the limited monopoly that should be granted to authors ... in order to give the public appropriate access to their work product." *Id.* (citing *Eldred v. Ashcroft*, 537 U.S. 186, 204-05 (2003) (internal citation omitted)). Without an infringement nexus requirement, Congress arguably would have allowed copyright owners in § 1201(a) to deny all access to the public by putting an effective access control measure in place that the public was not allowed to circumvent.

Finally, the Chamberlain court viewed an infringement nexus requirement as necessary for the Copyright Act to be internally consistent. It reasoned that §

1201(c)(1), enacted simultaneously, provides that “nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.” The Chamberlain court opined that if § 1201(a) creates liability for access without regard to the remainder of the Copyright Act, it “would clearly affect rights and limitations, if not remedies and defenses.” Id.

Accordingly, the Federal Circuit held that a DMCA § 1201(a)(2) action was foreclosed to the extent that the defendant trafficked in a device that did not facilitate copyright infringement. Id.; see also *Storage Tech.*, 421 F.3d 1307 (same).

5. We decline to adopt an infringement nexus requirement

While we appreciate the policy considerations expressed by the Federal Circuit in Chamberlain, we are unable to follow its approach because it is contrary to the plain language of the statute. In addition, the Federal Circuit failed to recognize the rationale for the statutory construction that we have proffered. Also, its approach is based on policy concerns that are best directed to Congress in the first instance, or for which there appear to be other reasons that do not require such a convoluted construction of the statute’s language.

i. Statutory inconsistencies

Were we to follow Chamberlain in imposing an infringement nexus requirement, we would have to disregard the plain language of the statute. Moreover, there is significant textual evidence showing Congress’s intent to create a new anticircumvention right in § 1201(a) distinct from infringement. As set forth supra, this evidence includes: (1) Congress’s choice to link only § 1201(b)(1) explicitly to infringement; (2) Congress’s provision in § 1201(a)(3)(A) that descrambling and decrypting devices can lead to § 1201(a) liability, even though descrambling and decrypting devices may only enable non-infringing access to a copyrighted work; and (3) Congress’s creation of a mechanism in § 1201(a)(1)(B)-(D) to exempt certain non-infringing behavior from § 1201(a)(1) liability, a mechanism that would be unnecessary if an infringement nexus requirement existed.

Though unnecessary to our conclusion because of the clarity of the statute’s text, we also note that the legislative history supports the conclusion that Congress intended to prohibit even non-infringing circumvention and trafficking in circumventing devices. Moreover, in mandating a § 1201(a) nexus to infringement, we would deprive copyright owners of the important enforcement tool that Congress granted them to make sure that they are compensated for valuable non-infringing access — for instance, copyright owners who make movies or music available online, protected by an access control measure, in exchange for direct or indirect payment.

The *Chamberlain* court reasoned that if § 1201(a) creates liability for access without regard to the remainder of the Copyright Act, it “would clearly affect rights and limitations, if not remedies and defenses.” 381 F.3d at 1200. This perceived tension is relieved by our recognition that § 1201(a) creates a new anti-circumvention right distinct from the traditional exclusive rights of a copyright owner. It follows that § 1201(a) does not limit the traditional framework of exclusive rights created by § 106, or defenses to those rights such as fair use.¹² We are thus unpersuaded by Chamberlain’s reading of the DMCA’s text and structure.

Footnote 12: Like the Chamberlain court, we need not and do not reach the relationship between fair use under § 107 of the Copyright Act and violations of § 1201. *Chamberlain*, 381 F.3d at 1199 n. 14. MDY has not claimed that Glider use is a “fair use” of WoW’s dynamic non-literal elements. Accordingly, we too leave open the question whether fair use might serve as an affirmative defense to a prima facie violation of § 1201. *Id.*

ii. Additional interpretive considerations

Though we need no further evidence of Congress’s intent, the parties, citing *Chamberlain*, proffer several other arguments, which we review briefly in order to address the parties’ contentions. Chamberlain relied heavily on policy considerations to support its reading of § 1201(a). As a threshold matter, we stress that such considerations cannot trump the statute’s plain text and structure. Even were they permissible considerations in this case, however, they would not persuade us to adopt an infringement nexus requirement. *Chamberlain* feared that § 1201(a) would allow companies to leverage their sales into aftermarket monopolies, in tension with antitrust law and the doctrine of copyright misuse.¹³

Footnote 13: Copyright misuse is an equitable defense to copyright infringement that denies the copyright holder the right to enforce its copyright during the period of misuse. *Practice Mgmt. Info. Corp. v. Am. Med. Ass’n*, 121 F.3d 516, 520 (9th Cir.1997). Since we have held that § 1201(a) creates a right distinct from copyright infringement, we conclude that we need not address copyright misuse in this case.

Concerning antitrust law, we note that there is no clear issue of anti-competitive behavior in this case because Blizzard does not seek to put a direct competitor who offers a competing role-playing game out of business and the parties have not argued this issue. If a § 1201(a)(2) defendant in a future case claims that a plaintiff is attempting to enforce its DMCA anti-circumvention right in a manner that violates antitrust law, we will then consider the interplay between this new anti-circumvention right and antitrust law.

Chamberlain also viewed an infringement nexus requirement as necessary to prevent “absurd and disastrous results,” such as the existence of DMCA liability for disabling a burglary alarm to gain access to a home containing copyrighted materials. 381 F.3d at 1201. In addition, the Federal Circuit was concerned that, without an infringement nexus requirement, § 1201(a) would allow copyright owners to deny all access to the public by putting an effective access control measure in place that the public is not allowed to circumvent. 381 F.3d at 1200. Both concerns appear to be overstated, but even accepting them, arguendo, as legitimate concerns, they do not permit reading the statute as requiring the imposition of an infringement nexus. As § 1201(a) creates a distinct right, it does not disturb the balance between public rights and the traditional rights of owners of copyright under the Copyright Act. Moreover, § 1201(a)(1)(B)-(D) allows the Library of Congress to create exceptions to the § 1201(a) anticircumvention right in the public’s interest. If greater protection of the public’s ability to access copyrighted works is required, Congress can provide such protection by amending the statute.

In sum, we conclude that a fair reading of the statute (supported by legislative history) indicates that Congress created a distinct anti-circumvention right under § 1201(a) without an infringement nexus requirement. Thus, even accepting the validity of the concerns expressed in *Chamberlain*, those concerns do not authorize us to override congressional intent and add a non-textual element to the statute. Accordingly, we reject the imposition of an infringement nexus requirement. We now consider whether MDY has violated § 1201(a)(2) and (b)(1).

E. Blizzard's § 1201(a)(2) claim

1. WoW's literal elements and individual non-literal elements

We agree with the district court that MDY's Glider does not violate DMCA § 1201(a)(2) with respect to WoW's literal elements and individual non-literal elements, because Warden does not effectively control access to these WoW elements. First, Warden does not control access to WoW's literal elements because these elements — the game client's software code — are available on a player's hard drive once the game client software is installed. Second, as the district court found:

[WoW's] individual nonliteral components may be accessed by a user without signing on to the server. As was demonstrated during trial, an owner of the game client software may use independently purchased computer programs to call up the visual images or the recorded sounds within the game client software. For instance, a user may call up and listen to the roar a particular monster makes within the game. Or the user may call up a virtual image of that monster.

Since a player need not encounter Warden to access WoW's individual non-literal elements, Warden does not effectively control access to those elements.

Our conclusion is in accord with the Sixth Circuit's decision in *Lexmark International v. Static Control Components*, 387 F.3d 522 (6th Cir.2004). In *Lexmark*, the plaintiff sold laser printers equipped with an authentication sequence, verified by the printer's copyrighted software, that ensured that only plaintiff's own toner cartridges could be inserted into the printers. The defendant sold microchips capable of generating an authentication sequence that rendered other manufacturers' cartridges compatible with plaintiff's printers.

The Sixth Circuit held that plaintiff's § 1201(a)(2) claim failed because its authentication sequence did not effectively control access to its copyrighted computer program. *Id.* at 546. Rather, the mere purchase of one of plaintiff's printers allowed "access" to the copyrighted program. Any purchaser could read the program code directly from the printer memory without encountering the authentication sequence. *Id.* The authentication sequence thus blocked only one form of access: the ability to make use of the printer. However, it left intact another form of access: the review and use of the computer program's literal code. *Id.* The Sixth Circuit explained:

Just as one would not say that a lock on the back door of a house "controls access" to a house whose front door does not contain a lock and just as one would not say that a lock on any door of a house "controls access" to the house after its purchaser receives the key to the lock, it does not make sense to say that this provision of the DMCA applies to otherwise-readily-accessible copyrighted works. Add to this the fact that the DMCA not only requires the technological measure to "control access" but requires the measure to control that access "effectively," 17 U.S.C. § 1201(a)(2), and it seems clear that this provision does not naturally extend to a technological measure that restricts one form of access but leaves another route wide open.

Id. at 547.

Here, a player's purchase of the WoW game client allows access to the game's literal elements and individual non-literal elements. Warden blocks one form of access to

these elements: the ability to access them while connected to a WoW server. However, analogously to the situation in Lexmark, Warden leaves open the ability to access these elements directly via the user's computer. We conclude that Warden is not an effective access control measure with respect to WoW's literal elements and individual non-literal elements, and therefore, that MDY does not violate § 1201(a)(2) with respect to these elements.

2. WoW's dynamic non-literal elements

We conclude that MDY meets each of the six textual elements for violating § 1201(a)(2) with respect to WoW's dynamic non-literal elements. That is, MDY (1) traffics in (2) a technology or part thereof (3) that is primarily designed, produced, or marketed for, or has limited commercially significant use other than (4) circumventing a technological measure (5) that effectively controls access (6) to a copyrighted work. See 17 U.S.C. § 1201(a)(2).

The first two elements are met because MDY “traffics in a technology or part thereof” — that is, it sells Glider. The third and fourth elements are met because Blizzard has established that MDY markets Glider for use in circumventing Warden, thus satisfying the requirement of § 1201(a)(2)(C).¹⁶

Footnote 16: To “circumvent a technological measure” under § 1201(a) means to “descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, *without the authority of the copyright owner.*” 17 U.S.C. § 1201(a)(3)(A) (emphasis added). A circuit split exists with respect to the meaning of the phrase “without the authority of the copyright owner.” The Federal Circuit has concluded that this definition imposes an additional requirement on a § 1201(a)(2) plaintiff: to show that the defendant's circumventing device enables third parties to access the copyrighted work without the copyright owner's authorization. See *Chamberlain*, 381 F.3d at 1193. The Second Circuit has adopted a different view, explaining that § 1201(a)(3)(A) plainly exempts from § 1201(a) liability those whom a copyright owner authorizes to circumvent an access control measure, not those whom a copyright owner authorizes to access the work. *Corley*, 273 F.3d at 444 & n. 15; see also *321 Studios v. MGM Studios, Inc.*, 307 F.Supp.2d 1085, 1096 (N.D.Cal.2004) (same).

We find the Second Circuit's view to be the sounder construction of the statute's language, and conclude that § 1201(a)(2) does not require a plaintiff to show that the accused device enables third parties to access the work without the copyright owner's authorization. Thus, Blizzard has satisfied the “circumvention” element of a § 1201(a)(2) claim, because Blizzard has demonstrated that it did not authorize MDY to circumvent Warden.

Indeed, Glider has no function other than to facilitate the playing of WoW. The sixth element is met because, as the district court held, WoW's dynamic non-literal elements constitute a copyrighted work. See, e.g., *Atari Games Corp. v. Oman*, 888 F.2d 878, 884-85 (D.C.Cir.1989) (the audiovisual display of a computer game is copyrightable independently from the software program code, even though the audiovisual display generated is partially dependent on user input).

The fifth element is met because Warden is an effective access control measure. To “effectively control access to a work,” a technological measure must “in the ordinary course of its operation, require[] the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.” 17 U.S.C. § 1201(a)(3)(B). Both of Warden's two components “require[] the application of information, or a process or a treatment ... to gain access to the work.” For a player to connect to Blizzard's servers which provide access to WoW's dynamic non-literal elements, scan.dll must scan the player's computer RAM and confirm the absence of any bots or cheats. The resident component also requires a “process” in order for the user to continue accessing the work: the user's computer must report portions of WoW code running in RAM to the server. Moreover, Warden's

provisions were put into place by Blizzard, and thus, function “with the authority of the copyright owner.” Accordingly, Warden effectively controls access to WoW’s dynamic non-literal elements.¹⁷

Footnote 17: The statutory definition of the phrase “effectively control access to a work” does not require that an access control measure be strong or circumvention-proof. Rather, it requires an access control measure to provide some degree of control over access to a copyrighted work. As one district court has observed, if the word “effectively” were read to mean that the statute protects “only successful or efficacious technological means of controlling access,” it would “gut” DMCA § 1201(a)(2), because it would “limit the application of the statute to access control measures that thwart circumvention, but withhold protection for those measures that can be circumvented.” See *Universal City Studios v. Reimerdes*, 111 F.Supp.2d 294, 318 (S.D.N.Y. 2000) (“Defendants would have the Court construe the statute to offer protection where none is needed but to withhold protection precisely where protection is essential.”).

We hold that MDY is liable under § 1201(a)(2) with respect to WoW’s dynamic non-literal elements.¹⁸ Accordingly, we affirm the district court’s entry of a permanent injunction against MDY to prevent future § 1201(a)(2) violations.¹⁹

Footnote 18: We note that the DMCA allows innocent violators to seek reduction or remittance of damages. See 17 U.S.C. § 1203(c)(5).

Footnote 19: For the first time in its petition for rehearing, MDY raises the applicability of Section 1201(f) and the question whether Glider is an “independently created computer program” under that subsection and thus exempt from the coverage of Section 1201(a). Because this argument was not raised to the district court or presented in the parties’ briefs on appeal, we decline to reach it.

F. Blizzard’s § 1201(b)(1) claim

Blizzard may prevail under § 1201(b)(1) only if Warden “effectively protect[s] a right” of Blizzard under the Copyright Act. Blizzard contends that Warden protects its reproduction right against unauthorized copying. We disagree.

First, although WoW players copy the software code into RAM while playing the game, Blizzard’s EULA and ToU authorize all licensed WoW players to do so. We have explained that ToU § 4(B)’s bot prohibition is a license covenant rather than a condition. Thus, a Glider user who violates this covenant does not infringe by continuing to copy code into RAM. Accordingly, MDY does not violate § 1201(b)(1) by enabling Glider users to avoid Warden’s interruption of their authorized copying into RAM.

Second, although WoW players can theoretically record game play by taking screen shots, there is no evidence that Warden detects or prevents such allegedly infringing copying. This is logical, because Warden was designed to reduce the presence of cheats and bots, not to protect WoW’s dynamic non-literal elements against copying. We conclude that Warden does not effectively protect any of Blizzard’s rights under the Copyright Act, and MDY is not liable under § 1201(b)(1) for Glider’s circumvention of Warden.

[The court of appeals reversed the district court except as to MDY’s liability for violation of DMCA § 1201(a)(2) and remanded for trial on Blizzard’s claim for tortious interference with contract.]

Notes and questions:

(1) In *MDY Industries v. Blizzard*, the Ninth Circuit held a cheat program that allowed users of World of Warcraft to bypass the game’s security program when playing the game online violated both the access provision of the DMCA (Section 1201(a)) as well as the “rights”

provision (Section §1201(b)). Significantly, the Ninth Circuit held that liability under Section 1201(a) did not depend on an actual violation of the exclusive rights of the copyright owner under Section 106 of the Copyright Act. The Ninth Circuit's decision relies primarily on its parsing of the text of §1201. Whereas Section 1201(a)(2) (the access provision) is directed only to “works protected under [the Copyright Act,]” Section 1201(b)(1) (the control provision) is concerned with the “right of a copyright owner under [the Copyright Act.]” The former focuses on “works”, the latter on “rights.”

(2) In *Chamberlain*, the Federal Circuit argued that to violate Section 1201(a)(2), it must be shown that the circumventing technology has a “nexus” to copyright infringement. I.e., that it infringes or facilitates others in infringing some right guaranteed to the plaintiff under the Copyright Act. The Ninth Circuit in *MDY Industries v. Blizzard* disagreed and argued that the Federal Circuit had, in effect, elevated policy considerations over the plain text of the DMCA. Who has the better of this argument?

Copyright Management Information

In addition to the prohibitions against circumventing technological protection measures addressed above, the DMCA also introduced a new cause of action with respect to “Copyright Management Information.”

Under Section 1202(a) of the copyright act it is unlawful—subject to certain knowledge and intent requirements discussed below—to provide, distribute, or import for distribution, false copyright management information. Likewise, Section 1202(b) prohibits the removal or alteration of copyright management information, again subject to certain knowledge and intent requirements.

17 U.S. Code § 1202. Integrity of copyright management information

(a) False Copyright Management Information.—No person shall knowingly and with the intent to induce, enable, facilitate, or conceal infringement—

(1) provide copyright management information that is false, or

(2) distribute or import for distribution copyright management information that is false.

(b) Removal or Alteration of Copyright Management Information.—No person shall, without the authority of the copyright owner or the law—

(1) intentionally remove or alter any copyright management information,

(2) distribute or import for distribution copyright management information knowing that the copyright management information has been removed or altered without authority of the copyright owner or the law, or

(3) distribute, import for distribution, or publicly perform works, copies of works, or phonorecords, knowing that copyright management information has been removed or altered without authority of the copyright owner or the law,

knowing, or, with respect to civil remedies under section 1203, having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any right under this title.

(c) Definition.—As used in this section, the term “copyright management information” means any of the following information conveyed in connection with copies or phonorecords of a work or performances or displays of a work, including in digital form, except that such term does not include any personally identifying information about a user of a work or of a copy, phonorecord, performance, or display of a work:

- (1) The title and other information identifying the work, including the information set forth on a notice of copyright.
- (2) The name of, and other identifying information about, the author of a work.
- (3) The name of, and other identifying information about, the copyright owner of the work, including the information set forth in a notice of copyright.
- (4) With the exception of public performances of works by radio and television broadcast stations, the name of, and other identifying information about, a performer whose performance is fixed in a work other than an audiovisual work.
- (5) With the exception of public performances of works by radio and television broadcast stations, in the case of an audiovisual work, the name of, and other identifying information about, a writer, performer, or director who is credited in the audiovisual work.
- (6) Terms and conditions for use of the work.
- (7) Identifying numbers or symbols referring to such information or links to such information.
- (8) Such other information as the Register of Copyrights may prescribe by regulation, except that the Register of Copyrights may not require the provision of any information concerning the user of a copyrighted work.

Not surprisingly, the key interpretive questions relating to Section 1202 have centered on the breadth of the term Copyright Management Information and the limits of the knowledge and intent requirements. *Leveyfilm, Inc. v. Fox Sports Interactive Media*, extracted below, is a useful illustrative case.

Leveyfilm, Inc. v. Fox Sports Interactive Media, 999 F. Supp. 2d 1098 (ND Il. 2014)

United States District Judge Thomas M. Durkin

Leveyfilm, Inc. — a corporate vehicle for the business of photographer Don Levey — alleges that Chicago Tribune Company, LLC, and Tribune Interactive, LLC (the “Tribune”), used a photograph for which Leveyfilm held the copyright without Leveyfilm’s permission in violation of the Copyright Act of 1976, 17 U.S.C. § 501, and the Digital Millennium Copyright Act, 17 U.S.C. § 1202. Specifically, in Count III Leveyfilm alleges that the Tribune removed information crediting the photo to Don Levey and replaced it with a credit to the Tribune in violation of 17 U.S.C. §§ 1202(a) and 1202(b). The Tribune has moved to dismiss Count III for failure to state a claim pursuant to Federal Rule of Civil Procedure 12(b)(6). For the following reasons, the Tribune’s motion is denied.

Background

On January 26, 1986, the Chicago Bears defeated the New England Patriots to win Super Bowl XX. The month prior, in hopeful anticipation of that momentous victory, several Chicago Bears players participated in creation of a rap song and related video entitled the “Super Bowl Shuffle,” which was produced by Dick Meyer. Meyer hired Levey to take still photographs of the players, and used a group photo that Levey took as the cover of the record album recording of the song. The Super Bowl Shuffle became part of American (or at least Chicago’s) popular culture lore.

Leveyfilm alleges that Levey granted a license to Meyer to use the photo on the cover of the album on condition that a credit line identifying Levey as the photographer would accompany the photo. Leveyfilm also alleges that Levey, through Leveyfilm and its predecessor corporate entities, retained the copyright for the photo and sole authority to authorize use of the photo. The back cover of the Super Bowl Shuffle album — the side that does not include the photo at issue here — includes the following two credit lines, among others: “Published by: Red Label Music Publishing, Inc., BMI © 1985;” and “Photography: Don Levey, Don Levey Studio.”

In April 2013, Levey discovered that the Tribune had published the photo on its website. The Tribune did not include any of the credits from the back cover of the album. Instead, the Tribune included the following credit line under the photo: “(Tribune file photo).” Levey argues that the Tribune violated the Digital Millennium Copyright Act, 17 U.S.C. § 1202(a), by including the “(Tribune file photo)” credit line under the photo, and violated 17 U.S.C. § 1202(b), by failing to include the “Photography: Don Levey, Don Levey Studio” credit line with the photo.

Analysis

As an initial matter, the Tribune argues in a footnote that “the analog notations on the back of the album jacket could not possibly constitute [copyright management information, or “CMI,]” under any circumstances,” because the notations are not “part of an automated copyright protection system, ... digital, or connected to the internet or electronic commerce.” The plain language of the statute, however, does not require any such connection. Moreover, while some courts have wrestled with indications in the statute’s legislative history that Congress intended CMI to be in digital form, see, e.g., *IQ Group, Ltd. v. Wiesner Pub., LLC*, 409 F.Supp.2d 587 (D.N.J.2006), most courts in recent years have recognized that the plain language of the statute includes no such requirement and have not reached an analysis of the legislative history. See *Murphy v. Millennium Radio Group LLC*, 650 F.3d 295, 305 (3d Cir. 2011) (“We find that CMI, as defined in § 1202(c), is not restricted to the context of ‘automated copyright protection or management systems.’”); *Cable v. Agence France Presse*, 728 F.Supp.2d 977, 980-81 (N.D.Ill.2010) (Manning, J.) (agreeing with several district courts that there is no “textual support in favor of limiting the definition of CMI” to digitally recorded information (citing *Associated Press v. All Headline News Corp.*, 608 F.Supp.2d 454, 461-62 (S.D.N.Y.2009); *Interplan Architect, Inc. v. C.L. Thomas, Inc.*, 2009 WL 6443117, at *5 (S.D.Tex. Nov. 13, 2009); *Fox v. Hildebrand*, 2009 WL 1977996, at *3 (C.D.Cal. July 1, 2009))); see also *Brown v. Stroud*, 2011 WL 2600661, at *5 (N.D. Cal. June 30, 2011) (“A growing number of district courts have concluded that CMI should be construed more broadly and have not limited the term CMI to information that functions as part of an automated

copyright management or protection system.”). This line of case law contrary to the Tribune’s argument is likely why the Tribune relegated the argument to a footnote. The Court will follow the plain language of the statute, which does not define CMI in terms of an “automated copyright protection system” or connection with digital media or the internet.

The Tribune makes two other arguments based on the statutory definition of CMI. First, the Tribune argues that the credit line “Photography: Don Levey, Don Levey Studio” is not CMI because it “says nothing whatsoever about copyright or copyright ownership.” The statute’s plain terms do not require that information contain an express reference to copyright or copyright ownership to qualify as CMI. See 17 U.S.C. § 1202(c). Rather, the definition of CMI includes the “name of” an “author of a work.” 17 U.S.C. § 1202(c)(2). The credit line on the back cover of the album plainly indicates that Levey was the photographer, and thus, was the “author” of the “work” at issue, i.e., the photo. Thus, the credit line, “Photography: Don Levey, Don Levey Studio,” constitutes CMI under the terms of the statute. See *Cable*, 728 F.Supp.2d at 981 (holding that a photographer’s name and website address constituted CMI).

Second, the Tribune argues that “notations on the back cover of the album jacket are disconnected from the Photograph on the front cover of the album and, thus, are not protected CMI.” The Tribune contends that Leveyfilm’s case is analogous to a case from this District in which the court held that “a general copyright notice [that] appeared on an entirely different webpage than the [poem] at issue ... [was] not ‘conveyed’ with the work” under the definition of CMI in 17 U.S.C. § 1202(c). See *Personal Keepsakes, Inc. v. Personalizationmall.com, Inc.*, 2012 WL 414803, at *7 (N.D.Ill. Feb. 8, 2012); 975 F.Supp.2d 920, 929, 2013 WL 5348329, at *7 (N.D.Ill. Sept. 24, 2013). The Tribune also cites *Schiffer Publishing, Ltd. v. Chronicle Books, LLC*, 2004 WL 2583817, at *14 (E.D.Pa. Nov. 12, 2004), in which the court held that copyright information on a book cover was not CMI “conveyed” with each individual photo contained within the book, because the copyright information was not included in “the ‘body’ of, or area around, [the] work itself.” Despite the Tribune’s reliance on these cases, in both *Personal Keepsakes* and *Schiffer*, the CMI at issue was much further removed from the work than Levey’s name is from the photo at issue in this case. In *Personal Keepsakes* the attribution at issue was on an entirely different website from the work. *Schiffer* is a closer case because the attribution was physically attached to the work like Levey’s name is in this case. But the photo at issue in *Schiffer* was one of many contained within a book, and the court held that the attribution on the cover of the book clearly referred to the book as a whole and not the individual photos. Here, by contrast, it is “implausible” that a viewer of the record album would not understand that the credit line “Photography: Don Levey, Don Levey Studio” on the back of the album also referred to authorship of the photo on the cover of the album. See *Agence France Presse v. Morel*, 769 F.Supp.2d 295, 305 (S.D.N.Y.2011) (holding that it was “implausible that a viewer of [the plaintiff’s] photos [on a website] would not understand the designations [of the plaintiff’s name] appearing next to the images to refer to authorship”).

Moving beyond the statutory definition of CMI, the Tribune also argues that the statute requires that defendants had knowledge of the removal or falsification of

CMI, and that Leveyfilm's allegations fail to "allege sufficient underlying facts from which a court may reasonably infer that [Tribune] acted with the requisite state of mind." Leveyfilm alleges the following:

... any and all versions of the Work(s) which were not communicated via the Internet would have been initially conveyed by Levey accompanied by various items identifying printed on label(s) affixed to a photographic print or other means of conveyance or otherwise accompanying the Work(s) in a visible format or insert along with the container or other mode of transmittal.

That the name "Levey," or "Don Levey" or "Don Levey Studio" as well as a copyright notice or claim and various other items of identifying information, were at all times relevant, conveyed in connection with the infringed group shot Work by Levey....

Notwithstanding defendants' knowledge ... [they] removed and/or omitted the name and trade designation "Levey," "Don Levey" or Don Levey Studio"....

As a substitute, ... [the] Tribune... attributed authorship in the photography in the name of [the Tribune]... [with] "Tribune file photo"....

The Tribune contends that these allegations contain no facts regarding the Tribune's conduct or intent, and amount to Leveyfilm's improper supposition that the Tribune "must have" removed Levey's name and inserted the Tribune's name. The Tribune argues that such a supposition does not meet the "plausibility" standard of Rule 12(b)(6).

The statutory language indicates that knowledge or intent is required: § 1202(a) provides that a defendant "shall knowingly ... provide copyright management information that is false"; and § 1202(b) prohibits a defendant from "intentionally remov[ing] or alter[ing] any copyright management information, [or] distribut[ing] ... copyright management information knowing that the copyright management information has been removed." But contrary to the Tribune's argument, the "factual content" of Leveyfilm's allegations allows the court to draw the reasonable inference that the Tribune is liable for the misconduct alleged. Levey has not alleged how the Tribune came to be in possession of the photo or the specific factual circumstances of Levey's name being removed from the photo. But Leveyfilm has alleged that it always includes Levey's name with the photo when distributing it and that the Tribune published the photo without Levey's name attached. These two facts make it plausible that the Tribune received the photo with Levey's name attached and removed it, and are "enough ... to raise a reasonable expectation that discovery will reveal evidence of illegal" conduct by the Tribune. *Twombly*, 550 U.S. at 556. Cf. *Merideth v. Chicago Tribune Company, LLC*, 2014 WL 87518, at *3 & n. 2 (N.D. Ill., Jan 9, 2014) (Zagel, J.) (the plaintiff's allegations that the Tribune published a photograph without certain CMI that the plaintiff alleged he had attached to the photo could have constituted a plausible allegation that the Tribune removed the CMI had the plaintiff not also alleged that an intermediary was responsible for removal of the CMI).

The Tribune cites several cases to support its contention that allegations such as Leveyfilm's are insufficient. See R. 20 at 10-12. In *Keogh v. Big Lots Corp.*, 2006 WL 1129375, at *2 (M.D.Tenn. Apr. 27, 2006), the court held that a plaintiff who alleged

that a defendant who imported birdhouses from China had failed to allege that the defendant knew the birdhouse design was protected by copyright. The circumstances in Keogh are entirely different from the circumstances presented here. The plaintiff in Keogh alleged that there was necessarily an intermediary between the plaintiff and the defendant who not only removed the CMI but — according to the plaintiff's own allegations — created an entirely new work that the plaintiff alleged was too similar to the plaintiff's own work. By contrast, Leveyfilm alleges that it always distributes the photo at issue with Levey's name attached to the photo, making it plausible that the Tribune received the photo with Levey's name attached and removed it, and reasonable to expect that discovery will reveal that this is indeed what occurred. Of course, maybe that is not what happened. But it is a plausible enough set of allegations to survive Rule 12(b)(6).

The other cases the Tribune cites were decided on or after summary judgment, and concerned the sufficiency of the evidence as opposed to the allegations, making those cases inapposite here.

Therefore, because Leveyfilm alleges that the Tribune removed Levey's name from the photo and replaced it with the Tribune's name, Leveyfilm has plausibly alleged that the Tribune is liable under the Digital Millennium Copyright Act, 17 U.S.C. § 1202.

Conclusion

For the foregoing reasons, the Tribune's motion is denied.

Notes and questions:

(1) In *Leveyfilm, Inc. v. Fox Sports Interactive Media*, 999 F. Supp. 2d 1098 (ND Ill. 2014), the defendants had copied a photo of the 1986 Chicago Bears from the cover of Super Bowl Shuffle album. No photo credit appeared on the front of the album with the photo, but the notice "*Photography: Don Levey, Don Levey Studio*" appeared on the back of the album cover. In the context of a motion to dismiss, the district court held that the credit line, "*Photography: Don Levey, Don Levey Studio*," constituted CMI under the terms of the statute. In so doing it rejected the argument that CMI should be limited to the context of automated copyright protection or management systems. It also rejected the argument that to qualify as CMI the credit should have contained an express reference to copyright or copyright ownership.

(2) Based on the description of the facts in the decision above, do you believe that the defendants should have been liable under Section 1202(b)? Even conceding that the photo credit was CMI, what exactly did the defendants do wrong?

Stevens v. Corelogic, Inc., 899 F. 3d 666 (9th Cir. 2018)

Circuit Judge Berzon,

Residential real estate sales today depend largely on online sites displaying properties for sale. Plaintiffs Robert Stevens and Steven Vandel ("the Photographers") are professional real estate photographers who take photographs of listed properties and license them to real estate agents. The real estate agents, in turn, upload such

photographs to Multiple Listing Services (“MLS”) — computerized databases of listed properties — using Defendant CoreLogic’s software.

In this action against CoreLogic, the Photographers allege that CoreLogic removed copyright management information from their photographs and distributed their photographs with the copyright management information removed, in violation of 17 U.S.C. § 1202(b)(1)-(3). We affirm the grant of summary judgment in favor of CoreLogic.

FACTS AND PROCEEDINGS BELOW

A. Metadata

Stevens and Vandel are hired by real estate agents to take digital photographs of houses for sale. The Photographers retain the copyright in those photographs and license them to the agents. Like most digital photographs, at least some of Stevens’ and Vandel’s photographs contain metadata — i.e., data about the image file itself. Metadata is not visible on the face of the image. Rather, it is either embedded in the digital file or stored outside the image file, such as in a “sidecar” file, and can be viewed using computer programs.

Some metadata is generated automatically by cameras. The Exchangeable Image File Format (“EXIF”) is used by virtually all digital cameras to store information about the settings used to capture a digital image. EXIF information can include the make, model, and serial number of the camera taking the photograph; the shutter speed; the aperture settings; light sensitivity; the focal length of the lens; and even, in some cases, the location at which the photo was captured. Essentially, EXIF metadata provides information about when the image was taken and under what technical conditions.

Other metadata may be added manually, either by programming the camera or by adding information after taking the picture, using photo editing software. Such metadata is often stored in IPTC format, named for the International Press Telecommunications Council, which developed metadata standards to facilitate the exchange of news. IPTC metadata can include, for example, the title of the image, a caption or description, keywords, information about the photographer, and copyright restrictions. It may be used to check copyright information, to sort images, and to provide accurate search results in an image database or search engine. A small number of fields such as Author/Creator, Copyright, and Caption/Description exist in both EXIF and IPTC formats.

Copyright law restricts the removal or alteration of copyright management information (“CMI”) — information such as the title, the author, the copyright owner, the terms and conditions for use of the work, and other identifying information set forth in a copyright notice or conveyed in connection with the work. See 17 U.S.C. § 1202(b)-(c). Both EXIF and IPTC metadata can contain “copyright management information.”

B. CoreLogic Software

CoreLogic is a California-based corporation that develops and provides software to Multiple Listing Services. Known as one of the “Big 3” real estate software vendors nationally, CoreLogic currently markets, or has previously marketed, several MLS

software platforms, including Matrix, InnoVia, Fusion, MLXchange, Tempo 4, and Tempo 5. The Photographers allege that CoreLogic’s software removed CMI metadata from their photographs, in violation of 17 U.S.C. § 1202(b).

Because image files can be very large, CoreLogic’s MLS software resizes or “downsamples” images. Downsampling entails creating and saving a copy of an uploaded image in a smaller number of pixels and deleting the original image; the process reduces storage size, facilitates computer display, and helps images load faster on web pages.

The image processing aspect of CoreLogic’s software was not developed by CoreLogic entirely on its own. Like virtually all software, CoreLogic’s software incorporated “libraries” — pre-written code that can be used by a computer program and that enables software to develop in a modular fashion. These libraries are unable to read EXIF data from image files or to write EXIF data to image files. Thus, when images are copied or resized using the code from these pre-existing libraries, metadata attached to those images is not retained.¹

Footnote 1: It is not uncommon for image processing software to fail to preserve metadata. Tests conducted by the Embedded Metadata Group in 2015 revealed that, of fifteen social media websites studied, eight preserved EXIF metadata and seven, including, Facebook, Instagram, and Twitter, did not. Some image-processing libraries, however, such as “ImageMagick,” do read and write EXIF data, and thus transfer EXIF metadata to the new image file when resizing.

The Photographers filed this action in May 2014. Significantly, the dispute is limited to metadata. The Photographers do not allege that CoreLogic’s software removed visible CMI, such as digital watermarks, from their photographs, and indeed, CoreLogic’s software does not detect, recognize, or remove visible CMI. Cf. *Murphy v. Millennium Radio Grp. LLC*, 650 F.3d 295, 305 (3d Cir. 2011) (imposing liability on a defendant who cropped out the photographer’s name from the “gutter” copyright credit before posting a photograph online).

After receiving the Photographers’ initial complaint, CoreLogic modified its software to ensure that EXIF metadata is copied and restored to images processed by CoreLogic’s MLS software. These modifications were made within a few months of receiving the initial complaint, although testing and installation of the revised version on all MLSs using CoreLogic software took several more months. The Photographers contend that, even after these changes, CoreLogic software continues to remove IPTC metadata.

In addition to providing MLS software — which, again, real estate agents use to share information about properties with other agents — CoreLogic also operates the Partner InfoNet program, which allows MLSs to license their aggregated real estate listing data to mortgage lenders and servicers, in exchange for a share of the licensees’ revenue. CoreLogic used photographs taken and owned by the Photographers on Partner InfoNet products.

[The district court granted summary judgment in favor of CoreLogic.]

DISCUSSION

A. Violation of 17 U.S.C. § 1202(b)

The Photographers allege that CoreLogic’s software removed CMI metadata, in violation of 17 U.S.C. § 1202(b)(1), and that CoreLogic distributed images knowing that copyright management information was removed, in violation of 17 U.S.C. § 1202(b)(3). Reviewing de novo the district court’s decision to grant summary judgment to CoreLogic, we affirm the grant of summary judgment.

1. Section 1202(b) Requires an Affirmative Showing That the Defendant Knew the Prohibited Act Would “Induce, Enable, Facilitate, or Conceal” Infringement

Section 1202(b)(1) provides: “No person shall, without the authority of the copyright owner or the law ... intentionally remove or alter any copyright management information ... knowing, or ... having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any” copyright. 17 U.S.C. § 1202(b)(1). Section 1202(b)(3) provides: “No person shall, without the authority of the copyright owner or the law ... distribute, import for distribution, or publicly perform works, copies of works, or phonorecords, knowing that copyright management information has been removed or altered without authority of the copyright owner or the law, knowing, or ... having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any” copyright. *Id.* § 1202(b)(3).³

Footnote 3: The Photographers’ complaint also alleges a violation of 17 U.S.C. § 1202(b)(2). Section 1202(b)(2) refers to the “distribution or import for distribution [of] *copyright management information* knowing that the copyright management information has been removed or altered without authority of the copyright owner or the law.” 17 U.S.C. § 1202(b)(2) (emphasis added). The Photographers do not specifically allege any instances involving the distribution of altered CMI separate from the distribution of the copyrighted photographs. As the elements of the two statutory provisions are otherwise indistinguishable, the Photographers have not plausibly stated a claim under Section 1202(b)(2) different from their claim under Section 1202(b)(3). We therefore discuss in the text only the Section 1202(b)(3) claim.

Both provisions thus require the defendant to possess the mental state of knowing, or having a reasonable basis to know, that his actions “will induce, enable, facilitate, or conceal” infringement.

The Photographers have not offered any evidence to satisfy that mental state requirement. Their primary argument is that, because one method of identifying an infringing photograph has been impaired, someone might be able to use their photographs undetected. That assertion rests on no affirmative evidence at all; it simply identifies a general possibility that exists whenever CMI is removed.

As we interpret Section 1202(b), this generic approach won’t wash. It is a fundamental principle of statutory interpretation that we must “give effect, if possible, to every clause and word of a statute,” *Montclair v. Ramsdell*, 107 U.S. 147, 152 (1883), “so that no part will be inoperative or superfluous, void or insignificant,” *Corley v. United States*, 556 U.S. 303 (2009). To avoid superfluity, the mental state requirement in Section 1202(b) must have a more specific application than the universal possibility of encouraging infringement; specific allegations as to how identifiable infringements “will” be affected are necessary.

At the same time, as the statute is written in the future tense, the Photographers need not show that any specific infringement has already occurred. Also, recognizing that “nothing is completely stable, no plan is beyond alteration,” we have previously observed that statutes requiring knowledge that a future action “will” occur do not

“require knowledge in the sense of certainty as to a future act.” *United States v. Todd*, 627 F.3d 329, 334 (9th Cir. 2010). Rather, knowledge in the context of such statutes signifies “a state of mind in which the knower is familiar with a pattern of conduct” or “aware of an established *modus operandi* that will in the future cause a person to engage in” a certain act. *Id.* Applying that concept here, we hold that a plaintiff bringing a Section 1202(b) claim must make an affirmative showing, such as by demonstrating a past “pattern of conduct” or “modus operandi”, that the defendant was aware or had reasonable grounds to be aware of the probable future impact of its actions.

Our conclusion about the import of the “induce[d], enable[d], facilitate[d], or conceal[ed]” prong is supported by the legislative history of Section 1202. That provision was enacted to implement obligations of parties to the WIPO Copyright Treaty (“WCT”) and the WIPO Performances and Phonograms Treaty. See S. Rep. No. 105-190, at 5, 9 (1998). The initial draft of the WCT provision regarding CMI provided:

Contracting parties shall make it unlawful for any person knowingly ... (i) to remove or alter any electronic rights management information without authority; [or] (ii) to distribute, import for distribution or communicate to the public, without authority, copies of works from which electronic rights management information has been removed or altered without authority.

World Intellectual Property Organization [WIPO], Basic Proposal for the Substantive Provisions of the Treaty on Certain Questions Concerning the Protection of Literary and Artistic Works to Be Considered by the Diplomatic Conference, art. 14(1), WIPO Doc. CRNR/DC/4 (Aug. 30, 1996).

In response to requests from delegates that the provision be modified to require a connection to an infringing purpose, the provision was redrafted as follows:

Contracting Parties shall provide adequate and effective legal remedies against any person knowingly performing any of the following acts *knowing or, with respect to civil remedies having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringement of any right covered by this Treaty or the Berne Convention*: (i) to remove or alter any electronic rights management information without authority; (ii) to distribute, import for distribution, broadcast or communicate to the public, without authority, works or copies of works knowing that electronic rights management information has been removed or altered without authority.

WIPO Copyright Treaty art. 12, Dec. 20 1996 (emphasis added). The revision thus makes clear that the “induce, enable, facilitate or conceal” requirement is intended to limit liability in some fashion — specifically, to instances in which the defendant knows or has a reasonable basis to know that the removal or alteration of CMI or the distribution of works with CMI removed will aid infringement.

When Congress was considering the WIPO Copyright Treaties Implementation Act — a part of the Digital Millennium Copyright Act (“DMCA”) that included the new Section 1202 — the Register of Copyrights emphasized that Section 1202’s provisions “do not apply to those who act innocently.... Liability for the removal or alteration of information requires the actor to know or have reason to know that his acts ‘will induce, enable, facilitate or conceal’ infringement.” WIPO Copyright

Treaties Implementation Act, and Online Copyright Liability Limitation Act: Hearing Before the House Subcommittee on Courts and Intellectual Property of the House Committee on the Judiciary, 105th Cong. 51 (1997) (statement of Marybeth Peters, Register of Copyrights, Copyright Office of the United States).

In short, to satisfy the knowledge requirement, a plaintiff bringing a Section 1202(b)(1) claim must offer more than a bare assertion that “when CMI metadata is removed, copyright infringement plaintiffs... lose an important method of identifying a photo as infringing.” Instead, the plaintiff must provide evidence from which one can infer that future infringement is likely, albeit not certain, to occur as a result of the removal or alteration of CMI.

2. The Photographers Have Failed to Make the Required Affirmative Showing

The Photographers have not offered any specific evidence that removal of CMI metadata from their real estate photographs will impair their policing of infringement. There are no allegations, for example, of a “pattern of conduct” or “modus operandi” involving policing infringement by tracking metadata. *Todd*, 627 F.3d at 334. Indeed, the evidence presented cuts against any inference that CMI metadata is of any practical significance to the Photographers in policing copyright infringement of their images.

The Photographers have not, for example, averred that they have ever used CMI metadata to prevent or detect copyright infringement, much less how they would do so. Vandell testified that, before this lawsuit began, he had never “looked at any metadata information on any photograph in an MLS system.” On the only two occasions Vandell became aware of unauthorized use of his photographs, he learned about the unauthorized use from the real estate agent who commissioned the photographs. The agent saw the image elsewhere and contacted Vandell to ask if he had permitted the use. Stevens similarly testified that he had “never tried to download a photo off an MLS listing ... and look at its properties, its metadata,” that he “didn’t think you can pull up metadata off of an MLS listing,” and that he “didn’t even realize you could click on a picture off the Internet, right-click it, and get metadata off of it.” The testimony of both Stevens and Vandell undermines any ostensible relationship between the removal of CMI metadata and their policing of infringement.

Nor have the Photographers brought forward any evidence indicating that CoreLogic’s distribution of real estate photographs ever “induce[d], enable[d], facilitate[d], or conceal[ed]” any particular act of infringement by anyone, let alone a pattern of such infringement likely to recur in the future. They identify no instance in which the removal of CMI metadata from any photograph “induce[d], enable[d], facilitate[d] or conceal[ed] an infringement.” Moreover, a party intent on using a copyrighted photograph undetected can itself remove any CMI metadata, precluding detection through a search for the metadata. So on the record here, one cannot plausibly say that removal by a third party “will” make it easier to use a copyrighted photograph undetected, using “will” in the predictive sense we have indicated.

Because the Photographers have not put forward any evidence that CoreLogic knew its software carried even a substantial risk of inducing, enabling, facilitating, or

concealing infringement, let alone a pattern or probability of such a connection to infringement, CoreLogic is not liable for violating 17 U.S.C. § 1202(b).

Notes and questions:

(1) In *Stevens v. Corelogic, Inc.*, 899 F. 3d 666 (9th Cir. 2018), the Ninth Circuit held the defendant's use of software for reformatting images that failed to preserve metadata associated with the original image did not violate Section 1202 because the defendant lacked the appropriate mental state. The Court of Appeals held (at 674) that

a plaintiff bringing a Section 1202(b) claim must make an affirmative showing, such as by demonstrating a past "pattern of conduct" or "modus operandi", that the defendant was aware or had reasonable grounds to be aware of the probable future impact of its actions.

Some notes on the interpretation of Section 1202

Section 1202(a) and (b) each involve a double mental state. Section 1202(a) states that no person shall provide or distribute false CMI "knowingly *and* with the intent to induce, enable, facilitate, or conceal infringement." The three parts of Section 1202(b) also require actions deliberate actions coupled with "knowing, or, ... having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any right under this title." Those deliberate actions are either intentionally removing or altering CMI, or knowingly distributing a product with removed or altered CMI, depending on the subsection.

Under the first knowledge requirement it is clear that the defendant must know and intend that its actions will cause removal/alteration of CMI or the distribution of a work with altered or removed CMI. Accidental or inadvertent removal of any form of CMI is not knowing or intentional. But even if the action is deliberate, it seems clear from the text that some kind of nexus to copyright infringement is required: there is really no other way to read the words: "knowing or having reasonable grounds to know, that it *will* induce, enable, facilitate, or conceal an infringement."

How direct must the relationship between CMI removal/alteration and infringement be?

The nexus to infringement need not be causal, however. Removal of CMI could be after the event so as to lower the risk of detection, but there has to be a *direct relationship* between the removal/alteration of the CMI and copyright infringement. The words "induce, enable, facilitate, or conceal" all describe a proximate and tangible connection to copyright infringement that either has occurred or will likely occur. The use of "*will*" rather than "may" or "might" seems to demand that the underlying copyright infringement is not a matter of speculation.

Can there be a violation of Section 1202(b) without an underlying copyright violation?

Yes, but it requires either an actual violation or a planned or attempted violation.

The statute requires a "critical nexus" between the removal/alteration of the CMI and copyright infringement. The use of the word "will" indicates that an actual underlying copyright infringement is required. However, the section could be read broadly enough to include attempted infringement that the remover planned to "induce, enable, facilitate, or conceal" but which never transpired.

Removal of CMI in pursuit of a scheme or conspiracy to infringe copyright that was not completed is, in my opinion, a violation of the section. Short of that, the critical nexus between the removal/alteration of the CMI and copyright infringement would be lacking.

What is the significance of the second knowledge requirement, that the defendant has “reasonable grounds to know” that the removal/alteration will “induce, enable, facilitate, or conceal” copyright infringement?

A “critical nexus” between the removal/alteration of the CMI and copyright infringement alone is not enough. The defendant must also know or have “reasonable grounds to know” that the removal/alteration will “induce, enable, facilitate, or conceal” copyright infringement.

Thus a defendant who intentionally removes CMI for some other reason cannot be liable under this section unless she knows/has reasonable grounds to know that removal will “induce, enable, facilitate, or conceal” copyright infringement. So, intentional removal that leads to copyright infringement is not enough—the defendant must have reasonable grounds to know that one will lead to the other. “Reasonable grounds to know” means a specific and direct connection, not just marginal propensity.

These limitations are important because CMI is regularly altered/removed for perfectly good reasons. The intentionality requirement, the critical nexus to actual infringement and the defendant’s knowledge thereof are essential to ensure that harmless, innocent and productive actions are not criminalized or made the subject of civil penalties.

Who has standing to bring an action under Section 1202?

17 U.S. Code § 1203. Civil remedies

(a) Civil actions. Any person injured by a violation of section 1201 or 1202 may bring a civil action in an appropriate United States district court for such violation.

There are several cases holding that an entity which controls access to the copyright material has standing under Section 1203 as a “person injured” by a violation of section the anti-circumvention provisions of Section 1201. However, it does not follow automatically that standing to bring a claim for violation of 1202 should be extended so liberally because the interests at stake in Section 1202 are quite different. Courts should be cautious before granting non-copyright owners a remedy for alleged violations of provisions designed to insure the integrity of copyright management information.

20. VOLITIONAL CONDUCT, LINKING AND ANCILLARY COPYRIGHT

Volitional Conduct

Introduction

In a world of analog technology determining who should be directly liable for copyright infringement, as opposed to indirectly liable on the basis of contributory or vicarious infringement, was relatively straightforward. If a customer used the machine at a photocopy store herself, it made sense to regard her as “making” the copy and to regard the store as potentially liable depending on whether it had knowledge that the customer was infringing (material contribution seems like a given).

In his dissenting opinion in *American Broadcasting Companies, Inc. v. Aereo, Inc.*, 134 S. Ct. 2498, 2513 (2014), Justice Scalia expands on this example:

A copy shop rents out photocopiers on a per-use basis. One customer might copy his 10-year-old’s drawings—a perfectly lawful thing to do—while another might duplicate a famous artist’s copyrighted photographs—a use clearly prohibited by § 106(1). Either way, *the customer* chooses the content and activates the copying function; the photocopier does nothing except in response to the customer’s commands. Because the shop plays no role in selecting the content, it cannot be held directly liable when a customer makes an infringing copy. (emphasis original)

Note the key points in this description: (i) the customer’s use may be either infringing or non-infringing, (ii) the customer, not the copy shop, chooses the content and (iii) activates the copying function, and (iv) the machinery used by the customer is passive—“the photocopier does nothing except in response to the customer’s commands”

In contrast, where the store clerk undertakes the copying on behalf of the customer, it is the store that is directly liable and the customer who would be subject to contributory liability. As above, the customer’s use may be either infringing or non-infringing and the customer chooses the content, but critically the copy shop activates the copying function and the machinery is not merely dependent on the customer’s will.

In the concluding sentence of the above quoted passage Justice Scalia restates the importance of selection of content (at 2513):

Because the shop plays no role in selecting the content, it cannot be held directly liable when a customer makes an infringing copy.

However, the customer’s role in activating the copying function and the passivity of the machinery otherwise is arguably just as important. Indeed, it is because the customer activates the copying that we can truly say the shop plays no role in selecting the content. If the copy shop employee activated the copying function he would be in a position to review the customer’s selection and makes the ultimate choice whether to copy or not to copy.

New technologies expose latent ambiguities in copyright law

Even if the division between primary and secondary liability is clear in the photocopying scenarios above, it can quickly become less clear as we transition from analog copying machines to digital copying services.

In *Sony v. Universal Studios*, the Supreme Court considered the copyright implications of the videocassette recorder and found that consumer timeshifting broadcast television was fair use and thus not infringing. However, other uses of the VCR, such as building a permanent video library, may have been infringing. The *Sony Betamax* litigation lasted from the mid-1970s to the mid-1980s. At no stage in this litigation did anyone suggest that the manufacturer of the VCR could be directly liable for the recording decisions made by its customers.

In fact in *Sony* the Supreme Court held that a manufacturer of copy machines, possessing constructive knowledge that purchasers of its machine *may be* using them to engage in copyright infringement, is not strictly liable for infringement.²²⁸ Fast-forward 40 years and the same functionality can now be delivered to consumers as a service called a remote digital video recorder (R-DVR), rather than as a product. Suddenly the dividing line between direct and indirect liability is more contentious. An R-DVR is more or less the same as the old VCR, except that the recordings are digital rather than analog, and rather than residing in the user's home the recording device is maintained at a central location by the service provider. In either case, it is the consumer who decides what to record and what to watch.

As Justice Scalia noted in his *Aereo* dissent (at 2512), the volitional conduct requirement is “a simple but profoundly important rule: A defendant may be held directly liable only if it has engaged in volitional conduct that violates the Act.” As Scalia explained (at 2513), although volitional conduct is an element of the cause of action for copyright infringement, it has often been left unstated because it is not in doubt in most scenarios:

The volitional-conduct requirement is not at issue in most direct-infringement cases; the usual point of dispute is whether the defendant's conduct is infringing (*e.g.*, Does the defendant's design copy the plaintiff's?), rather than whether the defendant has acted at all (*e.g.*, Did this defendant create the infringing design?). But it comes right to the fore when a direct-infringement claim is lodged against a defendant who does nothing more than operate an automated, user-controlled system.

The volitional conduct requirement may have been of marginal relevance to copyright law in earlier times, but it is of critical importance now as we move more and more activity into the cloud and consumers buy services rather than software and machines.

Netcom and the emergence of volitional conduct

In a series of cases beginning in the mid-1990s, courts in the United States began to clearly articulate a requirement of volitional action for copyright infringement. As Justice Scalia explained in *Aereo*, (at 2514):

The distinction between direct and secondary liability would collapse if there were not a clear rule for determining whether *the defendant* committed the infringing act. The volitional-conduct requirement supplies that rule; its purpose is not to excuse defendants from accountability, but to channel the claims against them into the correct analytical track.

The volitional act requirement is not a mechanism to absolve parties of their responsibility for copyright infringement, but it channels the question of the responsibility to the appropriate doctrines: direct liability for copyright infringement is often said to be a question

²²⁸ *Sony v. Universal City Studios* 464 U.S. at 439-42.

of strict liability and the question of whether the infringer knew or intended the infringement is irrelevant; whereas, copyright’s doctrines of secondary liability require either knowledge of infringement, inducement of infringement, or the right and ability to control the infringing activity as might be found in the employer-employee context.

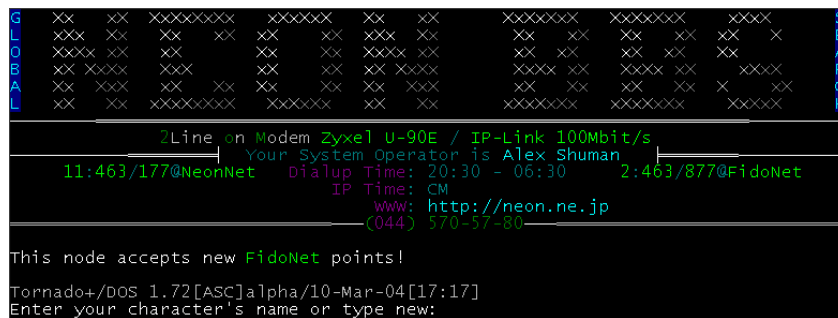
Any discussion of copyright’s volitional act requirement should probably begin with *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995), possibly the most influential district court decisions in modern American copyright law.

Religious Tech. Ctr. v. Netcom On-Line Communication Services, Inc., 907 F. Supp. 1361 (N.D. Cal. 1995)

The *Netcom* case concerns an online bulletin board service and the secrets of the church of Scientology. A bulletin board system, or BBS, allows multiple users to connect to a single server using a terminal program. In this configuration, all content resides on the central server and the user’s terminal is little more than a screen and a keyboard. Bulletin board systems were often networked such that several hosts in different locations would mirror the same content—this made dialing into a BBS cheaper and interacting with a BBS faster as well.

Bulletin board systems predate the World Wide Web although they are still used in various contexts today. Bulletin board systems were generally text-based, rather than graphical user interface-based, (to sound knowledgeable, one says “goopy” for GUI, rather than “graphical user interface”).

Figure 22 Title: Welcome screen of Neon#2 BBS (Tornado).
Source: [Massacre](#). License: [CC BY-SA 3.0](#) (11 January 2011)



In *Netcom*, a disgruntled former Scientology minister posted allegedly infringing copies of Scientological works on an electronic BBS. The messages were stored on the bulletin board operator’s computer, then automatically copied onto Netcom’s computer, and from there, copied onto other computers comprising “a worldwide community of electronic bulletin board systems. The plaintiff, Religious Technology Center (“RTC”) controlled the copyrights, trademarks, and other IP rights of the Church of Scientology. RTC brought an infringement action against operator of computer bulletin board service (BBS) and Netcom, an Internet access provider.

In *Netcom*, the district court held that the defendant Internet service provider was not liable for the automatic reproduction of a copyrighted work by its computer system. The court refused to impose direct liability on the service provider, reasoning (at 1370) that:

Although copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant's system is merely used to create a copy by a third party.

Rather than holding Netcom, the Internet service provider, liable as a direct infringer, the district court put it in the same position as the owner of a copying machine used by a customer. Thus, its liability turned on the existence of an underlying infringement *plus* the elements of contributory liability or vicarious liability. The *Netcom* court thought that it was significant that the service provider did not take any affirmative action that directly resulted in copying plaintiffs' works other than by installing and maintaining a system whereby software automatically forwards messages received from subscribers onto the Usenet, and temporarily stores copies on its system. The court explained (at 1369):

Netcom's act of designing or implementing a system that automatically and uniformly creates temporary copies of all data sent through it is not unlike that of the owner of a copying machine who lets the public make copies with it. Although some of the people using the machine may directly infringe copyrights, courts analyze the machine owner's liability under the rubric of contributory infringement, not direct infringement.

Why did the court draw this distinction? Confronted with electronic communication systems whose content was determined by the end users the court recognized that holding service providers directly liable would create a multiplicity of infringements and lead to an unreasonable expansion of copyright liability. From the court's point of view, propagating direct liability in this technological context would create an unworkable situation: it would not just make Netcom the ISP liable regardless of knowledge of infringement, and it would make every server in the BBS network liable as well. At 1369, the court explained:

Plaintiffs' theory would create many separate acts of infringement and, carried to its natural extreme, would lead to unreasonable liability.

It would also result in liability for every single Usenet server in the worldwide link of computers transmitting Erlich's message to every other computer. These parties, who are liable under plaintiffs' theory, do no more than operate or implement a system that is essential if Usenet messages are to be widely distributed. There is no need to construe the Act to make all of these parties infringers. *Although copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant's system is merely used to create a copy by a third party.* (emphasis added)

The court reiterated the unworkability of imposing direct "liability of countless parties whose role in the infringement is nothing more than setting up and operating a system that is necessary for the functioning of the Internet." At 1372-73 the court said:

Where the infringing subscriber is clearly directly liable for the same act, it does not make sense to adopt a rule that would lead to the liability of countless parties whose role in the infringement is nothing more than setting up and operating a system that is necessary for the functioning of the Internet.

The court does not find workable a theory of infringement that would hold the entire Internet liable for activities that cannot reasonable be deterred. Billions of bits of data flow through the Internet and are necessarily stored on servers throughout the network and it is thus practically impossible to screen out infringing bits from noninfringing bits. Because the court cannot see any meaningful distinction (without regard to knowledge) between what Netcom did and what every other Usenet

server does, the court finds that Netcom cannot be held liable for direct infringement.

Netcom is significant in at least two ways. It was the first copyright case in the U.S. to clearly explain that copyright infringement involves “some element of volition or causation” and that this volitional conduct “is lacking where a defendant’s system is merely used to create a copy by a third party.” Additionally, the decision in *Netcom* significantly influenced the eventual design of the Internet safe harbors of the Digital Millennium Copyright Act of 1998, *see* Section 512 of the Copyright Act.²²⁹

CoStar

CoStar Group, Inc. v. LoopNet, Inc., 373 F.3d 544 (4th Cir. 2004)

CoStar Group, Inc., and a related company owned the rights in a number of photographs of commercial real estate. These photos had been posted on Loopnet’s website by LoopNet’s subscribers — generally real estate brokers — without CoStar’s consent. LoopNet did not post real estate listings on its own account. Rather it provided a “web hosting service that enables users who wish to display real estate over the Internet to post listings for those properties on LoopNet’s web site.” CoStar sued LoopNet for copyright infringement.²³⁰

Adopting the reasoning in *Netcom*, the Fourth Circuit held that because LoopNet was simply the owner and manager of a system used by others who are violating CoStar’s copyrights and not an actual duplicator itself, it is not *directly* liable for copyright infringement. As the Fourth Circuit explained (at 550):

But to establish direct liability under §§ 501 and 106 of the Act, something more must be shown than mere ownership of a machine used by others to make illegal copies. *There must be actual infringing conduct with a nexus sufficiently close and causal to the illegal copying* that one could conclude that the machine owner himself trespassed on the exclusive domain of the copyright owner. The *Netcom* court described this nexus as requiring some aspect of volition or causation. (emphasis added)

The Fourth Circuit focused on the text of the Copyright Act and noted that to violate the reproduction right under § 106(1) one must, without the copyright owner’s consent “reproduce the work in copies” and the term “copies” in this context is defined in Section 101 as “material objects ... in which a work is fixed.” Moreover, Section 101 also instructs that a work is “fixed,” in the relevant sense, when it is embodied in a material form “sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.” The Fourth Circuit concluded (at 550-551) that as a mere conduit of data, it was wrong to say that the defendant copied the work:

When an electronic infrastructure is designed and managed as a conduit of information and data that connects users over the Internet, the owner and manager

²²⁹ Jerome H. Reichman et al., *A Reverse Notice and Takedown Regime to Enable Public Interest Uses of Technically Protected Copyrighted Works*, 22 BERKELEY TECH. L.J. 981, 990 (2007) (explaining how the *Netcom* decision became “a pivotal development in the legislative drama that spawned the DMCA safe harbors”).

²³⁰ The trial court held that LoopNet was not entitled to the protection of any of the Section 512 safe harbors.

of the conduit hardly “copies” the information and data in the sense that it fixes a copy in its system of more than transitory duration.

In other words, the service provider may set up the system, but it is the user who undertakes the action of copying the work.

The court of appeals reprised the policy argument from *Netcom* in the following terms:

... we conclude that Netcom made a particularly rational interpretation of § 106 when it concluded that a person had to engage in volitional conduct — specifically, the act constituting infringement — to become a direct infringer. As the court in *Netcom* concluded, such a construction of the Act is especially important when it is applied to cyberspace. There are thousands of owners, contractors, servers, and users involved in the Internet whose role involves the storage and transmission of data in the establishment and maintenance of an Internet facility. Yet their conduct is not truly “copying” as understood by the Act; rather, they are conduits from or to would-be copiers and have no interest in the copy itself.

In a later passage the Fourth Circuit summarized its holding (at 555):

At bottom, we hold that ISPs, when passively storing material at the direction of users in order to make that material available to other users upon their request, do not “copy” the material in direct violation of § 106 of the Copyright Act.

Agreeing with the analysis in *Netcom*, we hold that the automatic copying, storage, and transmission of copyrighted materials, when instigated by others, does not render an ISP strictly liable for copyright infringement under §§ 501 and 106 of the Copyright Act.

An ISP, however, can become liable indirectly upon a showing of additional involvement sufficient to establish a contributory or vicarious violation of the Act. In that case, the ISP could still look to the DMCA for a safe harbor if it fulfilled the conditions therein.

Professors Christopher Cotropia and James Gibson argue that *CoStar Group v. Loopnet* illustrates how in some respects at least, the DMCA safe harbor rules and the substantive liability doctrines in copyright have merged.

Christopher Cotropia & James Gibson, *Convergence and Conflation in Online Copyright* (working paper)

... the *CoStar* case presented the typical System Storage scenario, with service provider LoopNet operating a server onto which its users copied CoStar’s copyrighted photographs without a license. The twist here was that LoopNet had not met the threshold conditions for the DMCA safe harbor (having failed to implement a repeat-infringer policy), which made this a case purely about the ultimate liability standards.

Because the DMCA was unavailable to LoopNet, CoStar argued that *Netcom* should also be unavailable. In other words, it asserted that the statute “supplanted and preempted *Netcom*,” making the safe harbors the sole determinant of liability and thus finding infringement whenever they did not apply. The Fourth Circuit rejected this claim, embraced *Netcom* as the governing standard, and held that “the automatic copying, storage, and transmission of copyrighted materials, when instigated by others, does not render an ISP strictly liable for copyright infringement.” The substance of the safe harbors and the direct infringement liability standard were

therefore viewed as identical, even when the DMCA defenses were technically unavailable. ... This is textbook convergence.

Other cases

The volitional act requirement has also been endorsed by the Third Circuit in *Parker v. Google, Inc.*, 242 F. App'x 833, 837 (3d Cir. 2007) (per curiam) (“To state a direct copyright infringement claim, a plaintiff must allege volitional conduct on the part of the defendant.”).

Cablevision

As noted in an earlier module, the Second Circuit’s *Cablevision* ruling rests on three essential pillars. First, that temporary buffer storage does not meet the definition of creating a ‘copy’ as that term is defined in the Act because to qualify as a copy a work must be fixed for more than a transitory duration. Second, Cablevision was not a direct infringer of the reproduction right because it was not the ‘maker’, in the sense of the ‘volitional copy’ doctrine, of the fixed copies. Third, Cablevision did not *publicly* perform the works within the meaning of the ‘transmit clause’ of the public performance right. We will focus here on the second holding. That Cablevision was not a direct infringer of the reproduction right because it was not the ‘maker’, in the sense of the ‘volitional copy’ doctrine, of the fixed copies.

Cartoon Network LP v. CSC Holdings, Inc., 536 F.3d 121 (2d Cir. 2008)

Opinion by Circuit Judge John M. Walker, Jr.

... Direct Liability for Creating the Playback Copies

In most copyright disputes, the allegedly infringing act and the identity of the infringer are never in doubt. These cases turn on whether the conduct in question does, in fact, infringe the plaintiff’s copyright. In this case, however, the core of the dispute is over the authorship of the infringing conduct. After an RS-DVR subscriber selects a program to record, and that program airs, a copy of the program — a copyrighted work — resides on the hard disks of Cablevision’s Arroyo Server, its creation unauthorized by the copyright holder. The question is *who* made this copy. If it is Cablevision, plaintiffs’ theory of direct infringement succeeds; if it is the customer, plaintiffs’ theory fails because Cablevision would then face, at most, secondary liability, a theory of liability expressly disavowed by plaintiffs.

Few cases examine the line between direct and contributory liability. Both parties cite a line of cases beginning with *Religious Technology Center v. Netcom On-Line Communication Services*, 907 F. Supp. 1361 (N.D. Cal.1995). In *Netcom*, a third-party customer of the defendant Internet service provider (“ISP”) posted a copyrighted work that was automatically reproduced by the defendant’s computer. The district court refused to impose direct liability on the ISP, reasoning that “although copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant’s system is merely used to create a copy by a third party.” Recently, the Fourth Circuit endorsed the *Netcom* decision, noting that

to establish *direct* liability under ... the Act, something more must be shown than mere ownership of a machine used by others to make illegal copies. There must be actual infringing conduct with a nexus sufficiently close and causal to the illegal

copying that one could conclude that the machine owner himself trespassed on the exclusive domain of the copyright owner.”

CoStar Group, Inc. v. LoopNet, Inc., 373 F.3d 544, 550 (4th Cir.2004).

Here, the district court pigeon-holed the conclusions reached in *Netcom* and its progeny as “premised on the unique attributes of the Internet.” While the *Netcom* court was plainly concerned with a theory of direct liability that would effectively “hold the entire Internet liable” for the conduct of a single user, its reasoning and conclusions, consistent with precedents of this court and the Supreme Court, and with the text of the Copyright Act, transcend the Internet. Like the Fourth Circuit, we reject the contention that “the *Netcom* decision was driven by expedience and that its holding is inconsistent with the established law of copyright,” and we find it “a particularly rational interpretation of § 106,” rather than a special-purpose rule applicable only to ISPs.

When there is a dispute as to the author of an allegedly infringing instance of reproduction, *Netcom* and its progeny direct our attention to the volitional conduct that causes the copy to be made. There are only two instances of volitional conduct in this case: Cablevision’s conduct in designing, housing, and maintaining a system that exists only to produce a copy, and a customer’s conduct in ordering that system to produce a copy of a specific program. In the case of a VCR, it seems clear — and we know of no case holding otherwise — that the operator of the VCR, the person who actually presses the button to make the recording, supplies the necessary element of volition, not the person who manufactures, maintains, or, if distinct from the operator, owns the machine. We do not believe that an RS-DVR customer is sufficiently distinguishable from a VCR user to impose liability as a direct infringer on a different party for copies that are made automatically upon that customer’s command.

The district court emphasized the fact that copying is “instrumental” rather than “incidental” to the function of the RS-DVR system. While that may distinguish the RS-DVR from the ISPs in *Netcom* and *CoStar*, it does not distinguish the RS-DVR from a VCR, a photocopier, or even a typical copy shop. And the parties do not seem to contest that a company that merely makes photocopiers available to the public on its premises, without more, is not subject to liability for direct infringement for reproductions made by customers using those copiers. They only dispute whether Cablevision is similarly situated to such a proprietor.

The district court found Cablevision analogous to a copy shop that makes course packs for college professors. In the leading case involving such a shop, for example, “the professor gave the copyshop the materials of which the coursepack was to be made up, and the copyshop did the rest.” *Princeton Univ. Press v. Mich. Document Servs.*, 99 F.3d 1381, 1384 (6th Cir.1996) (en banc). There did not appear to be any serious dispute in that case that the shop itself was directly liable for reproducing copyrighted works. The district court here found that Cablevision, like this copy shop, would be “doing” the copying, albeit “at the customer’s behest.”

But because volitional conduct is an important element of direct liability, the district court’s analogy is flawed. In determining who actually “makes” a copy, a significant difference exists between making a request to a human employee, who then

volitionally operates the copying system to make the copy, and issuing a command directly to a system, which automatically obeys commands and engages in no volitional conduct. In cases like *Princeton University Press*, the defendants operated a copying device and sold the product they made using that device. See 99 F.3d at 1383 (“The corporate defendant is a commercial copyshop that reproduced substantial segments of copyrighted works of scholarship, bound the copies into coursepacks, and sold the coursepacks to students.”). Here, by selling access to a system that automatically produces copies on command, Cablevision more closely resembles a store proprietor who charges customers to use a photocopier on his premises, and it seems incorrect to say, without more, that such a proprietor “makes” any copies when his machines are actually operated by his customers. Some courts have held to the contrary, but they do not explicitly explain why, and we find them unpersuasive. See, e.g., *Elektra Records Co. v. Gem Elec. Distribs., Inc.*, 360 F.Supp. 821, 823 (E.D.N.Y.1973) (concluding that, “regardless” of whether customers or defendants’ employees operated the tape-copying machines at defendants’ stores, defendant had actively infringed copyrights).

The district court also emphasized Cablevision’s “unfettered discretion in selecting the programming that it would make available for recording.” This conduct is indeed more proximate to the creation of illegal copying than, say, operating an ISP or opening a copy shop, where all copied content was supplied by the customers themselves or other third parties. Nonetheless, we do not think it sufficiently proximate to the copying to displace the customer as the person who “makes” the copies when determining liability under the Copyright Act. Cablevision, we note, also has subscribers who use home VCRs or DVRs (like TiVo), and has significant control over the content recorded by these customers. But this control is limited to the channels of programming available to a customer and not to the programs themselves. Cablevision has no control over what programs are made available on individual channels or when those programs will air, if at all. In this respect, Cablevision possesses far less control over recordable content than it does in the [video on demand] context, where it actively selects and makes available beforehand the individual programs available for viewing. For these reasons, we are not inclined to say that Cablevision, rather than the user, “does” the copying produced by the RS-DVR system. As a result, we find that the district court erred in concluding that Cablevision, rather than its RS-DVR customers, makes the copies carried out by the RS-DVR system.

Our refusal to find Cablevision directly liable on these facts is buttressed by the existence and contours of the Supreme Court’s doctrine of contributory liability in the copyright context. After all, the purpose of any causation-based liability doctrine is to identify the actor (or actors) whose “conduct has been so significant and important a cause that [he or she] should be legally responsible.” W. Page Keeton et al., *Prosser and Keeton on Torts* § 42, at 273 (5th ed.1984). But here, to the extent that we may construe the boundaries of direct liability more narrowly, the doctrine of contributory liability stands ready to provide adequate protection to copyrighted works.

Most of the facts found dispositive by the district court — e.g., Cablevision’s “continuing relationship” with its RS-DVR customers, its control over recordable

content, and the “instrumentality” of copying to the RS-DVR system, — seem to us more relevant to the question of contributory liability. In *Sony Corp. of America v. Universal City Studios, Inc.*, the lack of an “ongoing relationship” between Sony and its VCR customers supported the Court’s conclusion that it should not impose contributory liability on Sony for any infringing copying done by Sony VCR owners. 464 U.S. 417, 437-38 (1984). The *Sony* Court did deem it “just” to impose liability on a party in a “position to control” the infringing uses of another, but as a contributory, not direct, infringer. *Id.* at 437. And asking whether copying copyrighted material is only “incidental” to a given technology is akin to asking whether that technology has “commercially significant noninfringing uses,” another inquiry the Sony Court found relevant to whether imposing contributory liability was just. *Id.* at 442.

The Supreme Court’s desire to maintain a meaningful distinction between direct and contributory copyright infringement is consistent with congressional intent. If Congress had meant to assign direct liability to both the person who actually commits a copyright-infringing act and any person who actively induces that infringement, the Patent Act tells us that it knew how to draft a statute that would have this effect. Because Congress did not do so, the *Sony* Court concluded that “the Copyright Act does not expressly render anyone liable for infringement committed by another.” 464 U.S. at 434. Furthermore, in cases like *Sony*, the Supreme Court has strongly signaled its intent to use the doctrine of contributory infringement, not direct infringement, to “identify[] the circumstances in which it is just to hold one individual accountable for the actions of another.” *Id.* at 435. Thus, although *Sony* warns us that “the lines between direct infringement, contributory infringement, and vicarious liability are not clearly drawn,” *id.* at 435 n. 17, that decision does not absolve us of our duty to discern where that line falls in cases, like this one, that require us to decide the question.

The district court apparently concluded that Cablevision’s operation of the RS-DVR system would contribute in such a major way to the copying done by another that it made sense to say that Cablevision was a direct infringer, and thus, in effect, was “doing” the relevant copying. There are certainly other cases, not binding on us, that follow this approach. See, e.g., *Playboy Enters. v. Russ Hardenburgh, Inc.*, 982 F.Supp. 503, 513 (N.D. Ohio 1997) (noting that defendant ISP’s encouragement of its users to copy protected files was “crucial” to finding that it was a direct infringer). We need not decide today whether one’s contribution to the creation of an infringing copy may be so great that it warrants holding that party directly liable for the infringement, even though another party has actually made the copy. We conclude only that on the facts of this case, copies produced by the RS-DVR system are “made” by the RS-DVR customer, and Cablevision’s contribution to this reproduction by providing the system does not warrant the imposition of direct liability. Therefore, Cablevision is entitled to summary judgment on this point, and the district court erred in awarding summary judgment to plaintiffs.

...

[With respect to the public performance right] Cablevision contends that (1) the RS-DVR customer, rather than Cablevision, does the transmitting and thus the performing and (2) the transmission is not “to the public” under the transmit clause.

As to Cablevision’s first argument, we note that our conclusion [above] that the customer, not Cablevision, “does” the copying does not dictate a parallel conclusion that the customer, and not Cablevision, “performs” the copyrighted work. The definitions that delineate the contours of the reproduction and public performance rights vary in significant ways. For example, the statute defines the verb “perform” and the noun “copies,” but not the verbs “reproduce” or “copy.” We need not address Cablevision’s first argument further because, even if we assume that Cablevision makes the transmission when an RS-DVR playback occurs, we find that the RS-DVR playback, as described here, does not involve the transmission of a performance “to the public.”

Notes and questions

(1) In *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121 (2d Cir. 2008), the Second Circuit seemed to suggest that just as VCR owners *made* the copies at issue in *Sony*, Cablevision’s customers *made* the copies using the RS-DVR system. For the Second Circuit at least, the question turns on agency and control, not the location of the copying equipment.

(2) Can you see why the Second Circuit suggests that the volitional act requirement might work differently in the context of the performance right than in reproduction right cases?

(3) It is not clear how we should read *Cablevision* in the light of *American Broadcasting Companies v. Aereo, Inc.* 134 S.Ct. 2498 (2014).

In *Aereo*, the majority of the Supreme Court held that the defendant Internet retransmission service did *publicly* perform works initially broadcast by various television networks within the meaning of the ‘transmit clause’ of the public performance right. At its narrowest, *Aereo* holds that, regardless of the source of the transmission or whether the user initiated the transmission, a service provider that is indistinguishable from a cable retransmission service from the point of view of the end-user publicly performs whenever it makes a transmission to the end-user. More broadly, one could read *Aereo* as holding that *any transmission* of the same work to multiple people is potentially a public performance, regardless of whether it is sourced from the same copy, depending on the “relationship” those people have to the work, particularly, whether they receive the work “in *their capacities as owners or possessors*” thereof. See *Aereo* at 2510 (emphasis added).

Aereo’s system combined the features of an RS-DVR and Internet retransmission service. *Aereo*’s customers predominantly used it to watch broadcast television in close-to-real-time as a substitute for using their own antenna or subscribing to a traditional cable system. The *Aereo* service was clearly designed to take as much advantage of the Second Circuit’s *Cablevision* holding as possible. Rather than using a single receiver and recording only one copy of each work that might be required, *Aereo* supposedly dedicated an individual dime-sized antenna and an individual hard drive allocation to each user. Broadcast television was only received, recorded, and transmitted to the end-user if that end-user so specified.

In the *Aereo* case, the defendant argued that given the individualized and automated nature of its system, the individual users and not the service provider ‘made’ the transmissions at issue. It also argued that these same design choices made any transmissions to end-users private, rather than public. These arguments resonated with Justice Scalia, but found no traction with the majority. Indeed, it is striking that the majority decision barely addresses the volitional conduct question at all. The majority simply holds that, in view of the

legislative history and the manifest intention of Congress to make cable retransmission services liable for copyright infringement, “*an entity that acts like a CATV system itself performs*, even if when doing so, it simply enhances viewers’ ability to receive broadcast television signals.” *Aereo* at 2506 (emphasis added).

In his detailed exposition of the volitional act requirement, Justice Scalia argued that cable systems perform because they send a constant transmission stream to their subscribers. The Aereo system, in contrast, remained inert until a subscriber sent the ‘watch’ command. Only then, and quite automatically, would the Aereo system activate an antenna and begin to transmit the requested program. In Scalia’s view, even though both sender and receiver of a conventional broadcast could be said to ‘perform’ because both engage in an affirmative volitional act, only the user of an automated system performs when she alone initiates and receives a transmission.

Writing for the majority, Justice Breyer dismissed this argument, noting that the “sole technological difference between Aereo and traditional cable companies” was invisible and meaningless to Aereo’s subscribers and to Aereo itself. Breyer’s commitment to purposivism brushed aside Scalia’s commitment to formalism, (at 2507):

But this difference means nothing to the subscriber. It means nothing to the broadcaster. We do not see how this single difference, invisible to subscriber and broadcaster alike, could transform a system that is for all practical purposes a traditional cable system into ‘a copy shop that provides its patrons with a library card.’

The majority in *Aereo* did not reject the volitional act requirement across the board, not even necessarily in the context of the performance right. The contours of the cable system analogy are far from clear; all that can be said without fear of contradiction is that transmissions that ‘look like a cable system’ to the Supreme Court are deemed volitional.

Fox Broadcast Corporation, Inc. v. Dish Network L.L.C., 747 F.3d 1060 (9th Cir. 2013)

Fox Broadcasting Corporation v. Dish Network is in many ways the Ninth Circuit analog to *Cablevision*. Fox sued Dish Network for copyright infringement and breach of contract after the satellite broadcaster began offering a DVR said to automatically record the primetime programming of the major commercial networks combined with the feature called AutoHop that allowed users to automatically skip the commercials in those primetime blocks. Notably, AutoHop did not create a new copy of the primetime broadcasts with the ads edited out; the ads were simply passed over during playback.

Opinion by Circuit Judge Thomas:

The district court did not abuse its discretion in holding that Fox was unlikely to succeed on its claim of direct copyright infringement regarding PrimeTime Anytime. To establish a claim of copyright infringement by reproduction, the plaintiff must show ownership of the copyright and copying by the defendant. In this case, the district court determined that Fox had demonstrated ownership of the copyrights of some of the shows. The court then focused on who made the copies of Fox programs using PrimeTime Anytime: Dish or its customers. The district court noted that the Second Circuit had considered a similar question in *Cartoon Network LP v. CSC Holdings, Inc.* (“Cablevision”), 536 F.3d 121 (2d Cir.2008). The Second Circuit concluded that Cablevision’s remote-storage DVR system did not directly infringe the plaintiffs’ copyrights. Unlike a typical DVR system, in which a customer’s remote sends signals to the set-top box in her home, users of Cablevision’s remote-storage

DVR system sent signals to Cablevision’s central facility, where a copy of the program the viewer selected was created and stored on Cablevision’s central servers. The question was “who made this copy” — the viewer or Cablevision? *Id.* at 130. The Second Circuit held that much like a VCR user makes the copy, so did the Cablevision customer.

In this case, the district court found that “Dish exercises a degree of discretion over the copying process beyond that which was present in Cablevision.” It pointed to the facts that Dish decides how long copies are available for viewing, Dish maintains the authority to modify the start and end times of the primetime block, and a user cannot stop a copy from being made once the recording has started. Yet the court held that “at this stage of the proceedings,” it was “not satisfied” that PrimeTime Anytime had “crossed over the line that leads to direct liability.” The court held that the “user, not Dish, must take the initial step of enabling” PrimeTime Anytime. “The user, then, and not Dish, is the most significant and important cause of the copy.”

The district court did not abuse its discretion in concluding that Fox had not established a likelihood of success on this claim. Infringement of the reproduction right requires copying by the defendant, which comprises a requirement that the defendant cause the copying. See *Cablevision*, 536 F.3d at 130 (explaining that direct infringement claim turned on “who made” the copies). Fox argues that because Dish participates in the operation of PrimeTime Anytime on a daily basis, Dish made the copies, either alone or concurrently with its users. However, operating a system used to make copies at the user’s command does not mean that the system operator, rather than the user, caused copies to be made. Here, Dish’s program creates the copy only in response to the user’s command. Therefore, the district court did not err in concluding that the user, not Dish, makes the copy.

That Dish decides how long copies are available for viewing, modifies the start and end times of the primetime block, and prevents a user from stopping a recording might be relevant to a secondary or perhaps even a direct infringement claim. Cf. *Cablevision*, 536 F.3d at 132-33 (finding that factors evidencing Cablevision’s control over copying process seemed “more relevant to the question of contributory liability” but reserving the question “whether one’s contribution to the creation of an infringing copy may be so great that it warrants holding that party directly liable for the infringement, even though another party has actually made the copy”). But these facts do not establish that Dish made the copies. Therefore, the district court did not err in holding that Fox did not establish a likelihood of success on its direct infringement claim.

Notes and questions

(1) In *Fox Broadcast Corporation, Inc. v. Dish Network L.L.C.*, 747 F.3d 1060 (9th Cir. 2013), the Ninth Circuit followed earlier decisions such as *Netcom*, *CoStar*, and *Cablevision* and held (at 1067): “Infringement of the reproduction right requires copying by the defendant, which comprises a requirement that the defendant cause the copying.” And it elaborated that “operating a system used to make copies at the user’s command does not mean that the system operator, rather than the user, caused copies to be made.”

(2) Is *Fox Broadcasting Corporation* a significant extension of *Cablevision*? At what point should the “degree of discretion over the copying process” make a service provider directly liable for copyright infringement? In *Fox Broadcasting Corporation*, the service provider decided how long copies are available for viewing, it modified the start and end times of the primetime block according to the networks’ own schedules, and it did not allow users to stop a recording of the primetime blocks once it had begun. How significant were these features?

(3) Some overseas jurisdictions treat a service provider like Dish as jointly making copies along with its customers. Does that make sense? Fox argued that because the defendant participated in the operation of its PrimeTime Anytime feature on a daily basis, the defendant service provider *made* the copies, either alone or concurrently with its users. In Fox’s view, the conclusion that the users made the copies does not negate a finding that the service provider did too — the copies could be considered jointly made by both service provider and end-user. The argument was well made, but soundly rejected by the court of appeals which responded (at 1067) that

... operating a system used to make copies at the user’s command does not mean that the system operator, rather than the user, caused copies to be made. Here, Dish’s program creates the copy only in response to the user’s command. Therefore, the district court did not err in concluding that the user, not Dish, makes the copy.

The court reasoned all the ways that the defendant participated in the PrimeTime Anytime recordings might be relevant to a secondary infringement claim it rejected the notion that Dish’s contributions to the creation of any given copy established that Dish *made* the copy.

(4) Note that not everything turns on who made the copy. The court of appeals notes several factors indicating Dish’s degree of involvement with the copying notes that these “might be relevant to a secondary or *perhaps even a direct infringement claim*” (emphasis added). The court cites the passage in *Cablevision* where the Second Circuit reserved the question “whether one’s contribution to the creation of an infringing copy may be so great that it warrants holding that party directly liable for the infringement, even though another party has actually made the copy ...” See *Cablevision* 536 F.3d at 132-33. What degree of involvement might justify holding a service provider liable as a direct infringer even if the service provider did not perform the infringing act?

(5) In addition to holding that the district court had not abused its discretion in holding that Fox was unlikely to succeed on its claim of direct copyright infringement regarding Dish Networks new DVR features, the court of appeals also found that Fox was unlikely to succeed on its claim of secondary copyright infringement for the PrimeTime Anytime and AutoHop programs because the copying by the consumers was fair use.

(6) More recent cases on the volitional act requirement include *Perfect 10, Inc. v. Giganevs, Inc.*, 847 F.3d 657 (9th Cir. 2017), *BWP Media USA, Inc. v. T & S Software Assocs., Inc.*, 852 F.3d 436 (5th Cir. 2017), *VHT, Inc. v. Zillow Group, Inc.*, (9th Cir. 2019) (March 15, 2019) and *BWP Media USA Inc. v. Polyvore, Inc.*, (2d Cir. 2019). Some of these are discussed below.

Volition as proximate cause?

Perfect 10, Inc. v. Giganevs, Inc., 847 F.3d 657 (9th Cir. 2017) is a good place to pick up the debate about whether volition means an act of deciding/choosing or something like proximate cause in tort law. The 2017 Ninth Circuit decision in *Giganevs* is in some ways a replay of the *Netcom* decision that first articulated the volitional conduct requirement in 1995.

The USENET group that is the subject of the *Giganews* case is essentially the same thing as the Internet BBS in *Netcom*. The

The extract below is confined to the volition as an act of deciding versus volition as causation issue.

Perfect 10, Inc. v. Giganews, Inc., 847 F.3d 657 (9th Cir. 2017)

Circuit Judge D.W. Nelson

... To establish a prima facie case of direct infringement, a plaintiff "must show ownership of the allegedly infringed material" and "demonstrate that the alleged infringers violated at least one exclusive right granted to copyright holders under 17 U.S.C. § 106." *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1013 (9th Cir. 2001). In addition, direct infringement requires the plaintiff to show causation (also referred to as "volitional conduct") by the defendant. See *Fox Broad. Co., Inc. v. Dish Network L.L.C.*, 747 F.3d 1060, 1067 (9th Cir. 2013).

We wish to emphasize that the word "volition" in this context does not really mean an "act of willing or choosing" or an "act of deciding," which is how the dictionary defines the term. Volition, Webster's Third New International Dictionary (1986). Rather, as used by the court in *Religious Technology Center v. Netcom* 907 F.Supp. 1361, 1370 (N.D. Cal. 1995), it simply stands for the unremarkable proposition that proximate causation historically underlines copyright infringement liability no less than other torts. As the district court cogently explained:

The so-called "volition" element of direct infringement is not a judicially-created element of intent or knowledge; it is a basic requirement of causation. As its name suggests, *direct* liability must be premised on conduct that can reasonably be described as the *direct cause* of the infringement.

Perfect 10, Inc., 2014 WL 8628034, at *7 (emphasis in original).

Contrary to Perfect 10's contention, this requirement of causation remains an element of a direct infringement claim. In *Fox Broadcasting*, we explained that "infringement of the reproduction right requires copying by the defendant, which comprises a requirement that the defendant cause the copying." 747 F.3d at 1067. In using this language, we indicated that causation is an element of a direct infringement claim.

Notes and questions:

(1) In addition to the causation discussion extracted above, *Giganews* is also significant for its post-*Aereo* reaffirmation of the volitional conduct requirement. The Ninth Circuit reviewed the case law on volitional conduct and noted that every Court of Appeals to have considered an automated service provider's direct liability for copyright infringement had adopted the volitional-conduct requirement. The court argued that the *Aereo* majority did not expressly address the volitional conduct requirement and that the Court's analysis could be reconciled with it, and thus "we conclude that the requirement was left intact ..."

BWP Media USA Inc. v. Polyvore, Inc. (2d Cir. 2019) (April 17, 2019)

Before: Newman, Walker, and Pooler, Circuit Judges.

Per Curiam.

BWP Media USA Inc., Pacific Coast News, and National Photo Group, LLC (collectively “BWP”) appeal from a memorandum and order of the United States District Court for the Southern District of New York (Ronnie Abrams, J.) that granted summary judgment to Polyvore, Inc. (“Polyvore”) on BWP’s copyright claims for direct and secondary infringement and denied BWP’s cross-motion for summary judgment on direct infringement.

We conclude that the district court’s grant of summary judgment to Polyvore on the direct infringement claim was error because there is a dispute of material fact regarding whether Polyvore created multiple copies of BWP’s photos that were not requested by Polyvore users. We further conclude that questions of material fact preclude us from holding at this stage that Polyvore satisfied the requirements for the Digital Millennium Copyright Act (DMCA) § 512(c) safe harbor, even though BWP has not shown that Polyvore’s stripping of metadata disqualifies it from safe harbor protection. We agree with the district court, however, that Polyvore is entitled to summary judgment on BWP’s secondary infringement claims of contributory, vicarious, and inducement of infringement because the district court found that BWP abandoned those claims.

The facts are set forth in Judge Walker’s separate concurring opinion, which also specifies the questions of material fact that remain for determination by the district court. Judge Newman concurs in the result with a separate opinion. Judge Pooler concurs in the result with a separate opinion.

Circuit Judge John M. Walker, Jr., concurring in the result.

I write separately to set out the facts and questions of material fact that remain for determination by the district court, as well as to describe my reasoning regarding each of our conclusions.

BACKGROUND

The following facts are undisputed. Defendant-appellee Polyvore is an internet service provider that ran a website, Polyvore.com, that allowed users to create and share digital photo collages devoted to fashion, art, and design. Polyvore.com’s “Clipper” tool let users “clip” images from other websites and collect them on Polyvore’s site. Once a user clipped an image, they could store, modify, crop, or superimpose it on top of other images to make a digital photo collage, which Polyvore called a “set.” Users could share their sets with other Polyvore users, comment on other users’ sets, and submit their sets in contests to win prizes. At the time this suit was filed, Polyvore’s website attracted 14.2 million visitors a month.

When a user uploaded an image to Polyvore.com, it triggered a series of automatic technical processes: Polyvore (1) attached a hyperlink to that image that linked back to the image’s original site; (2) gave the image a unique Uniform Resource Locator (“URL”) that identified its precise location on Polyvore’s website, Polyvore.com; and (3) indexed the photo so it was searchable on Polyvore.com. All posted images were

displayed automatically by software—meaning Polyvore employees did not review or interact with user-posted images before they appeared on the site. Based on these user uploads, Polyvore.com had an extensive library of searchable images—118 million when the complaint was filed.

Because some photos clipped by users were copyrighted images, Polyvore had policies in place that were designed to combat copyright infringement, including terms of service that prohibited users from posting copyrighted images, a repeat-infringer policy, and a notice-and-takedown system.

BWP owns copyrights in celebrity photographs, which it licenses to online and print publications for a fee. At issue in this case are at least seventy-nine of BWP's photographs that appeared on Polyvore.com without BWP's permission. The images include photos of celebrities such as McKayla Maroney, Carly Rae Jepsen, Ryan Gosling, Kim Kardashian, and Selena Gomez. In November 2013, BWP sued Polyvore for copyright infringement alleging that Polyvore's posting of the photos violated BWP's exclusive rights under the Copyright Act to reproduce and display its images publicly. See 17 U.S.C. § 106(1), (5). In its first amended complaint, BWP sought relief for (1) direct copyright infringement, (2) contributory copyright infringement, (3) vicarious copyright infringement, and (4) inducement of copyright infringement. Polyvore moved to dismiss, but the district court denied the motion. Relying on, among other things, BWP's allegation that Polyvore employees actively worked with the photographs, the district court found that BWP had stated direct and secondary infringement claims.

The case proceeded to discovery. As part of discovery, BWP produced a document containing the URLs and upload dates of the images at issue, as well as screenshots showing its images displayed on Polyvore's website; Polyvore served initial disclosures and identified witnesses with knowledge about facts alleged in the complaint. Because the software programs most relevant to BWP's claims were highly technical, the parties agreed that instead of producing code, Polyvore would make available witnesses who could be deposed about the site's design and functionality. During the seven-month discovery period, however, BWP never took a single deposition. With the record therefore essentially the same as it had been before discovery, Polyvore moved for summary judgment, arguing that BWP had not substantiated its direct or secondary liability claims.

In its opposition to that motion, BWP argued that Polyvore was not entitled to summary judgment on its direct infringement claims because Polyvore itself (1) copied, stored, and displayed BWP's images, and (2) interfered with a "standard technical measure" by stripping metadata from BWP's images, therefore disqualifying it from the protection of the safe harbor provisions of the DMCA which deny protection to ISPs that interfere with measures "used by copyright owners to identify or protect copyrighted works." 17 U.S.C. § 512(i)(2).

To support its claims, BWP attached to its motion for summary judgment a spreadsheet prepared by BWP's counsel listing eighty-five different images that appeared on Polyvore's website stripped of their metadata. The spreadsheet also included nine separate Polyvore URLs for each image—an original link and then a link to the same image reproduced in eight different sizes, "e," "g," "l," "m," "s," "t,"

“x,” and “y.” None of the images that the spreadsheet listed as having been copied nine times (including the original clipped image), however, were images at issue in this case. Relying on the evidence of the additional URLs, BWP cross-moved for summary judgment on direct infringement, arguing that Polyvore’s copying and display of BWP’s images “separate and apart” from the images its users clipped established direct infringement as a matter of law.

After finding no evidence that Polyvore acted volitionally, the district court granted Polyvore’s motion for summary judgment on all claims, denied BWP’s motion for summary judgment on its direct infringement claim, and denied Polyvore’s request for fees. Because the district court found no infringing conduct, it did not address Polyvore’s safe harbor defense under the DMCA. BWP appealed, and Polyvore cross-appealed.

DISCUSSION

On appeal, BWP principally argues that (1) Polyvore directly infringed its copyrights by designing the Clipper to retrieve photos from other websites, displaying BWP’s images at the request of users, and making and displaying multiple, unrequested copies of user-uploaded images; and (2) the DMCA does not shield Polyvore from its own directly infringing acts, or any of its other acts, because Polyvore altered the metadata of user-uploaded images and because some of the infringing conduct was directed by Polyvore, not its users.

We review a district court’s grant of summary judgment *de novo*.

I. Direct Infringement

The district court granted summary judgment for Polyvore on BWP’s direct infringement claims. Applying *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d 121 (2d Cir. 2008) [hereinafter “Cablevision”] the district court found that BWP had failed to show the “volitional conduct” on the part of Polyvore necessary to establish its liability. On appeal, BWP argues that *Cablevision*’s volitional conduct requirement was abrogated by *American Broadcasting Companies, Inc. v. Aereo, Inc.*, 573 U.S. 431 (2014), and that therefore liability for direct copyright infringement does not require a showing of volitional conduct. I begin by briefly recounting the evolution of the volitional conduct requirement in order to answer the abrogation question. Next, with this background in mind, I apply the volitional conduct requirement to the facts of this case. Finally, I address the arguments regarding the volitional conduct requirement raised by Judge Newman in his concurring opinion.

A. The Volitional Conduct Requirement

Section 106 of the Copyright Act gives copyright holders an exclusive bundle of rights, including the right “to reproduce the copyrighted work in copies,” and the right to “display the copyrighted work publicly.” 17 U.S.C. § 106(1), (5). The Copyright Act makes parties who infringe on those rights liable for damages, regardless of whether they had knowledge that the content was infringing. See 17 U.S.C. § 504. In other words, the Copyright Act is a strict liability regime.

The advent of the internet posed a problem for this regime, however, since applying strict liability to infringing content posted online meant that websites could be held liable for infringing content posted by their users based solely on the existence of the

website—an outcome that could be unfair. See, e.g., *Religious Technology Center v. Netcom* 907 F. Supp. 1361, 1368-70 (N.D. Cal. 1995). In response, beginning in the mid-1990s, courts began to read into the Copyright Act an implicit requirement that for a service provider to be liable for direct infringement, it must have taken some affirmative, volitional step to infringe. See *id.* The doctrine posits that to hold a service provider liable for direct copyright infringement, that infringement must have resulted from the provider’s own volitional conduct. See *id.*

Ten years ago in *Cablevision*, we adopted the volitional conduct requirement in this circuit as a prerequisite to establishing copyright infringement liability for service providers, holding that “volitional conduct is an important element of direct liability.” 536 F.3d at 131.⁴

Footnote 4: Judge Newman's concurrence correctly notes that volitional conduct is not a legal component of a direct liability cause of action, and that the use of the term "element" in the *Cablevision* opinion is therefore somewhat imprecise. As the author of the *Cablevision* opinion, I agree that volitional conduct is not an element of a cause of action for direct liability, but rather a factual component that must be established when the identity of the infringer is in doubt.

In that case, we considered a direct infringement suit brought by owners of copyrighted television programs against a remote-service digital video recorder (“DVR”) company, Cablevision. *Id.* Cablevision’s product allowed subscribers to direct that a live program be recorded and saved remotely so the user could watch it later. Both the parties and the district court in that case analogized Cablevision’s actions to that of a copy shop. We concluded that because Cablevision “more closely resembled a store proprietor who charges customers to use a photocopier on his premises,” it was “incorrect to say, without more, that such a proprietor ‘makes’ any copies when his machines are actually operated by his customers.”

Subsequently, in *Aereo*, we considered a direct copyright infringement claim brought by holders of copyrights in broadcast television programs against Aereo, Inc., whose service allowed subscribers to watch television programs over the internet at virtually the same time as the program was broadcast. See *WNET, Thirteen v. Aereo, Inc.*, 712 F.3d 676, 680-84 (2d Cir. 2013), rev’d sub nom. *American Broadcasting Companies, Inc. v. Aereo, Inc.*, 573 U.S. 431 (2014). Once a subscriber chose a program, one of Aereo’s servers selected a separate, dedicated antenna out of thousands it housed in a centralized warehouse, which then received the broadcast and transmitted it over the internet to the subscriber. Applying *Cablevision*, we held that the plaintiffs were not likely to succeed on their claims that Aereo’s transmissions were infringing under the Copyright Act, and therefore we affirmed the district court’s denial of a preliminary injunction.

The Supreme Court reversed on grounds unrelated to whether Aereo’s conduct was volitional. *Aereo*, 573 U.S. at 432. The Supreme Court held Aereo liable for direct copyright infringement because Aereo’s system resembled the community antenna television (CATV) systems that Congress amended the Copyright Act in 1976 to cover. *Id.* at 441, 450-51. Previously, the Court had rejected the argument that CATV companies performed copyrighted television material. See *id.* at 439. The 1976 Act made it clear that rebroadcasting companies both performed the programs and, under a newly enacted provision, also transmitted the performance to the public. See *id.* at 441-42. The *Aereo* majority viewed the case as squarely within the genre of television retransmission, see *id.* at 441-49, which has nothing to do with internet

service providers except as they may operate within that genre. The majority did not discuss the issue of volitional conduct.

In dissent, Justice Scalia, joined by Justices Thomas and Alito, applied a volitional conduct analysis, stating that “the Networks’ claim is governed by a simple but profoundly important rule: A defendant may be held directly liable only if it has engaged in volitional conduct that violates the [Copyright] Act.” *Id.* at 453. In setting out the volitional conduct test, Justice Scalia noted that the volitional conduct requirement is “firmly grounded in the [Copyright] Act’s text,” *id.* at 453, that “every Court of Appeals to have considered an automated-service provider’s direct liability for copyright infringement has adopted that rule,” *id.*, and that although the Supreme Court has “not opined on the issue, our cases are fully consistent with a volitional-conduct requirement,” *id.* at 454. Accordingly, whether or not one agrees with Justice Scalia’s conclusion that Aereo did not engage in volitional conduct, *id.* at 457, his unchallenged discussion of that standard is instructive.

BWP reads into the majority’s silence on volitional conduct in *Aereo* a declaration that the volitional conduct requirement is dead. I disagree. First, it is plain that *Aereo*, as viewed by the majority, is confined to the discrete area of television rebroadcasting, which explains both the absence of the majority’s discussion of volitional conduct and *Aereo*’s inapplicability to the case before us. Second, we have reaffirmed post-*Aereo* (albeit without discussing *Aereo*) that “volitional conduct is an important element of direct liability.” *EMI Christian Music Grp., Inc. v. MP3tunes, LLC*, 844 F.3d 79, 96 (2d Cir. 2016), (holding that ISP that designed a system to infringe satisfied the volitional conduct requirement); see also *Great Minds*, 886 F.3d at 97; *Fox News Network, LLC v. Tveyes, Inc.*, 883 F.3d 169, 181 (2d Cir. 2018). Because we have limited authority to overturn the decisions of prior panels even if we wanted to, the argument that the volitional conduct standard disappeared with *Aereo* is unavailing. *Aereo* did nothing to disturb Cablevision’s volitional conduct requirement and that requirement continues to apply to cases involving ISPs.

With this background, I turn to the question of whether either party is entitled to summary judgment on direct infringement.

B. Whether Polyvore Acted Volitionally

The district court granted summary judgment to Polyvore, dismissing BWP’s direct infringement claim. Notwithstanding a dispute about whether Polyvore made additional unrequested copies of BWP’s images, the district court found that Polyvore did not act volitionally by designing the Clipper or copying BWP’s images because (1) the images appeared on Polyvore’s site without affirmative acts by Polyvore employees and (2) there was no evidence that the Clipper was designed specifically to infringe. I agree with the district court that Polyvore did not act volitionally when it designed the Clipper and made one copy of user-uploaded images belonging to BWP, but I disagree about the materiality of the additional images. After reviewing the record *de novo*, I conclude that BWP produced sufficient evidence of additional copying to raise a question of material fact about whether Polyvore, separate from its users, acted volitionally by making and displaying the additional copies of BWP’s images.

An ISP acts volitionally when it creates a program designed to infringe copyrighted material and selects the copyrighted material that it copies. See *MP3tunes*, 844 F.3d at 96.⁶

Footnote 6: This principle is also articulated by Justice Scalia in his *Aereo* dissent: "The defendant may be held directly liable only if the defendant itself trespassed on the exclusive domain of the copyright owner." *Aereo*, 573 U.S. at 454 (quoting *CoStar*, 373 F.3d at 550). "Most of the time that issue will come down to who selects the copyrighted content: the defendant or its customers." *Id.* at 454-55 (citing *Cablevision*, 536 F.3d at 131-132).

In *MP3tunes*, for example, we upheld a jury verdict finding the defendant liable for direct infringement where the defendant had designed a program specifically to collect material that its creators knew to be copyrighted: album cover art.

In contrast, the volitional conduct requirement is not satisfied when an ISP simply displays user-uploaded images and plays no role in selecting the images.⁷ See, e.g., *MP3tunes*, 844 F.3d at 96-97 (holding that displaying images only violated Copyright Act when defendant also took the additional step of procuring unrequested copyrighted images); *CoStar*, 373 F.3d at 551 (holding defendant ISP not liable for direct infringement for simply displaying user-posted real estate photos because defendant's actions were "not truly 'copying' as understood by the [Copyright] Act" and defendant acted simply as a "conduit[] from or to would-be copiers"); *Netcom*, 907 F. Supp. at 1372 ("No purpose would be served by holding liable those who . . . might be in some sense helping to achieve . . . the users' 'public' display of files."); see also *Cablevision*, 536 F.3d at 132 (suggesting that an ISP's passive display of images "where all copied content was supplied by the customers themselves" would fall short of the requisite volitional conduct because it would be less proximate than even *Cablevision*'s non-infringing conduct).

Footnote 7: In questioning this statement, Judge Newman's concurrence cites to *Capital Records, LLC v. ReDigi Inc.*, 910 F.3d 649 (2d Cir. 2018). That case, however, did not specifically discuss the volitional conduct requirement. And in any case, ReDigi's program seems more akin to the program in *MP3tunes*, in that it "inevitably involves the creation of new [copyrighted] phonorecords," *id.* at 657, through unauthorized reproduction, *id.* at 659.

Likewise, an ISP does not act volitionally when it automatically makes a single copy of content selected by the user in response to a user's request. See *Cablevision*, 536 F.3d at 123, 132. For example, *Cablevision* was not liable for direct infringement where its program created one copy of the copyrighted programming each user requested. See *id.*; accord *Fox Broadcasting Co.*, 747 F.3d at 1067 (holding that the user, not the defendant satellite television service provider, made the infringing copy of plaintiff's TV programs even where the satellite company modified start- and end-times of the programs and imposed certain restrictions on what users could record, because "Dish's program created the copy only in response to the user's command").

ISPs that provide additional unrequested copies of copyrighted material in response to a user's request for a single copy, however, may be liable for direct infringement. See *MP3tunes*, 844 F.3d at 96. For example, we upheld *MP3tunes*'s liability for direct infringement when it acted independently to copy and display copyrighted cover art that the user had not asked for each time the user uploaded a song. See *id.* We explained that the fact that *MP3tunes*'s system "retrieved a copyrighted item that a user did not request, frequently without the user's knowledge" was sufficient evidence "that copying of the cover art was directed by *MP3tunes*, not users." *MP3tunes*, 844 F.3d at 96; accord *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146,

1160-61 (9th Cir. 2007) (holding that copyright holders who challenged Google's creation of a thumbnail version of their copyrighted images, which the user had not specifically requested be made, had made out a prima facie case of direct copyright infringement).

In this case, there is no evidence that Polyvore designed the Clipper to retrieve exclusively a specific kind of image that Polyvore knew to be copyrighted. Instead, the evidence shows that Polyvore designed a tool that its users could use to clip images generally, whether copyrighted or not. Thus the single act of designing the Clipper does not amount to volitional conduct that can be said to "cause the copy to be made" each time its users selected the image and used the Clipper to create a single copy of the image. *Cablevision*, 536 F.3d at 131. Accordingly, Polyvore cannot be liable for direct copyright infringement for designing the Clipper to simply retrieve photos picked out by users from other websites (before Polyvore makes any copies).

Likewise, the undisputed record in this case shows that one copy of user-uploaded images on Polyvore's website was displayed automatically by Polyvore's software. Like the defendant ISP in *CoStar*, Polyvore simply served as a "conduit" that allowed the user to display his clipped images. 373 F.3d at 551. This "conduit" function aligns Polyvore with the hypothetical ISP that only displayed user-supplied content that we discussed in *Cablevision*. 536 F.3d at 132. At the user's direction, Polyvore simply displayed the image its user directed it to display. As to that one copy, it is clear to me that the user, who selected the item to be copied, and not Polyvore, "caused the copy to be made." Thus, in accordance with *Cablevision*, Polyvore is not liable for displaying the images its users uploaded.

There is evidence in the record, however, that after a user clipped one of BWP's images, Polyvore made further copies that the user did not request. The spreadsheet prepared by BWP's counsel listing eighty-five different images that appeared on Polyvore's website shows that for at least some images that users uploaded to Polyvore, additional copies of the same images appeared in varying sizes at distinct URLs. Although this spreadsheet does not list images at issue in this case, it does provide circumstantial evidence from which a reasonable juror could infer that BWP's images, which appeared on Polyvore's website only two years earlier, were also copied in the same way. Drawing all inferences in favor of BWP, as we must, I conclude that BWP has met its burden of raising an issue of material fact as to whether Polyvore made additional unrequested copies of BWP's copyrighted images.

This dispute is material because, assuming the jury finds that BWP's images were in fact copied multiple times, Polyvore's copying, like the copying in *MP3tunes*, was triggered regardless of whether the user knew about, let alone asked for, the additional images. See 844 F.3d at 96. This suggests that Polyvore, separate from its users, may have committed an infringing act. And, by stripping its resized images of their metadata and housing them at separate URLs where they were able to be viewed by anyone, Polyvore is alleged to have gone further than the defendant in *Perfect 10*, who only made temporary thumbnail versions of the relevant images. 508 F.3d at 1160-61. I do not think it is dispositive, as Polyvore suggests, that Polyvore did not retrieve copyrighted information like the defendant did in *MP3tunes*. See 844 F.3d at 96. After all, the Copyright Act is violated not when data is procured before

the copies are made, but when the copies are made. Accordingly, I conclude that the district court erred in granting summary judgment to Polyvore based on the absence of volitional conduct regarding the unrequested copies, and that, as to those copies, the case must be remanded.

C. Judge Newman's Concurring Opinion

In his concurring opinion, Judge Newman argues that the volitional conduct requirement should be understood as a causation requirement. I disagree with this approach for several reasons.

First, it seems to me that volition and causation are different concepts. Importantly, what Judge Newman refers to when he discusses causation is not “but for” causation, but rather “proximate” causation. Proximate causation is a negligence concept that has to do with risk and foreseeability. Volition, on the other hand, is “the act of making a choice or determining something.” VOLITION, Black's Law Dictionary (10th ed. 2014). In the context of direct copyright infringement, volition “is choosing to engage in an act that causes infringement.” 3 PATRY ON COPYRIGHT § 9:5.50 (emphasis added). Therefore, although a volition analysis may under certain circumstances require an explicit causation analysis, and although applying only a causation analysis to particular facts may yield the same result as a volition analysis, volition is not the same thing as causation. When the district court in *Netcom* referred to “volition or causation” in stating how direct liability might be limited “where a defendant's system is merely used to create a copy by a third party,” 907 F. Supp. at 1370, I think it was positing two possibilities, not one. In any event, subsequent opinions in our circuit have clearly applied a volition requirement, not a causation requirement. *Fox News Network, LLC*, 883 F.3d at 181; *MP3tunes*, 844 F.3d at 96; *Cablevision*, 536 F.3d at 131. Absent a ruling from the Supreme Court endorsing a causation requirement, the only way to introduce such a requirement into our jurisprudence (either in addition to or in lieu of the volition requirement) would be through our en banc process.

I also have serious reservations about applying a proximate causation analysis to the question of direct infringement. First, volition has textual underpinnings in the Copyright Act, whereas proximate causation does not. See *Aereo*, 573 U.S. at 453 (Scalia, J., dissenting). Second, because proximate causation is a concept that sounds in negligence and deals with the foreseeability of risks, it seems out of place to apply it to a strict liability tort like direct infringement. Third, proximate causation has an opacity and imprecision that has generated significant confusion. Fourth, when proximate causation is employed, more often than not, it is to determine who should not be held liable for committing a particular tort, rather than the converse. For this reason, tort cognoscenti have urged that the term be abolished.²³¹ Fifth, Judge Newman further opines that proximate causation in the context of determining who infringes is different from proximate causation in determining who or what is responsible for the harm, and that here we are concerned only with the former. But if the term has two possible independent applications in the law, why sow even more confusion by using the term in the copyright context when the word volition will do?

²³¹ Ed. References to various drafts of the Restatement of Torts by the American Law Institute are omitted.

It therefore strikes me as ill-advised to import the confusing baggage of proximate causation into the discrete and specialized tort of copyright infringement where negligence is rarely (if at all) at issue.

Finally, it is important to remember that direct liability is not the only avenue for recovery against an ISP for copyright infringement. Secondary liability exists precisely to impose liability on defendants who, while not directly responsible for infringing conduct, still should be held liable. Direct liability “applies when an actor personally engages in infringing conduct.” *Aereo*, 573 U.S. at 452 (Scalia, J., dissenting). “Secondary liability, by contrast, is a means of holding defendants responsible for infringement by third parties, even when the defendants have not themselves engaged in the infringing activity. It applies when a defendant intentionally induces or encourages infringing acts by others or profits from such acts while declining to exercise a right to stop or limit them.” *Id.* (citations, internal quotation marks, and modifications omitted). I think secondary liability is the proper framework for holding an ISP liable for copyright infringement when the ISP does not select the copyrighted material and make the infringing copy itself but is aware of it and encourages or contributes to the infringement by the direct volitional infringer.

One might conclude from reading Judge Newman’s concurring opinion that the only kind of copyright liability is direct liability. But the concerns that motivate his desire to hold ISPs liable for infringing conduct under direct liability are addressed by the existence of secondary liability. And the existence of these two types of liability supports the volitional conduct requirement. As Justice Scalia stated in his *Aereo* dissent, “the distinction between direct and secondary liability would collapse if there were not a clear rule for determining whether the defendant committed the infringing act. The volitional-conduct requirement supplies that rule; its purpose is not to excuse defendants from accountability, but to channel the claims against them into the correct analytical track.” *Aereo*, 573 U.S. at 455.

It is true that secondary liability is no longer at issue in this case because BWP has abandoned that claim. But BWP’s abandonment of its secondary liability claim is no reason to try to shoe-horn what should be that claim into a direct liability claim or to confuse the concept of volition in determining direct liability by equating it to proximate causation.

II. DMCA Safe Harbor

[Judge Walker concluded that BWP had failed to proffer evidence upon which a reasonable jury could conclude that altering or destroying metadata disqualified Polyvore from the safe harbor protections of § 512(c). However, he also held that he could not decide as a matter of law whether Polyvore’s copying occurred “at the direction of the user” and remanded the case to the district court on that issue.]

Circuit Judge Jon O. Newman, concurring in the result.

The ultimate issue on this appeal, of increasing importance in the age of digital transmissions, concerns the circumstances under which a developer or operator of a computer system or program, activated by its customers, can be liable for direct infringement of a copyright.

I write separately because, although I agree with much of Judge Walker’s opinion, I disagree with some significant statements that Judge Walker has made concerning the so-called volitional conduct requirement for liability for direct infringement. Without concluding, in advance of the findings on remand, whether volitional conduct by Polyvore has been shown, I set forth some views on the volitional conduct requirement and on certain aspects of Judge Walker’s opinion for such value as they might have for courts considering similar issues in the future and perhaps for the parties in this case considering the possibility of settlement.

I. Evolution of the volition requirement

Because the District Court rejected BWP’s claim of direct infringement on the ground that Polyvore had not acted with the “volition” required for direct copyright infringement liability, I begin my analysis with an exploration of that concept, which recurs frequently in copyright jurisprudence, see, e.g., *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 130-32 (2d Cir. 2008), but is rarely explained.

The first articulation of a volitional conduct as a requirement for direct infringement of copyright occurred in *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995) (usually cited as “*Netcom*”). At that time, no provision of the Copyright Act immunized an alleged infringer for violating any of the proprietor’s rights by means of a defendant’s automatic processes activated by an individual. Nevertheless, Judge Whyte stated, “Although copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant’s system is merely used to create a copy by a third party.” *Id.* at 1370.

Preliminarily, I note that it is unlikely that Judge Whyte used the word “element” to mean a legally required element of an infringement claim. Numerous cases have long established that an infringement claim has only two elements — “(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.” *Feist Publications, Inc. v. Rural Television Service Co.*, 499 U.S. 340, 361 (1991). Thus, when an opinion of our Court later said that volition was “an important *element* of direct liability,” see *Cartoon Network*,³ 536 F.3d at 131 (emphasis added), it likely was not using the word in the sense of a third legal component of a cause of action (as Judge Walker today confirms), but rather more colloquially as a fact needed to be established whenever the identity of a person liable for direct infringement was in dispute. Why volition must sometimes be shown emerges from consideration of Judge Whyte’s phrase “volition or causation.”

Footnote 3: I do not know why this case is sometimes cited as “*Cablevision*,” the name of the defendant, instead of “*Cartoon Network*,” the name of the plaintiff.

An initial issue posed by *Netcom*’s “volition or causation” phrase is whether the words “volition” and “causation” are synonyms or alternatives. Long before *Netcom*, there was no doubt that when the identity of a person liable for direct infringement was disputed, it was necessary to prove who caused the infringement. Infringement is a tort, as this Court long ago recognized, see *American Code Co. v. Bensinger*, 282 F. 829, 834 (2d Cir. 1923); *Ted Bronne Music Co. v. Fowler*, 290 F. 751, 754 (2d Cir. 1923), and no person may be held liable for any tort unless that person (alone or with others) has caused the injury for which a claim is made. “Volition” in Judge Whyte’s phrase

is best understood to mean a concept essentially reflecting tort law causation. Moreover, there is no reason to give “volition” a meaning separate from “causation.” Although many decisions and some commentators have written extensively about what they call “volition,” they are essentially explaining a requirement of “causation,” and it would be helpful to name the concept for what it is. And “causation” in the context of copyright infringement, is tort law “proximate cause,” rather than “but for” causation. Robert C. Denicola, *Volition and Copyright Infringement*, 37 *Cardozo Law Review* 1259, 1268 (2016). However, in this context. “unlike ‘legal’ or ‘proximate’ cause, ‘causation’ is not invoked in *Netcom* to evaluate the connection between the tort and the plaintiff’s harm, but instead to analyze the connection between the defendant’s actions and the commission of the tort. Judge Whyte was concerned with whether the defendants ‘caused’ the infringement, not whether the infringement ‘caused’ the plaintiff’s injury.” *Id.* at 1269.

Volition, that is, causation, is widely accepted as a requirement for direct infringement liability. “Every circuit to address this issue has adopted some version of *Netcom*’s reasoning and the volitional-conduct requirement.” BWP that issue is in dispute, as is happening more frequently in the digital age, it must receive attention. But, as with the identity of a person who proximately caused any tort, the plaintiff must prove who is the tortfeasor. *Media USA, Inc. v. T&S Software Associates, Inc.*, 852 F.3d 436, 440 (5th Cir. 2017). “To prove direct infringement, a plaintiff must show that . . . [a defendant] engaged in volitional conduct.” *Leonard v. Stemtech International Inc.*, 834 F.3d 376, 386-87 (3d Cir. 2016) (internal citations omitted). Many courts, including the Second Circuit, have clearly understood volition to mean causation. “*Netcom* and its progeny direct our attention to the volitional conduct that causes the copy to be made.” *Cartoon Network*, 536 F.3d at 131 (emphasis added).⁶

Footnote 6: In light of this assertion, no in banc rehearing is needed to establish that the Second Circuit considers the requirement of volitional conduct to concern causation.

“Direct infringement requires the plaintiff to show *causation* (also referred to as ‘volitional conduct’) by the defendant.” *Perfect 10, Inc. v. Giganews, Inc.*, 847 F.3d 657, 666 (9th Cir. 2017) (emphasis added).

When the Fourth Circuit endorsed *Netcom* in a case raising the issue whether ownership of a machine used by others to make illegal copies sufficed to establish direct infringement, it said, “There must be actual infringing conduct with a nexus sufficiently close and *causal* to the illegal copying that one could conclude that the machine owner himself trespassed on the exclusive domain of the copyright owner.” *CoStar Group, Inc. v. LoopNet, Inc.*, 373 F.3d 544, 550 (4th Cir. 2004) (emphasis added).

[Newman’s discussion of *Sony v. Universal City Studios* and the DMCA is omitted from this extract. Turning to *Cartoon Network* a.k.a. *Cablevision*, he continued] ... I agree with the holding because, for me, *Cartoon Network*, like *Sony* before it, is ultimately about time-shifting, and it should not matter whether the viewer’s recorded copy resides in a Betamax VTR device on top of a TV set or in the remote server of the Cablevision company. Although the opinion in *Cartoon Network* never mentions time-shifting, it described Cablevision’s technology as “akin” to “traditional set-top digital video recorders,” 536 F.3d at 123. What else besides time-shifting made the RS-DVR system “akin” to an ordinary set-top recorder?

However, there is language in *Cartoon Network* that I question: “In determining who actually ‘makes’ a copy, a significant difference exists between making a request to a human employee, who then volitionally operates the copying system to make the copy, and issuing a command directly to a system, which automatically obeys commands and engages in no volitional conduct.” *Id.* at 131 (emphasis added). I agree there is a difference, but the stark alternatives posed by this sentence create the risk that it will be overread to mean that only a human being who operates a copying system, for example, in a copy shop,¹⁰ can satisfy the volition/causation requirement and render the copy shop liable for infringement, and that the person or entity that designs and or operates a system that makes one or more copies when it “automatically obeys commands” cannot be liable for infringement.¹¹

Footnote 10: The holding of *Cartoon Network* was that a remote recording system was just as immune from liability as the manufacturer of a set-top recording device, see 536 F.3d at 131, and any language in *Cartoon Network* comparing the remote recording system to a copy shop was dicta.

Footnote 11: For examples of such overreading, see, e.g., *Wolk v. Kodak Imaging Network, Inc.*, 840 F. Supp. 2d 724, 742 (S.D.N.Y. 2012) (“There is no dispute that any reproduction, display or transmission of the Plaintiff’s images by or through the KODAK Gallery website is an automated process *with no human intervention* by any employee of the Kodak Defendants.”) (emphasis added); *Disney Enterprises, Inc. v. Hotfile Corp.*, 798 F. Supp.2d 1303, 1309 (S.D. Fla. 2011) (“Finally, the plaintiffs contend that they have alleged a volitional act because they have alleged that hotfile.com makes additional copies once the copyrighted material is uploaded to the server. This argument too fails, for courts have repeatedly held that the automated conduct of software, *unaided by human intervention*, is not ‘volitional.’”) (emphasis added). As one commentator has pointed out, “It is the concerted steps and their consequences, not the accident of whether those steps were executed by humans or automatons, that is the pivot of liability.” Paul Goldstein, 1 GOLDSTEIN ON COPYRIGHT § 7.0.2 (3d ed. Supp. 2013).

I am satisfied, however, that *Cartoon Network* did not intend to preclude infringement liability for all developers or operators of systems that automatically make copies upon an individual’s command. The *Cartoon Network* opinion explicitly identified and left open the question “whether one’s contribution to the creation of an infringing copy may be so great that it warrants holding that party directly liable for the infringement, even though another party has actually made the copy.” *Id.* at 133.

The risk that our Court would insulate from liability many developers or operators of systems that automatically caused an infringement at another person’s command came close to fruition in a challenge to a system that allowed subscribers, for a fee, to watch over-the-air TV programs. A District Court denied a preliminary injunction against the operator of the system in light of *Cartoon Network*. See *Broadcasting Cos. v. Aereo, Inc.*, 874 F. Supp. 2d 373 (S.D.N.Y. 2012) (“Aereo I”). The risk increased when a divided panel of our Court affirmed *Aereo I*. See *WNET, Thirteen v. Aereo, Inc.* 712 F.3d 676 (2d Cir. 2013) (*Aereo II*).

The risk lessened, however, when the Supreme Court reversed *Aereo II*. See *American Broadcasting Cos. v. Aereo, Inc.*, 573 U.S. 431 (2014) (“Aereo III”). But the status of systems that automatically caused an infringement at a customer’s command remained uncertain because the Supreme Court’s majority opinion said nothing about volition or causation. Instead, Justice Breyer said that Aereo’s system was functionally the equivalent of a community access television system (“CATV”) and noted that in the Copyright Act of 1976 Congress had “made clear that an entity that acts like a CATV system itself performs [the copyrighted works], even if when doing so, it simply enhances viewers’ ability to receive broadcast television signals,” *id.* at 442, and therefore infringes the performance right of the owners of the

copyright in the performed material, see *id.* at 451. In dissent, Justice Scalia started from the premise that “[a] defendant may be held directly liable only if it has engaged in volitional conduct that violates the Act,” *id.* at 453, and concluded that the defendant’s operation of the CATV system “is a volitional act,” *id.* at 456, “but, as in the case of the copy shop, [the defendant’s] “degree of involvement is not enough for direct liability.” *Id.*

II. Volition as Causation

Once volitional conduct is understood as essentially concerning causation, the issue becomes how the concept of causation applies in the context of alleged direct infringement of copyright arising from use of a defendant’s system or program that automatically makes copies of copyrighted images at a keystroke by a defendant’s customer. Consideration of that issue begins with general principles of causation in tort law. “For harm resulting to a third person from the tortious conduct of another, one is subject to liability if he . . . knows that the other’s conduct constitutes a breach of duty and gives substantial assistance or encouragement to the other so to conduct himself.” Restatement (Second) Of Torts § 876(b) (“Restatement”). “For harm resulting to a third person from the tortious conduct of another, one is subject to liability if he . . . permits the other to act . . . with his instrumentalities, knowing or having reason to know that the other is acting or will act tortiously.” *Id.* § 877(c).

Pertinent to the possible infringement liability of the operator of a system that facilitates automatic copying, the legislative history of the 1976 Copyright Act recognized that “where the work was infringed by two or more tortfeasors [sic], the bill would make them jointly and severally liable.” “There is no rule of copyright law that would preclude the imposition of direct liability on both parties [i.e., the system operator and the user].” Denicola, *supra*, at 1273.¹³

Footnote 13: Denicola cites two examples: “*Three Boys Music Corp. v. Bolton*, 212 F.3d 477 (9th Cir. 2000) (holding a composer, a music publisher, and a record company liable for infringement of plaintiff’s musical work); *Fitzgerald Publ’g Co. v. Baylor Publ’g Co.*, 807 F.2d 1110 (2d Cir. 1986) (holding a printer and a publisher liable for infringement of a literary work).”

However, tort law principles of causation do not necessarily apply in the copyright field exactly as they apply with respect to torts generally or joint tortfeasor liability in particular. In addition to assuring protection for the rights of copyright owners in order to promote creativity, copyright law, especially in the digital age, must avoid such an expansive regime of protection that developers of computer programs and system operators are unduly deterred from making socially useful contributions to widespread access to information.

The caselaw has not yet developed clear principles for determining when the developer or operator of a system, activated automatically by a user, is jointly liable with the user for direct infringement. The Fourth Circuit hinted at a generalized approach for making such a determination when it observed that the Copyright Act creates liability for “a person who causes in some meaningful way an infringement.” *CoStar Group v. LoopNet, Inc.*, 373 F.3d 544, 549 (4th Cir. 2004) (emphasis added). Though in dissent in *Aereo III*, Justice Scalia also hinted at a similar generalized approach when he said that the system operator’s “degree of involvement is not enough for direct liability.” 573 U.S. at 456 (Scalia, J., dissenting) (emphasis added). In another attempt to approximate the line a system operator crosses to become

jointly liable with a user for direct infringement, a district court in this Circuit considered whether the operator shifted “‘from [a] passive provider[] of a space in which infringing activities happened to occur to [an] active participant[] in the process of copyright infringement,’” *Capitol Records, LLC v. ReDigi, Inc.*, 934 F. Supp. 2d 640, 657 (S.D.N.Y. 2013).

III. Judge Walker’s Opinion

With these thoughts in mind, I now consider Judge Walker’s opinion in the pending appeal. I fully agree with many portions of that opinion. Specifically, I agree that the requirement of volitional conduct must be shown when there is dispute as to which party or parties caused a direct infringement and that *Aereo III* did not abrogate the requirement of such conduct. I also agree that the copy shop example, which Judge Walker’s opinion mentions, illustrates one situation where volitional/causation conduct is not present, at least as long as the copy shop merely permits its customers themselves to use copying machines on the shop’s premises. But care must be taken not to generalize from that example. That a copy shop is not liable for direct infringement when its customer makes a copy on a shop’s copying machine does not mean that all developers and operators of programs and systems are equally immune from such liability just because the customer selects the item to be copied and accomplishes the copying at a keystroke without any intervention by an employee of the developer or operator.

I disagree with Judge Walker’s opinion when it appears to indicate that all developers or operators of systems that make copies, at a customer’s keystroke command, of copyrighted materials selected by the customer should be insulated from direct liability for infringement. Selection by the customer may well be relevant to determining whether system developers or operators share direct liability with a customer, but is not necessarily determinative.¹⁴

Footnote 14: Justice Scalia’s emphasis on selection of copyrighted material as a key indicator of the party engaging in volitional conduct, as well as his entire analysis of volitional conduct, was expressed in dissent in *Aereo III*, see 573 U.S. at 454, and did not establish the position of the Supreme Court.

In any event, there is no need to make any definitive ruling on the significance of selection at this stage of the pending litigation.

I agree with Judge Walker when he says that “an ISP acts volitionally when it creates a program designed to infringe copyrighted material,” but I reject the arguable implication of this language that an ISP acts volitionally only when it creates a program designed to infringe copyrighted material. Judge Walker’s opinion cites *EMI Christian Music Group, Inc. v. MP3tunes, LLC*, 844 F.3d 79 (2d Cir. 2016), but *MP3tunes* (as it is generally cited) did not say that the defendant’s program was designed to infringe copyrighted material. It said that the jury could have found that the defendant’s program “was designed to *facilitate* infringement,” *id.* at 94 (emphasis added), an easier standard for an infringement claimant to meet than “designed to infringe.” Furthermore, the principal issue in *MP3tunes* was whether an ISP “adopted and reasonably implemented” a policy to terminate “repeat infringers” so as to qualify for a safe harbor protection of the DMCA, that shields it from liability for infringing acts of its customers. The panel deciding *MP3tunes* had no occasion to decide whether the defendant was liable for direct infringement and did not purport to do so. Indeed, a requirement that a developer of a program or an operator of a

system or would be liable for directly infringing copying only if its system or program was designed to copy copyrighted material would make no sense because any program or system capable of copying copyrighted material could also copy material in the public domain.¹⁶

Footnote 16: Perhaps "designed to copy" copyrighted material is intended to mean "designed for the purpose of copying" such material or even "designed for the principal purpose of copying" such material.

After all, *Sony* exonerated the Betamax manufacturer from liability only after determining that "a significant number" of uses of the device were noninfringing, not all uses. *Sony*, 464 U.S. at 442, 444.

I do not entirely agree with Judge Walker when he says, again citing *MP3tunes*, that "the volitional conduct requirement is not satisfied when an ISP simply displays user-uploaded images." This statement is no doubt true in some circumstances but not necessarily true in all circumstances. For example, in *Capitol Record, LLC v. ReDigi Inc.*, 910 F.3d 649 (2d Cir. 2018), where the customer of a developer of a system for reselling lawfully purchased digital music files "caused" a file of purchased music to be transferred to the developer's remote server, see *id.* at 653, we held that the receipt and storage of the file on the developer's server involved the making of an infringing copy, in that case, a new phonorecord, see *id.* at 657, which rendered the developer liable for violating the reproduction rights of the holder of the copyright in the music. See *id.* at 659.

Finally, I do not agree with Judge Walker's conclusion that "Polyvore cannot be liable for direct copyright infringement for designing the Clipper to simply retrieve photos picked out by users from other websites (before Polyvore makes other copies)." In view of the remand for further factfinding, which our judgment orders, it is at least premature to rule at this point whether Polyvore can be liable for designing the Clipper, and such a ruling might be incorrect. It is arguable that Polyvore has given "substantial assistance," Restatement § 876(b), to its customers to make copies of copyrighted photographs and has permitted its customers to act with its "instrumentalities," *id.* § 877(c) knowing that they "will act tortiously," *id.* It is also possible that Polyvore could reasonably be found to know that its Clipper tool would be used to search for photos of celebrities appropriate for embellishment with the addition of such items as clothing, hair styling, and jewelry, and that a considerable number of such photos would be copyrighted. And, unlike the owner of a copy shop, Polyvore maintains a continuing relationship with its customers. I prefer to withhold any ruling as to direct infringement until the District Court responds to our remand, and only then face the vexing issue of what factors should determine whether the developer of a program or the operator system is jointly liable with its customer for causing direct copyright infringement and whether Polyvore's system crosses the line.

With these reservations, I concur in the result.

Circuit Judge Rosemary S. Pooler, concurring in the result.

I concur in the result but write separately to emphasize the context and consequences of this case. To this effect, the Electronic Frontier Foundation, as amicus curiae, urges that such a website design as Polyvore's a) automatically generates copies of images in different sizes to allow users to view the images on

various devices, and b) is “routine” and “very common [among] Internet technologies.”

Regardless whether the volitional conduct requirement is properly understood as a causation requirement, as Judge Newman urges and Judge Walker disputes, the question will boil down to whether Polyvore is sufficiently tied to the act of copying for direct infringement liability to attach. Accordingly, I have strong line-drawing concerns with Judge Walker’s framing of volitional conduct: “an ISP does not act volitionally when it automatically makes a single copy in response to a user’s request,” but “ISPs that provide additional unrequested copies . . . in response to a user’s request for a single copy . . . may be liable.” There is no basis to conclude that “additional unrequested copies” are of any significance when a machine is simply a passive agent. For instance, in *MP3tunes*, the system was designed to seek out the copyrighted material—album cover art which matched the user’s songs. *EMI Christian Music Grp., Inc. v. MP3tunes, LLC*, 844 F.3d 79, 96 (2d Cir. 2016). The user had not requested, much less supplied, any of the copyrighted material. See *id.* at 96-97.

While I concur in the result of remanding to the district court for further factfinding, I cannot agree with conceptualizing volitional conduct in such a way that an ISP does not act volitionally when it automatically makes one, but not more than one, unrequested copy in response to a user’s request for a copy. I believe this volitional-conduct analysis must enter the landscape of multiple devices, mindful of both our copy-shop past and the realities of functional website design in our present.

Notes and questions:

(1) *BWP Media USA Inc. v. Polyvore, Inc.* (2d Cir. 2019) is a messy, fractured and unhelpful decision. While there is certainly some good authority now to suggest that volition is something like the tort law concept of proximate cause, the imprecision of that particular analytical tool means that we are still left wondering exactly what volition means. Do acts too remote from the infringing act lack volition, or does a lack of volition make an act too remote from the infringing act to qualify as direct infringement?

(2) Proximate causation is an important policy tool in tort law, is that how we should think of volition as well? If so, what are the relevant policies?

The Copyright Implications of Linking and Embedding on the Internet

The Server Test

Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146 (9th Cir. 2007)

Perfect 10 trades in high-quality photos of barely dressed women through its pay wall protected website and its hardcopy magazine. Responding to the problem of online infringement, Perfect 10 has brought claims of copyright infringement against various Internet intermediaries. In 2001 Perfect 10 began notifying Google that its copyrighted images were being presented as part of Google image search without perfect 10’s permission. In 2004 and 2005 Perfect 10 filed copyright claims against Google and Amazon.com based on the operation of their respective search engines.

In *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), the plaintiff argued, among other things, that Google and Amazon were directly liable for copyright infringement when they linked to third party websites that hosted infringing

materials. Perfect 10 argued that when a user clicks on a link to an image, the search engine that provided that image makes an unauthorized display. The following extract addresses the issue of responsibility for linking to infringing material online.²³²

In considering whether Perfect 10 made a prima facie case of violation of its display right, the district court reasoned that a computer owner that stores an image as electronic information and serves that electronic information directly to the user (“i.e., physically sending ones and zeroes over the Internet to the user’s browser,”) is displaying the electronic information in violation of a copyright holder’s exclusive display right. Conversely, the owner of a computer that does not store and serve the electronic information to a user is not displaying that information, even if such owner in-line links to or frames the electronic information. The district court referred to this test as the “server test.”

Applying the server test, the district court concluded that Perfect 10 was ... unlikely to succeed in its claim that Google’s in-line linking to full-size infringing images constituted a direct infringement. As explained below, because this analysis comports with the language of the Copyright Act, we agree with the district court’s resolution of both these issues.

We have not previously addressed the question when a computer displays a copyrighted work for purposes of section 106(5). Section 106(5) states that a copyright owner has the exclusive right “to display the copyrighted work publicly.” The Copyright Act explains that “display” means “to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process. . . .” 17 U.S.C. § 101. Section 101 defines “copies” as “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.” *Id.* Finally, the Copyright Act provides that “[a] work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.” *Id.*

We must now apply these definitions to the facts of this case. A photographic image is a work that is “‘fixed’ in a tangible medium of expression,” for purposes of the Copyright Act, when embodied (i.e., stored) in a computer’s server (or hard disk, or other storage device). The image stored in the computer is the “copy” of the work for purposes of copyright law. See *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 517-18 (9th Cir.1993) (a computer makes a “copy” of a software program when it transfers the program from a third party’s computer (or other storage device) into its own memory, because the copy of the program recorded in the computer is “fixed” in a manner that is “sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration” (quoting 17 U.S.C. § 101)). The computer owner shows a copy “by means of a . . . device or process” when the owner uses the computer to fill the computer

²³² There are several other issues in *Perfect 10* relating to the way the Google search engine made thumbnail copies of Perfect 10’s images and presented them as part of a menu of search results. The court of appeals dealt with those issues under the fair use doctrine.

screen with the photographic image stored on that computer, or by communicating the stored image electronically to another person's computer. 17 U.S.C. § 101. In sum, based on the plain language of the statute, a person displays a photographic image by using a computer to fill a computer screen with a copy of the photographic image fixed in the computer's memory. . . .

Google does not, however, display a copy of full-size infringing photographic images for purposes of the Copyright Act when Google frames in-line linked images that appear on a user's computer screen. Because Google's computers do not store the photographic images, Google does not have a copy of the images for purposes of the Copyright Act. In other words, Google does not have any "material objects . . . in which a work is fixed . . . and from which the work can be perceived, reproduced, or otherwise communicated" and thus cannot communicate a copy. 17 U.S.C. § 101.

Instead of communicating a copy of the image, Google provides HTML instructions that direct a user's browser to a website publisher's computer that stores the full-size photographic image. Providing these HTML instructions is not equivalent to showing a copy. First, the HTML instructions are lines of text, not a photographic image. Second, HTML instructions do not themselves cause infringing images to appear on the user's computer screen. The HTML merely gives the address of the image to the user's browser. The browser then interacts with the computer that stores the infringing image. It is this interaction that causes an infringing image to appear on the user's computer screen. Google may facilitate the user's access to infringing images. However, such assistance raises only contributory liability issues, see *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 929-30 (2005), *Napster*, 239 F.3d at 1019, and does not constitute direct infringement of the copyright owner's display rights.

Perfect 10 argues that Google displays a copy of the full-size images by framing the full-size images, which gives the impression that Google is showing the image within a single Google webpage. While in-line linking and framing may cause some computer users to believe they are viewing a single Google webpage, the Copyright Act, unlike the Trademark Act, does not protect a copyright holder against acts that cause consumer confusion. Cf. 15 U.S.C. § 1114(1)(providing that a person who uses a trademark in a manner likely to cause confusion shall be liable in a civil action to the trademark registrant).

Nor does our ruling that a computer owner does not display a copy of an image when it communicates only the HTML address of the copy erroneously collapse the display right in section 106(5) into the reproduction right set forth in section 106(1). Nothing in the Copyright Act prevents the various rights protected in section 106 from overlapping. Indeed, under some circumstances, more than one right must be infringed in order for an infringement claim to arise. For example, a "Game Genie" device that allowed a player to alter features of a Nintendo computer game did not infringe Nintendo's right to prepare derivative works because the Game Genie did not incorporate any portion of the game itself. See *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965, 967 (9th Cir.1992). We held that a copyright holder's right to create derivative works is not infringed unless the alleged derivative work "incorporates a protected work in some concrete or permanent form." *Id.* In other words, in some contexts, the claimant must be able to claim infringement of its

reproduction right in order to claim infringement of its right to prepare derivative works.

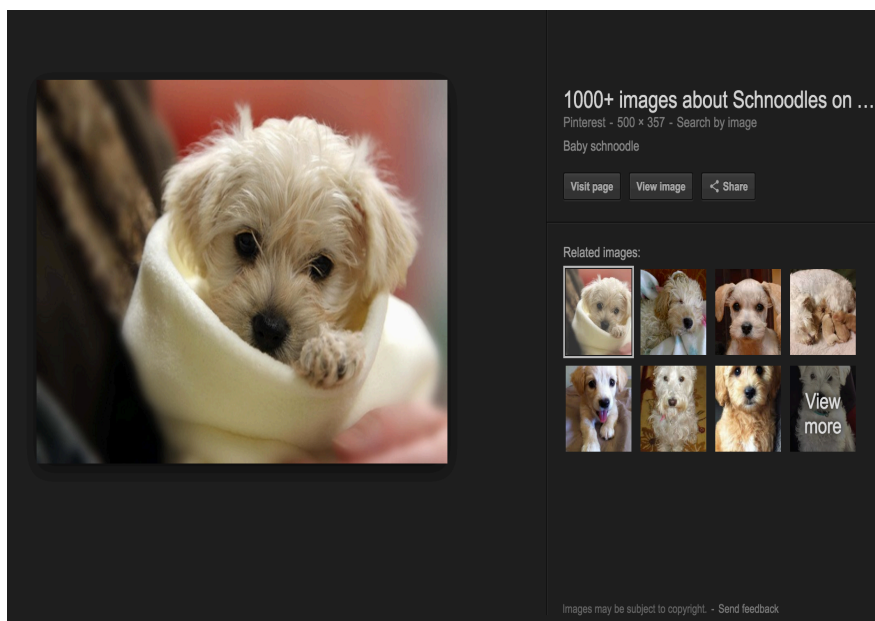
Because Google’s cache merely stores the text of webpages, our analysis of whether Google’s search engine program potentially infringes Perfect 10’s display and distribution rights is equally applicable to Google’s cache. Perfect 10 is not likely to succeed in showing that a cached webpage that in-line links to full-size infringing images violates such rights. For purposes of this analysis, it is irrelevant whether cache copies direct a user’s browser to third-party images that are no longer available on the third party’s website, because it is the website publisher’s computer, rather than Google’s computer, that stores and displays the infringing image.

Notes and questions

(1) In the language of computer programming, a “server” is a computer which manages access to a centralized resource or service in a network. A server can be program running on a laptop connected to a network, or it can be an enormous data center like the 7.2 million square feet Citadel complex in northern Nevada. For many purposes, which server a piece of data resides on is not very important, but sometimes in copyright law it is vitally important. In *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), the Ninth Circuit drew a sharp distinction between displaying an image from one’s one server and merely linking to the same image stored on someone else’s server. The former is both a reproduction and a display; the later is merely an instruction to the user’s Internet browser to render a display from elsewhere.

(2) The “server test” is obviously correct when the user is presented with a link that requires an additional step to call up the copyrighted image, but should it apply to embedded images where it would not be apparent to the user that the content is being served from elsewhere? For example, if you enter the search term “schnoodle” into a search engine you might see a page like the following.

Figure 23: Schnoodle Search Example



The images on the left hand side are thumbnails that were made by the search engine and hosted on the search engine's servers. To put it simply, those are images that Google had under its control, on its computers, when the above references search was conducted. Another important ruling from the *Perfect 10* case that is not in extract above was that those thumbnail images are permissible as fair use in this context because they are merely being used as pointing devices and are unlikely to substitute for the original photos.²³³ However, that fair use argument probably would not apply to the high-resolution image on the right hand side of the figure above.

Even though it may appear that the high-resolution image on the right of Figure 2 is part of the information displayed by the search engine, in fact the image has been retrieved from third party website. This practice of “embedding” is also referred to as “in-line linking” or “framing”.

(3) Secondary Liability for Linking.

In *Perfect 10 v. Amazon.com*, the Court of Appeals found that by linking to infringing material a search engine “substantially assists websites to distribute their infringing copies to a worldwide market and assists a worldwide audience of users to access infringing materials”, and thus a search engine could be said to make a “material contribution” to infringing conduct. On this basis, the court remanded the decision back to the District Court for further consideration as to whether Google had the requisite level of knowledge for contributory liability. On remand, the district court was directed to resolve factual disputes over the adequacy of Perfect 10's notices and Google's response to these notices.

Goldman v. Breitbart News Network, LLC, 302 F.Supp.3d 585 (SDNY 2018)

District Judge Katherine B. Forrest

When the Copyright Act was amended in 1976, the words “tweet,” “viral,” and “embed” invoked thoughts of a bird, a disease, and a reporter. Decades later, these same terms have taken on new meanings as the centerpieces of an interconnected world wide web in which images are shared with dizzying speed over the course of any given news day. That technology and terminology change means that, from time to time, questions of copyright law will not be altogether clear. In answering questions with previously un contemplated technologies, however, the Court must not be distracted by new terms or new forms of content, but turn instead to familiar guiding principles of copyright. In this copyright infringement case, concerning a candid photograph of a famous sports figure, the Court must construe how images shown on one website but stored on another website's server implicate an owner's exclusive display right.

Today, many websites embed Twitter posts into their own content; for those familiar with digital news or other content, this is common knowledge. Here, plaintiff Justin Goldman's copyrighted photo of Tom Brady went “viral”—rapidly moving from Snapchat to Reddit to Twitter—and finally, made its way onto the websites of the defendants, who embedded the Tweet alongside articles they wrote about Tom Brady actively helping the Boston Celtics recruit basketball player Kevin Durant.

²³³ This issue is discussed in more detail in another chapter of these materials.

Plaintiff, claiming he never publicly released or licensed his photograph, filed suit against the defendant websites, claiming a violation of his exclusive right to display his photo, under § 106(5) of the Copyright Act.

With the consent of the parties, this Court divided the litigation into two phases—the first to determine whether defendants' actions violate the exclusive right to display a work (here an embedded Tweet), and the second to deal with all remaining issues, such as the liability (or non-liability) for other defendants and any defenses that have been raised.

FACTUAL BACKGROUND

On July 2, 2016, plaintiff Justin Goldman snapped a photograph of Tom Brady (the “Photo”), Danny Ainge, and others on the street in East Hampton. Shortly thereafter, he uploaded the photograph to his Snapchat Story. The Photo then went “viral,” traveling through several levels of social media platforms—and finally onto Twitter, where it was uploaded by several users, including Cassidy Hubbarth (@cassidyhubbarth), Bobby Manning (@RealBobManning), Rob H (@rch111), and Travis Singleton (@SneakerReporter). These uploads onto Twitter are referred to as “Tweets.”

Defendants in this case are online news outlets and blogs who published articles featuring the Photo. Each of defendants' websites prominently featured the Photo by “embedding” the Tweet into articles they wrote over the course of the next forty-eight hours; the articles were all focused on the issue of whether the Boston Celtics would successfully recruit basketball player Kevin Durant, and if Tom Brady would help to seal the deal.

It is undisputed that plaintiff holds the copyright to the Photo.

None of the defendant websites copied and saved the Photo onto their own servers. Rather, they made the Photo visible in their articles through a technical process known as “embedding.” Some background is helpful to an understanding of the embedding process.

A webpage is made up of a series of instructions usually written by coders in Hypertext Markup Language (“HTML”). These instructions are saved to a server (a computer connected to the internet), and when a user wishes to view a webpage, his or her computer's browser connects with the server, at which point the HTML code previously written by the coder instructs the browser on how to arrange the webpage on the user's computer. The HTML code can allow for the arrangement of text and/or images on a page and can also include photographs. When including a photograph on a web page, the HTML code instructs the browser how and where to place the photograph. Importantly for this case, the HTML code could instruct the browser either to retrieve the photograph from the webpage's own server or to retrieve it from a third-party server.

“Embedding” an image on a webpage is the act of a coder intentionally adding a specific “embed” code to the HTML instructions that incorporates an image, hosted on a third-party server, onto a webpage. To embed an image, the coder or web designer would add an “embed code” to the HTML instructions; this code directs the browser to the third-party server to retrieve the image. An embedded image will

then hyperlink (that is, create a link from one place in a hypertext document to another in a different document) to the third-party website. The result: a seamlessly integrated webpage, a mix of text and images, although the underlying images may be hosted in varying locations. Most social media sites— Facebook, Twitter, and YouTube, for example—provide code that coders and web designers can easily copy in order to enable embedding on their own webpages.

Here, it is undisputed that none of the defendant websites actually downloaded the Photo from Twitter, copied it, and stored it on their own servers. Rather, each defendant website merely embedded the Photo, by including the necessary embed code in their HTML instructions. As a result, all of defendants’ websites included articles about the meeting between Tom Brady and the Celtics, with the full-size Photo visible without the user having to click on a hyperlink, or a thumbnail, in order to view the Photo.

LEGAL PRINCIPLES

... A review of the legislative history reveals that the drafters of the 1976 Amendments intended copyright protection to broadly encompass new, and not yet understood, technologies. Specifically, in considering the display right, Congress cast a very wide net, intending to include “[e]ach and every method by which the images. . . comprising a . . . display are picked up and conveyed,” assuming that they reach the public. *Id.* at 64 (emphasis added). It further noted that “‘display’ would include the projection of an image on a screen or other surface by any method, the transmission of an image by electronic or other means, and the showing of an image on a cathode ray tube, or similar viewing apparatus connected with any sort of information storage and retrieval system.” *Id.* (emphasis added). Indeed, an infringement of the display right could occur “if the image were transmitted by any method (by closed or open circuit television, for example, or by a computer system) from one place to members of the public elsewhere.” *Id.* at 80 (emphasis added).

The Register of Copyrights testified during hearings that preceded the passage of the Act: “The definition [of the display right] is intended to cover every transmission, retransmission, or other communication of [the image],” beyond the originating source that might store the image, but including “any other transmitter who picks up his signals and passes them on.”²³⁴ He highlighted the importance of the display right in light of changing technology, specifically warning that “information storage and retrieval devices . . . when linked together by communication satellites or other means . . . could eventually provide libraries and individuals throughout the world with access to a single copy of a work by transmission of electronic images” and therefore that “a basic right of public exhibition should be expressly recognized in the statute.” *Id.* at 20 (emphasis added).

American Broadcasting Cos., Inc. v. Aereo, Inc.

The Supreme Court most recently considered the intersection of novel technologies and the Copyright Act in the *Aereo* decision, rendered in 2014. *American Broadcasting*

²³⁴ H. Comm. On the Judiciary, 89th Cong., Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, at 25 (Comm. Print. 1965).

Cos., Inc. v. Aereo, Inc., 134 S.Ct. 2498 (2014). The issue in *Aereo* was the performance right; the Court was deciding whether *Aereo* “infringed this exclusive right by selling its subscribers a technologically complex service that allows them to watch television programs over the Internet at about the same time as the programs are broadcast over the air.” *Id.* at 2503. *Aereo* charged a monthly fee to allow subscribers to watch broadcast television programming over the internet; it maintained a vast number of servers and antennas in a central warehouse. When a user wanted to watch a program, he would visit *Aereo*’s website and select a show; in turn, *Aereo*’s servers would select an antenna, tune it to the on-air broadcast, and transmit it via the internet to the subscriber. *Aereo* argued that since the user chose the programs and *Aereo*’s technology merely responded to the user’s choice, it was the user and not *Aereo* who was in fact “transmitting” the performance.

The Court rejected this analysis, comparing *Aereo* to the cable companies that parts of the 1976 Amendments were intended to reach. When comparing cable technology (where the signals “lurked behind the screen”) to *Aereo*’s technology (controlled by a click on a website), the Court stated: “This difference means nothing to the subscriber. It means nothing to the broadcaster. We do not see how this single difference, invisible to subscriber and broadcaster alike, could transform a system that is for all practical purposes a traditional cable system into `a copy shop that provides its patrons with a library card.” *Id.* at 2507.

Even the dissent, which would have found no liability based on the lack of *Aereo*’s volition in choosing which programming to make available, stated that where the alleged infringer plays no role in selecting the content, it cannot be held directly liable when a customer makes an infringing copy: “*Aereo* does not ‘perform’ for the sole and simple reason that it does not make the choice of content.” *Id.* at 2514 (Scalia, J., dissenting).

The “Server Test”

Defendants urge this Court to define the scope of the display right in terms of what they refer to as the “Server Test.” According to defendants, it is “well settled” law and the facts of this case call for its application. As set forth below, the Court does not view the Server Test as the correct application of the law with regard to the facts here. Nevertheless, it is useful to briefly chronicle the body of law that has developed in that area and explain why it is inapplicable.

In *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007) (“*Perfect 10 IP*”), the Ninth Circuit considered a claim of direct infringement of the display right against Google based upon Google Image Search. The district court ... held that the full size images, which were stored on third-party servers and accessed by “in-line linking”—which works, like embedding, based upon the HTML code instructions—were not infringements. In so doing, the court rejected the plaintiff’s proposed Incorporation Test, which would define display as the “act of incorporating content into a webpage that is then pulled up by the browser.” It adopted instead the Server Test, where whether a website publisher is directly liable for infringement turns entirely on whether the image is hosted on the publisher’s own server, or is embedded or linked from a third-party server.

On appeal, the Ninth Circuit affirmed. In the Ninth Circuit, therefore, at least as regards a search engine, the “Server Test” is settled law.

Defendants here argue that *Perfect 10* is part of an “unbroken line of authority” on which this Court should rely in determining broadly whether a copyright owner’s display right has been violated. Outside of the Ninth Circuit, however, the Server Test has not been widely adopted. Even a quick survey reveals that the case law in this area is somewhat scattered. Of the other Circuits, only the Seventh Circuit has weighed in thus far—in *Flava Works, Inc. v. Gunter*, 689 F.3d 754 (7th Cir. 2012), the question before the court was whether the defendant was a contributory infringer. Defendant in that case, a “social bookmarker,” whose service involved enabling individuals who share interests to point each other towards online materials (in this case, videos) that cater towards that taste, through embedding the code for the video onto its website. The videos remained hosted on the original servers. As with *Perfect 10*, upon arriving on defendant’s website, thumbnails would appear; after clicking on one, the user would retrieve content from plaintiff’s website. The *Flava* Court found that defendants were not contributory infringers; the question of direct infringement was never reached. The lower court, however, had opined that “to the extent that *Perfect 10* can be read to stand for the proposition that inline linking can never cause a display of images or videos that would give rise to a claim of direct copyright infringement, we respectfully disagree. In our view, a website’s servers need not actually store a copy of the work in order to ‘display’ it.” *Flava Works, Inc. v. Gunter*, 2011 WL 3876910, at *4 (N.D. Ill. Sept. 1, 2011), reversed on other grounds, 689 F.3d 754 (7th Cir. 2012) (emphasis added).

Four courts in this District have discussed the Server Test and *Perfect 10*’s holding; none adopted the Server Test for the display right. ... In sum, this Court is aware of only three decisions outside of the Ninth Circuit considering the display right in light of *Perfect 10*; one from the Seventh Circuit which adopted the Server Test for contributory liability, one from the Southern District which stated as a factual matter only that *Perfect 10* existed, and one from the Northern District of Texas rejecting *Perfect 10*.

DISCUSSION

Defendants’ argument is simple—they have framed the issue as one in which the physical location and/or possession of an allegedly infringing image determines liability under the § 106(5) exclusive display right. Defendants argue that—despite the seamless presentation of the Brady Photo on their webpages—they simply provided “instructions” for the user to navigate to a third-party server on which the photo resided. According to defendants, merely providing instructions does not constitute a “display” by the defendants as a matter of law. They maintain that *Perfect 10*’s Server Test is settled law that should determine the outcome of this case.

Plaintiff maintains both (1) that to apply the Server Test leads to results incongruous with the purposes and text of the Copyright Act; and (2) even if the Server Test is rightfully applied in a case such as *Perfect 10*, or another case in which the user takes a volitional action of his own to display an image, it is inappropriate in cases such as those here, where the user takes no action to “display” the image. He and his amici caution that to adopt the Server Test broadly would have a “devastating” economic

impact on photography and visual artwork licensing industries, noting that it would “eliminate” the incentives for websites to pay licensing fees, and thus “deprive content creators of the resources necessary to invest in further creation.”

The Court agrees with plaintiff. The plain language of the Copyright Act, the legislative history undergirding its enactment, and subsequent Supreme Court jurisprudence provide no basis for a rule that allows the physical location or possession of an image to determine who may or may not have “displayed” a work within the meaning of the Copyright Act. Moreover, the Court agrees that there are critical factual distinctions between *Perfect 10* and this case such that, even if the Second Circuit were to find the Server Test consistent with the Copyright Act, it would be inapplicable here.

A. The Copyright Act

Nowhere does the Copyright Act suggest that possession of an image is necessary in order to display it. Indeed, the purpose and language of the Act support the opposite view. The definitions in § 101 are illuminating. First, to display a work publicly means to “to transmit . . . a . . . display of the work . . . by means of any device or process.” 17 USC § 101. To transmit a display is to “communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent.” *Id.* (emphasis added). Devices and processes are further defined to mean ones “now known or later developed.” *Id.* This is plainly drafted with the intent to sweep broadly.

Here, defendants’ websites actively took steps to “display” the image. A review of just a few of the declarations proffered by defendants illustrates the point. For defendant Heavy.com:

[I]n order to embed the SneakerReporter Tweet, Heavy.com navigated to Twitter and copied the SneakerReporter Tweet’s URL. Heavy.com then used out of the box content management functionality provided by WordPress to embed the SneakerReporter Tweet within the Heavy.com Article.

Defendant Boston Herald “pasted a code line into its blog/article that contains Twitter HTML instructions.”

Defendant The Big Lead submitted a declaration in which the managing editor stated, “My entering the URL for the RealBobManningTweet into the field for embedded content in the CMS [content management system] caused this URL to be inserted into embedding code that became part of the HTML code for the Big Lead Article.”

Defendant Gannett submitted a declaration in which the Vice President stated that:

If I wanted that web page to display a photo that a third party user had posted to a site like Twitter, I could do so without me ever having to make a copy of the photo. I would simply include in my HTML code some additional coding containing a link to the URL of the Twitter page where the photo appeared.

It is clear, therefore, that each and every defendant itself took active steps to put a process in place that resulted in a transmission of the photos so that they could be visibly shown. Most directly this was accomplished by the act of including the code in the overall design of their webpage; that is, embedding. Properly understood, the

steps necessary to embed a Tweet are accomplished by the defendant website; these steps constitute a process. The plain language of the Copyright Act calls for no more.

Indeed, and as discussed above, the Copyright Act's authors intended to include "each and every method by which images . . . comprising a . . . display are picked up and conveyed;" moreover they went as far as to note that an infringement of the display right could occur "if the image were transmitted by any method (. . . for example, by a computer system) from one place to members of the public elsewhere." H.R. Rep. 94-1476, 64, 70 (1976). Persuasive as well is the warning of the Register of Copyrights that a "basic right of public exhibition" was necessary to the 1976 Amendments precisely because "information storage and retrieval devices . . . when linked together by communication satellites or other means . . . could eventually provide libraries and individuals throughout the world with access to a single copy or a work by transmission of electronic images." H. Comm. On the Judiciary, 89th Cong., Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, at 25 (Comm. Print. 1965).

In sum, this Court sees nothing in either the text or purpose of the Copyright Act suggesting that physical possession of an image is a necessary element to its display for purposes of the Act.

B. *Aereo's* Impact

Moreover, though the Supreme Court has only weighed in obliquely on the issue, its language in *Aereo* is instructive. At heart, the Court's holding eschewed the notion that *Aereo* should be absolved of liability based upon purely technical distinctions—in the end, *Aereo* was held to have transmitted the performances, despite its argument that it was the user clicking a button, and not any volitional act of *Aereo* itself, that did the performing. The language the Court used there to describe invisible technological details applies equally well here: "This difference means nothing to the subscriber. It means nothing to the broadcaster. We do not see how this single difference, invisible to subscriber and broadcaster alike, could transform a system that is for all practical purposes a traditional cable system into a 'copy shop that provides patrons with a library card.'" *Aereo*, 134 S. Ct. at 2507.

Of course, in *Aereo* there was no argument about the physical location of the antennae, which were without dispute located in *Aereo's* warehouses; similarly there was no dispute that *Aereo's* servers saved data from the on-air broadcasts onto its own hard drives. On the other hand, *Aereo* was arguably a more passive participant in transmitting the performance right than is a user in the case here—who has no choice in what is displayed to him when he navigates to one of defendant's webpages. Furthermore, the principles that undergird the *Aereo* decision—chief among them that mere technical distinctions invisible to the user should not be the lynchpin on which copyright liability lies—apply with equal vigor here.

As noted above, even the dissent implies that were *Aereo* to engage in any sort of curatorial process as to content, that liability might lie: "In sum, *Aereo* does not perform for the sole and simple reason that it does not make the choice of content." *Id.* at 2514 (Scalia, J., dissenting). This adds credence to the notion that where, as

here, defendants are choosing the content which will be displayed, that they would indeed be displaying.

In sum, this Court reads *Aereo*, while not directly on point, as strongly supporting plaintiff's argument that liability should not hinge on invisible, technical processes imperceptible to the viewer.

C. Perfect 10

The Court declines defendants' invitation to apply *Perfect 10*'s Server Test for two reasons. First, this Court is skeptical that *Perfect 10* correctly interprets the display right of the Copyright Act. As stated above, this Court finds no indication in the text or legislative history of the Act that possessing a copy of an infringing image is a prerequisite to displaying it. The Ninth Circuit's analysis hinged, however, on making a "copy" of the image to be displayed—which copy would be stored on the server. It stated that its holding did not "erroneously collapse the display right in section 106(5) into the reproduction right in 106(1)." *Perfect 10* II, 508 F.3d at 1161. But indeed, that appears to be exactly what was done.

The Copyright Act, however, provides several clues that this is not what was intended. In several distinct parts of the Act, it contemplates infringers who would not be in possession of copies—for example in Section 110(5)(A) which exempts "small commercial establishments whose proprietors merely bring onto their premises standard radio or television equipment and turn it on for their customer's enjoyment" from liability. H.R. Rep. No. 94-1476 at 87 (1976). That these establishments require an exemption, despite the fact that to turn on the radio or television is not to make or store a copy, is strong evidence that a copy need not be made in order to display an image.

Second, even if it correctly interprets the Act, to the degree that defendants interpret *Perfect 10* as standing for a broadly-construed Server Test, focusing on the physical location of allegedly infringing images, this Court disagrees. Rather, *Perfect 10* was heavily informed by two factors—the fact that the defendant operated a search engine, and the fact that the user made an active choice to click on an image before it was displayed—that suggest that such a broad reading is neither appropriate nor desirable.

In *Perfect 10*, the district court's Opinion, while not strictly cabining its adoption of the Server Test to a search engine like Google, nevertheless relied heavily on that fact in its analysis. It stated, for example, that adopting the Server Test "will merely preclude search engines from being held directly liable for in-line linking and or framing infringing contents stored on third-party websites." It went on: "Merely to index the web so that users can more readily find the information they seek should not constitute direct infringement. . . ." On appeal, the Ninth Circuit began its statement of the case by saying, "we consider a copyright owner's efforts to stop an Internet search engine from facilitating access to infringing images." *Perfect 10*, 508 F.3d at 1154.

In addition, the role of the user was paramount in the *Perfect 10* case—the district court found that users who view the full-size images "after clicking on one of the

thumbnails” are “engaged in a direct connection with third-party websites, which are themselves responsible for transferring content.”

In this Court’s view, these distinctions are critical. In *Perfect 10*, Google’s search engine provided a service whereby the user navigated from webpage to webpage, with Google’s assistance. This is manifestly not the same as opening up a favorite blog or website to find a full color image awaiting the user, whether he or she asked for it, looked for it, clicked on it, or not. Both the nature of Google Search Engine, as compared to the defendant websites, and the volitional act taken by users of the services, provide a sharp contrast to the facts at hand.

In sum, the Court here does not apply the Server Test. It is neither appropriate to the specific facts of this case, nor, this Court believes, adequately grounded in the text of the Copyright Act. It therefore does not and should not control the outcome here.

CONCLUSION

For the reasons stated above, defendants’ motion for partial Summary Judgment is DENIED. The Court GRANTS partial Summary Judgment to the plaintiff. The Clerk of Court is directed to terminate the motion at ECF No. 119.

Notes and questions

(1) In *Goldman v. Breitbart News Network, LLC*, 302 F.Supp.3d 585 (SDNY 2018), the district court held third parties who embedded a Tweet displaying a copyrighted photograph potentially violated the exclusive right to display the work, directly and not merely through contributory or vicarious liability. The court held that the Ninth Circuit’s “server test” was inapplicable. The district court’s language was sweeping (at 593):

The plain language of the Copyright Act, the legislative history undergirding its enactment, and subsequent Supreme Court jurisprudence no basis for a rule that allows the physical location or possession of an image to determine who may or may not have “displayed” a work within the meaning of the Copyright Act.”

However, the holding is limited by the plaintiff’s narrower argument that the “server test” should at least be inapplicable in cases where the user takes no action to “display” the image. In other words, the Server Test may still apply to ordinary linking because of the intervention of the user—“the fact that the user made an active choice to click on an image before it was displayed” is key—, but not to embedding. How stable is such a distinction likely to be?

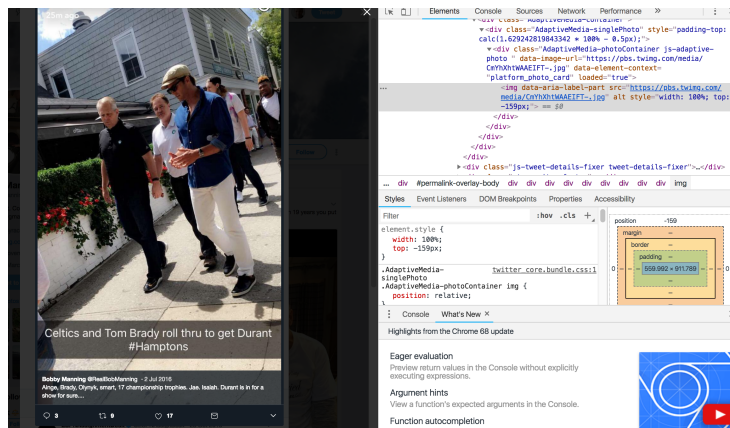
(2) Figure 3 below shows a photo embedded in a tweet.

Figure 24



Figure 4 is the same page with the “inspect source” view activated on a Chrome Internet browser. The actual location of the photo in this case is “https://pbs.twimg.com/media/CmYhXhtWAAEIFT-.jpg”

Figure 25



If the district court in *Goldman* is correct, all unlicensed in-line linking or embedding is presumptively infringing, regardless of whether the person linking had any knowledge of the relevant facts. Does that sound right?

(3) Professor Eric Goldman (no relation to the plaintiff in this case) commented on [his blog](#) that “when the Copyright Act bases so many legal rules on technical minutiae, it’s extremely aggravating for courts to say the technical details don’t matter.” Does he have a point? Should I have carefully reviewed Professor Goldman’s blog to make sure he was not infringing copyright before I linked to it just now?

(4) Getty Images filed an influential amicus brief in the *Goldman* case. Getty has also been addressing the issue of in-line linking in various fora, including filing a complaint against Google with the European Union Competition Authority in 2016. Getty argued that Google Images’ creation of high-res galleries of copyrighted content harmed Getty’s own image licensing business, promoted piracy and copyright infringement, and bolstering Google’s

monopoly over site traffic, engagement data and ad spend. In early 2018, Google came to an agreement with Getty that it would change the way Image Search works to remove in-line linking. See ArsTechnia [“Internet rages after Google removes “view image” button, bowing to Getty”](#) Feb. 16 2018.

Linking in the European Union

Svensson v. Retriever Sverige AB, Case C 466/12 (13 February 2014)

The Court of Justice for the European Union or CJEU addressed the legality of hyperlinking in 2014 in *Svensson v. Retriever Sverige AB*, Case C-466/12 (13 February 2014). That case concerned a link to a newspaper article which was in itself perfectly lawful. The article was in fact posted by the news publisher on its own website.

How could a link to a newspaper article on the newspaper’s own website amount to copyright infringement? The plaintiffs, journalists who wrote the articles and licensed them to the newspaper, argued that a link to a piece of content “communicates” that work “to the public.” Plaintiffs had authorized the newspaper to publish their works, but had not authorized the defendant to link to them. Instead of rights of public performance and display, European copyright law gives copyright owners an exclusive right of “communication to the public,” see Article 3(1) of Directive 2001/29.

The CJEU held in *Svensson* that

for there to be an ‘act of communication’, it is sufficient ... that a work is *made available to a public* in such a way that the persons forming that public *may access* it, irrespective of whether they avail themselves of that opportunity. (emphasis added)

On that loose definition the provision of clickable links makes a work ‘available’ and, therefore, is an ‘act of communication’.

The *Svensson* decision raised the alarming prospect that merely by linking to infringing material a party would be directly liable for copyright infringement. Under United States law a link is not a copy, nor is providing a link amount to a display/performance of a work. In contrast, under the logic of the *Svensson* decision a link does constitute a communication.

However, the court’s decision is not quite as far reaching as it might seem at first because not all communications are created equal. The court in *Svensson* reasoned that the link was not a communication “to the public,” because the hyperlinks provided by Retriever Sverige did not communicate the articles to a “new public.” Specifically the court said that users who navigate to the original newspaper site via the link “must be deemed to be potential recipients of the initial communication”—i.e., the newspaper websites initial voluntary communication to the public— and, therefore, users who follow a link to an open site are “part of the public taken into account by the copyright holders when they authorised the initial communication.”

The question left unaddressed was, what if the copyright owner did not authorize the initial communication? In *GS Media*, the ECJ picked up where left off in *Svensson*.

GS Media BV v. Sanoma Media Netherlands BV and Others (Case C-160/15) CJEU (2015)

Playboy magazine in Europe had arranged to take photos of a popular Dutch TV personality, Ms Dekker. Before the photos appeared in the magazine (in December 2011) they were illegally leaked online. The defendant GS Media operated the website GeenStijl. GeenStijl was not the leaker, it did not host the infringing material; it simply linked to that material which was available at a website called Filefactory, in another jurisdiction.

On 27 October 2011, an article relating to those photos of Ms Dekker, entitled ‘...! Nude photos of ... [Ms] Dekker’, was published on the GeenStijl website, which included part of one of the photos at issue, and which ended with the following words: ‘And now the link with the pics you’ve been waiting for.’ By clicking on a hyperlink accompanying that text, users were directed to the Filefactory website, on which another hyperlink allowed them to download 11 electronic files each containing one of those photos.

On the same day, Sanoma sent GS Media’s parent company an email demanding that it confirm that the hyperlink to the photos at issue had been removed from the GeenStijl website. GS Media failed to respond to that demand.

However, at Sanoma’s request, the photos at issue appearing on the Filefactory website were removed.

By letter of 7 November 2011, counsel for Sanoma and Others demanded that GS Media remove from the GeenStijl website the article of 27 October 2011, including the hyperlink, the photographs it contained and the reactions of users published on the same page of that website.

On the same day, an article about the dispute between GS Media and Sanoma and Others about the photos at issue was published on the GeenStijl website. That article ended with the following sentence: ‘Update: Not yet seen the nude pics of [Ms. Dekker]? They are HERE.’ That announcement was, once again, accompanied by a hyperlink to access the website Imageshack.us where one or more of the relevant photographs could be viewed. The operator of that website, however, also subsequently complied with Sanoma’s request to remove them.

A third article, entitled ‘Bye Bye Wave Wave Playboy’, again contained a hyperlink to the photos at issue, appeared on 17 November 2011 on the GeenStijl website. Forum users of that website then posted new links to other websites where the photos at issue could be viewed.

In December 2011, the photos at issue were published in *Playboy* magazine.

Sanoma and Others brought an action before the rechtbank Amsterdam (Amsterdam District Court, Netherlands), claiming, in particular, that by posting hyperlinks and a cutout of one of the photos at issue on the GeenStijl website, GS Media had infringed [the photographer] Mr Hermès’ copyright and acted unlawfully towards Sanoma and Others. The rechtbank Amsterdam (Amsterdam District Court) largely upheld that action.

The Gerechtshof Amsterdam (Amsterdam Court of Appeal, the Netherlands) set aside that decision, finding that, by posting the hyperlinks on the GeenStijl website, GS Media had not infringed Mr Hermès’ copyright, since the photos at issue had already been made public before they were posted on the Filefactory website. In

contrast, it found that, by posting those links, GS Media acted unlawfully toward Sanoma and Others, as visitors to that website accordingly were encouraged to view the photos at issue which were illegally posted on the Filefactory website. Without those hyperlinks, those photos would not have been easy to find. In addition, the Gerechtshof Amsterdam (Amsterdam Court of Appeal) held that, by posting a cutout of one of the photos at issue on the GeenStijl website, GS Media had infringed Mr Hermès' copyright.

[GS Media brought an appeal against that judgment to the Hoge Raad der Nederlanden (Supreme Court of the Netherlands), which referred certain questions to the ECJ]

Consideration of the questions referred

... the referring court asks, in essence, whether, and in what possible circumstances, the fact of posting, on a website, a hyperlink to protected works, freely available on another website without the consent of the copyright holder, constitutes a 'communication to the public' within the meaning of Article 3(1) of Directive 2001/29.

In that context, it raises the question of the relevance of the fact that the works in question have not yet been published in another way with the consent of that rightholder, that providing those hyperlinks makes it much easier to find those works, given that the website on which they are available is not easily findable by the general internet public, and that whoever posts those links knew or ought to have been aware of those facts and the fact that that rightholder did not consent to the publication of the works in question on that latter website.

It follows from Article 3(1) of Directive 2001/29 that Member States are to provide authors with the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.

Under that provision, authors thus have a right which is preventive in nature and allows them to intervene, between possible users of their work and the communication to the public which such users might contemplate making, in order to prohibit such use.

As Article 3(1) of Directive 2001/29 does not define the concept of 'communication to the public', its meaning and its scope must be determined in light of the objectives pursued by that directive and of the context in which the provision being interpreted is set.

In that regard, it should be borne in mind that it follows from recitals 9 and 10 of Directive 2001/29 that the latter's objective is to establish a high level of protection of authors, allowing them to obtain an appropriate reward for the use of their works, including on the occasion of communication to the public. It follows that 'communication to the public' must be interpreted broadly, as recital 23 of the directive indeed expressly states.

At the same time, it follows from recitals 3 and 31 of Directive 2001/29 that the harmonisation effected by it is to maintain, in particular in the electronic

environment, a fair balance between, on one hand, the interests of copyright holders and related rights in protecting their intellectual property rights, safeguarded by Article 17(2) of the Charter of Fundamental Rights of the European Union (‘the Charter’) and, on the other, the protection of the interests and fundamental rights of users of protected objects, in particular their freedom of expression and of information, safeguarded by Article 11 of the Charter, and of the general interest.

As the Court has previously held, the concept of ‘communication to the public’ includes two cumulative criteria, namely, an ‘act of communication’ of a work and the communication of that work to a ‘public’ [citing *Svensson*, *SBS Belgium* and, *Reha Training*].

The Court has, moreover, specified that the concept of ‘communication to the public’ requires an individual assessment.

For the purposes of such an assessment, account has to be taken of several complementary criteria, which are not autonomous and are interdependent. Since those criteria may, in different situations, be present to widely varying degrees, they must be applied both individually and in their interaction with one another.

Of those criteria, the Court emphasised, in the first place, the indispensable role played by the user and the deliberate nature of its intervention. The user makes an act of communication when it intervenes, in full knowledge of the consequences of its action, to give access to a protected work to its customers, and does so, in particular, where, in the absence of that intervention, its customers would not, in principle, be able to enjoy the broadcast work.

In the second place, it specified that the concept of the ‘public’ refers to an indeterminate number of potential viewers and implies, moreover, a fairly large number of people [citing *SCF* and *Phonographic Performance (Ireland)*].

Moreover, it is settled case-law of the Court that, to be categorised as a ‘communication to the public’, a protected work must be communicated using specific technical means, different from those previously used or, failing that, to a ‘new public’, that is to say, to a public that was not already taken into account by the copyright holders when they authorised the initial communication to the public of their work [citing *Svensson*].

In the third place, the Court has held that it is relevant that a ‘communication’, within the meaning of Article 3(1) of Directive 2001/29, is of a profit-making nature [citing *Football Association Premier League* and *Phonographic Performance (Ireland)*].

It is in the light, in particular, of those criteria that it is to be assessed whether, in a situation such as that at issue in the main proceedings, the fact of posting, on a website, a hyperlink to protected works, which are freely available on another website without the consent of the copyright holder, constitutes a ‘communication to the public’ within the meaning of Article 3(1) of Directive 2001/29.

In that regard, it should be recalled that, in the judgment of 13 February 2014, *Svensson and Others*, (C-466/12, EU:C:2014:76), the Court interpreted Article 3(1) of Directive 2001/29 as meaning that posting hyperlinks on a website to works freely available on another website does not constitute a ‘communication to the public’ as covered by that provision. That interpretation was also adopted in the

order of 21 October 2014, *BestWater International*, (C-348/13, not published, EU:C:2014:2315) about such links using the technique known as ‘transclusion’ (‘framing’).

However, it follows from the reasoning of those decisions that, by them, the Court intended to refer only to the posting of hyperlinks to works which have been made freely available on another website with the consent of the rightholder, the Court having concluded that there was no communication to the public on the ground that the act of communication in question was not made to a new public.

In that context, it noted that, given that the hyperlink and the website to which it refers give access to the protected work using the same technical means, namely the internet, such a link must be directed to a new public. Where that is not the case, in particular, due to the fact that the work is already freely available to all internet users on another website with the authorisation of the copyright holders, that act cannot be categorised as a ‘communication to the public’ within the meaning of Article 3(1) of Directive 2001/29. Indeed, as soon as and as long as that work is freely available on the website to which the hyperlink allows access, it must be considered that, where the copyright holders of that work have consented to such a communication, they have included all internet users as the public [citing *Svensson* and *BestWater International*].

Accordingly, it cannot be inferred either from the judgment of 13 February 2014, *Svensson and Others*, (C-466/12, EU:C:2014:76) or from the order of 21 October 2014, *BestWater International*, (C-348/13, not published, EU:C:2014:2315) that posting, on a website, hyperlinks to protected works which have been made freely available on another website, but without the consent of the copyright holders of those works, would be excluded, as a matter of principle, from the concept of ‘communication to the public’ within the meaning of Article 3(1) of Directive 2001/29. Rather, those decisions confirm the importance of such consent under that provision, as the latter specifically provides that every act of communication of a work to the public is to be authorised by the copyright holder.

GS Media, the German, Portuguese and Slovak Governments and the European Commission claim, however, that the fact of automatically categorising all posting of such links to works published on other websites as ‘communication to the public’, since the copyright holders of those works have not consented to that publication on the internet, would have highly restrictive consequences for freedom of expression and of information and would not be consistent with the right balance which Directive 2001/29 seeks to establish between that freedom and the public interest on the one hand, and the interests of copyright holders in an effective protection of their intellectual property, on the other.

In that regard, it should be noted that the internet is in fact of particular importance to freedom of expression and of information, safeguarded by Article 11 of the Charter, and that hyperlinks contribute to its sound operation as well as to the exchange of opinions and information in that network characterised by the availability of immense amounts of information.

Furthermore, it may be difficult, in particular for individuals who wish to post such links, to ascertain whether website to which those links are expected to lead,

provides access to works which are protected and, if necessary, whether the copyright holders of those works have consented to their posting on the internet. Such ascertaining is all the more difficult where those rights have been the subject of sub-licenses. Moreover, the content of a website to which a hyperlink enables access may be changed after the creation of that link, including the protected works, without the person who created that link necessarily being aware of it.

For the purposes of the individualised assessment of the existence of a ‘communication to the public’ within the meaning of Article 3(1) of Directive 2001/29, it is accordingly necessary, when the posting of a hyperlink to a work freely available on another website is carried out by a person who, in so doing, does not pursue a profit, to take account of the fact that that person does not know and cannot reasonably know, that that work had been published on the internet without the consent of the copyright holder.

Indeed, such a person, by making that work available to the public by providing other internet users with direct access to it (see, to that effect, judgment of 13 February 2014, *Svensson and Others*, C-466/12, EU:C:2014:76, paragraphs 18 to 23) does not, as a general rule, intervene in full knowledge of the consequences of his conduct in order to give customers access to a work illegally posted on the internet. In addition, where the work in question was already available with unrestricted access on the website to which the hyperlink provides access, all internet users could, in principle, already have access to it even the absence of that intervention.

In contrast, where it is established that such a person knew or ought to have known that the hyperlink he posted provides access to a work illegally placed on the internet, for example owing to the fact that he was notified thereof by the copyright holders, it is necessary to consider that the provision of that link constitutes a ‘communication to the public’ within the meaning of Article 3(1) of Directive 2001/29.

The same applies in the event that that link allows users of the website on which it is posted to circumvent the restrictions taken by the site where the protected work is posted in order to restrict the public’s access to its own subscribers, the posting of such a link then constituting a deliberate intervention without which those users could not benefit from the works broadcast [citing *Svensson*].

Furthermore, when the posting of hyperlinks is carried out for profit, it can be expected that the person who posted such a link carries out the necessary checks to ensure that the work concerned is not illegally published on the website to which those hyperlinks lead, so that it must be presumed that that posting has occurred with the full knowledge of the protected nature of that work and the possible lack of consent to publication on the internet by the copyright holder. In such circumstances, and in so far as that rebuttable presumption is not rebutted, the act of posting a hyperlink to a work which was illegally placed on the internet constitutes a ‘communication to the public’ within the meaning of Article 3(1) of Directive 2001/29.

However, if there is no new public, there will be no communication to the ‘public’ within the meaning of that provision in the event that, referred to in paragraphs 40 to 42 of the present judgment, the works to which those hyperlinks allow access

have been made freely available on another website with the consent of the rightholder.

Such an interpretation of Article 3(1) of Directive 2001/29 provides the high level of protection for authors sought by that directive. Indeed, under that directive and within the limits set by Article 5(3) thereof, copyright holders may act not only against the initial publication of their work on a website, but also against any person posting for profit a hyperlink to the work illegally published on that website and, under the conditions set out in paragraphs 49 and 50 of the present judgment, against persons having posted such links without pursuing financial gain. In that regard, it should in particular be noted that those rightholders, in all cases, have the possibility of informing such persons of the illegal nature of the publication of their work on the internet and of taking action against them if they refuse to remove that link, and those persons may not rely upon one of the exceptions listed in Article 5(3).

As regards the case in the main proceedings, it is undisputed that GS Media operates the GeenStijl website and that it provided the hyperlinks to the files containing the photos at issue, hosted on the Filefactory website, for profit. It is also undisputed that Sanoma had not authorised the publication of those photos on the internet. Moreover, it appears to follow from the presentation of the facts, as they result from the order for reference, that GS Media was aware of that latter fact and that it cannot therefore rebut the presumption that the posting of those links occurred in full knowledge of the illegal nature of that publication. In those circumstances, it appears that, subject to the checks to be made by the referring court, by posting those links, GS Media effected a ‘communication to the public’, within the meaning of Article 3(1) of Directive 2001/29, and it is unnecessary to assess in that context the other circumstances referred to by that court, referred to in paragraph 26 of the present judgment.

Having regard to the foregoing considerations, the answer to the questions raised is that Article 3(1) of Directive 2001/29 must be interpreted as meaning that, in order to establish whether the fact of posting, on a website, hyperlinks to protected works, which are freely available on another website without the consent of the copyright holder, constitutes a ‘communication to the public’ within the meaning of that provision, it is to be determined whether those links are provided without the pursuit of financial gain by a person who did not know or could not reasonably have known the illegal nature of the publication of those works on that other website or whether, on the contrary, those links are provided for such a purpose, a situation in which that knowledge must be presumed.

On those grounds, the Court (Second Chamber) hereby rules:

Article 3(1) of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society must be interpreted as meaning that, in order to establish whether the fact of posting, on a website, hyperlinks to protected works, which are freely available on another website without the consent of the copyright holder, constitutes a ‘communication to the public’ within the meaning of that provision, it is to be determined whether those links are provided without the pursuit of financial gain by a person who did not know or could not reasonably have known

the illegal nature of the publication of those works on that other website or whether, on the contrary, those links are provided for such a purpose, a situation in which that knowledge must be presumed.

Notes and questions

(1) The ECJ holds that *GS Media BV v. Sanoma Media Netherlands BV* (Case C-160/15) CJEU (2015) agreed with the earlier *Svensson* decision that “to be categorised as a ‘communication to the public’ within the meaning of Article 3(1) of Directive 2001/29, a protected work must be communicated using specific technical means, different from those previously used or, failing that, to a ‘new public’, that is to say, to a public that was not already taken into account by the copyright holders when they authorised the initial communication to the public of their work...” But, as the court notes, the context in *GS Media* was arguably different because the works in question had not yet been published in another way with the consent of that rightholder.

(2) The *GS Media* court limited the scope of the *Svensson* “new public” rationale by framing that case in terms of implied consent and it did not see any basis for extending the *Svensson* limitation to cases in which the work in question had not yet been published with the consent of the rightholder. The court also narrowed the potential reach of *Svensson* by holding that the same analysis applies where a link allows a user to circumvent the restrictions taken by the site where the protected work is posted in order to restrict the public’s access to its own subscribers. The posting of such a link amounts to an intervention without which those users could not benefit from the works broadcast.

(3) The court acknowledged that it might be difficult for individuals posting links to know whether the content on the other end of that link had been published with the consent of the rights holder, or not. To take account of this difficulty, the court proposed a bifurcated standard depending on whether the link was posted as part of a profit-making enterprise:

... in order to establish whether the fact of posting, on a website, hyperlinks to protected works, which are freely available on another website without the consent of the copyright holder, constitutes a ‘communication to the public’ ... it is to be determined whether those links are provided without the pursuit of financial gain by a person who did not know or could not reasonably have known the illegal nature of the publication of those works on that other website or whether, on the contrary, those links are provided for such a purpose, a situation in which that knowledge must be presumed.

When a link is posted in pursuit of financial gain and the link is directed to content made freely available on another website but without the consent of the copyright holder, the person responsible for the link is presumed to know that the work was not authorized for distribution and thus the link constitutes a communication to the public. The court appears to leave the door open for the rebuttal of such a presumption, but the presumption may well be conclusive in practice. In contrast, when the link is posted without the pursuit of financial gain is not a communication to the public unless the person knew or could reasonably have known about the illegal nature of the publication.

(4) The *GS Media* decision is unclear as to whether noncommercial uses benefit from a presumption as to lack of knowledge, whether establishing lack of knowledge is part of the plaintiff’s prima facie case or should be raised as a defense.

(5) How different is the law in the European Union to the United States? U.S. cases such as *Perfect 10* hold that posting a link does not amount to making a copy, distributing, performing or displaying a work, but it may amount to contributory infringement depending on the extent of a party's knowledge of infringement and material contribution to that infringement. In the circumstances of the *GS Media* case the elements of knowledge and material contribution would have been easily established. However, although the results of European and United States copyright law might converge in this particular instance, they appear to be radically different on this fundamental issue of the copyright status of hyperlinks. Also, there is no basis under U.S. law for the distinction between links carried out in pursuit of financial gain and otherwise, except of course in the context of vicarious infringement. Under U.S. law knowledge of infringement is not presumed, it must be established with specificity.

(6) Does a site that brings file sharers together, but does not host the files directly infringe copyright in the European Union? It appears so. In the *Pirate Bay Case* C 610/15 (14 June 2017, ECJ), the ECJ held that the concept of 'communication to the public', must be interpreted as covering the making available and management, on the internet, of a sharing platform which, by means of indexation of metadata relating to protected works and the provision of a search engine, allows users of that platform to locate those works and to share them in the context of a peer-to-peer network.

Ancillary Copyright in the European Union

Internet technologies have revolutionized communication in much the same fashion as the invention of the automobile revolutionized transport. The cost of communication has fallen, people are more connected and have access to a vast array of information sources that would have been difficult to imagine only a few decades ago. However, not all progress is beneficial and not all benefits are evenly distributed.

Traditional news publishers have struggled to adapt to the online environment. There are many reasons for this beyond copyright law; most obviously the decimation of the market for classified advertising. However, many traditional news publishers are aggrieved by the practices of online news aggregation websites such as Google News.

Google News provides brief snippets of online newspaper articles and links to those articles. If a newspaper doesn't want to be included in Google News, it need only issue the appropriate instruction through something called a robot.txt file. This is a small piece of code within a website that tells search engine crawlers whether to index the material. All of the major search engines respect these robots.txt files, but news publishers face two problems. First, they may syndicate their content to outlets that prefer to be included within news aggregation websites. Second, some news publishers don't really want to be excluded from Google News, they just want to be included on their preferred terms and not Google's.

It is clear that in the EU there is no copyright infringement when providing hyperlinks to freely accessible copyrighted material, this is the same result as United States law, but for different reasons. But the copying that makes such search engines possible is another matter. Under United States copyright law the search function provided by Google News would be protected under fair use and the thumbnail images and snippets displayed on the Google News website should also fall within the scope of the fair use doctrine. European copyright

jurisdictions have reached similar results but relying on concepts such as implied license, or the fact that such links do not communicate the work to a “new public.”

In the 2010s European governments came under significant pressure to impose special levies on search engines and other online platforms providing news aggregation and new search functionality. These “ancillary copyright” laws were been implemented in Germany, Spain, and in Belgium before being included in the 2019 Directive on the Digital Single Market applicable to the entire European Union.

The German Leistungsschutzrecht provisions were enacted in August 2013. The German law only applies to commercial search services and it restricts such services from making available parts of “press products” in search results. Confusingly, the law excludes “smallest text excerpts” as a result of a last-minute amendment. Google reacted to the law by announcing that it would de-index snippets from German publishers. This was not the outcome the German publishers desired and the publishers’ collecting society VG Media complained to the German competition authorities that Google’s action was anticompetitive. Axel Springer, one of Germany’s biggest publishers and a vocal supporter of the Leistungsschutzrecht at first insisted on enforcing the right, but ultimately granted a gratis license to Google only.

In Spain, the legislature introduced a similar Ancillary Copyright levy in 2014. The Spanish law differed from the German Leistungsschutzrecht in that did not allow press publishers to opt out. Google responded to the Spanish “link tax” by exiting the market for Spanish news aggregation, closing down its news.google.es website, and delisting links to Spanish news publications in Google search results. Evidence from 2015 suggested that Spain’s ancillary copyright law has had devastating effects.²³⁵

Article 15 of the Digital Single Market Directive (Ancillary Copyright)

The European Union Digital Single Market Directive of 2019 addresses the issue of “rights in publications” under the general heading of “Measures To Achieve A Well-Functioning Marketplace For Copyright.”

The motivating idea behind Article 15 is that “press publishers” should have a right to prohibit search engines and news aggregators from displaying excerpts of their news articles. In theory this veto power will result in licensing agreements and a flow of compensation from search engines to press publishers. As well as giving new rights to press publishers, Article 15 gives the authors of the underlying works a right to share in this flow of compensation. The press publishers right is limited to between 730 days and 1,094 days from the date of publication, depending on how close to January 1st the work is published.

Article 15(1) gives press publishers an exclusive right of reproduction, and right of making available to the public for “the online use” of “press publications by information society service providers.” Although the term “online use” seems troublingly vague it was included to make it clear that the Article was not directed to offline activities. The remaining sentences of paragraph 1 provide some clarification with respect to private or non-commercial uses by individual users, hyperlinking, and “the use of individual words or very

²³⁵ See <http://www.aepp.com/pdf/InformeNera.pdf> and <https://arstechnica.co.uk/tech-policy/2015/07/new-study-shows-spains-google-tax-has-been-a-disaster-for-publishers/>

short extracts of a press publication.” These are important concessions to critics of the original Article 11 “link tax” proposal.

To understand the other key terms in 15(1), you need to read the definitions in Article 2, which in turn reference Article 1(1) of Directive (EU) 2015/1535 and its relevant appendix. All of these are reproduced below. Obviously, the main beneficiaries of Article 15 are meant to be traditional media operations with an online presence and the main loser is meant to be Google News. But it seems optimistic to think that the key terms are free of ambiguity and unintended consequences.

Digital Single Market Directive of 2019

Recital 55:

The organisational and financial contribution of publishers in producing press publications needs to be recognised and further encouraged to ensure the sustainability of the publishing industry and thereby foster the availability of reliable information. It is therefore necessary to provide at Union level for harmonised legal protection for press publications in respect of online uses by information society service providers, which leaves the existing copyright rules in Union law applicable to private or non-commercial uses of press publications by individual users unaffected, including where such users share press publications online. Such protection should be effectively guaranteed through the introduction, in Union law, of rights related to copyright for the reproduction and making available to the public of press publications of publishers established in a Member State in respect of online uses by information society service providers within the meaning of Directive (EU) 2015/1535 of the European Parliament and of the Council. *The legal protection for press publications provided for by this Directive should benefit publishers that are established in a Member State and have their registered office, central administration or principal place of business within the Union.* (emphasis added).

The concept of publisher of press publications should be understood as covering service providers, such as news publishers or news agencies, when they publish press publications within the meaning of this Directive.

Article 15: Protection of press publications concerning online uses

1. Member States shall provide publishers of press publications established in a Member State with the rights provided for in Article 2 and Article 3(2) of Directive 2001/29/EC [the reproduction right and the making available right in the Information Society Directive] for the online use of their press publications by information society service providers.

The rights provided for in the first subparagraph shall not apply to private or non-commercial uses of press publications by individual users.

The protection granted under the first subparagraph shall not apply to acts of hyperlinking.

The rights provided for in the first subparagraph shall not apply in respect of the use of individual words or very short extracts of a press publication.

2. The rights provided for in paragraph 1 shall leave intact and shall in no way affect any rights provided for in Union law to authors and other rightholders, in respect of the works and other subject matter incorporated in a press publication. The rights

provided for in paragraph 1 shall not be invoked against those authors and other rightholders and, in particular, shall not deprive them of their right to exploit their works and other subject matter independently from the press publication in which they are incorporated.

When a work or other subject matter is incorporated in a press publication on the basis of a non-exclusive licence, the rights provided for in paragraph 1 shall not be invoked to prohibit the use by other authorised users. The rights provided for in paragraph 1 shall not be invoked to prohibit the use of works or other subject matter for which protection has expired.

3. Articles 5 to 8 of Directive 2001/29/EC [provisions relating to exceptions and limitations, technological protection measures, rights-management information, and sanctions and remedies, in the Information Society Directive], Directive 2012/28/EU [Orphan Works Directive] and Directive (EU) 2017/1564 of the European Parliament of the Council¹⁹ [implementing the Marrakesh Treaty] shall apply mutatis mutandis in respect of the rights provided for in paragraph 1 of this Article.

4. The rights provided for in paragraph 1 shall expire two years after the press publication is published. That term shall be calculated from 1 January of the year following the date on which that press publication is published.

Paragraph 1 shall not apply to press publications first published before *[date of entry into force of this Directive]*.

5. Member States shall provide that authors of works incorporated in a press publication receive an appropriate share of the revenues that press publishers receive for the use of their press publications by information society service providers.

Footnote 19: Directive (EU) 2017/1564 of the European Parliament and of the Council of 13 September 2017 on certain permitted uses of certain works and other subject matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled and amending Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society (OJ L 242, 20.9.2017, p. 6).

Article 2: Definitions

(4) ‘press publication’ means a collection composed mainly of literary works of a journalistic nature, but which can also include other works or other subject matter, and which:

- (a) constitutes an individual item within a periodical or regularly updated publication under a single title, such as a newspaper or a general or special interest magazine;
- (b) has the purpose of providing the general public with information related to news or other topics; and
- (c) is published in any media under the initiative, editorial responsibility and control of a service provider.

Periodicals that are published for scientific or academic purposes, such as scientific journals, are not press publications for the purposes of this Directive;

(5) ‘information society service’ means a service within the meaning of point (b) of Article 1(1) of Directive (EU) 2015/1535;

Article 1(1) of Directive (EU) 2015/1535

... (b) ‘service’ means any Information Society service, that is to say, any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.

For the purposes of this definition: (i) ‘at a distance’ means that the service is provided without the parties being simultaneously present; (ii) ‘by electronic means’ means that the service is sent initially and received at its destination by means of electronic equipment for the processing (including digital compression) and storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means; (iii) ‘at the individual request of a recipient of services’ means that the service is provided through the transmission of data on individual request.

An indicative list of services not covered by this definition is set out in Annex I;

ANNEX I of Directive (EU) 2015/1535

Indicative list of services not covered by the second subparagraph of point (b) of Article 1(1)

1. Services not provided ‘at a distance’

Services provided in the physical presence of the provider and the recipient, even if they involve the use of electronic devices: (a) medical examinations or treatment at a doctor's surgery using electronic equipment where the patient is physically present; (b) consultation of an electronic catalogue in a shop with the customer on site; (c) plane ticket reservation at a travel agency in the physical presence of the customer by means of a network of computers; (d) electronic games made available in a video arcade where the customer is physically present.

2. Services not provided ‘by electronic means’

— services having material content even though provided via electronic devices: (a) automatic cash or ticket dispensing machines (banknotes, rail tickets); (b) access to road networks, car parks, etc., charging for use, even if there are electronic devices at the entrance/exit controlling access and/or ensuring correct payment is made,

— offline services: distribution of CD-ROMs or software on diskettes,

— services which are not provided via electronic processing/inventory systems: (a) voice telephony services; (b) telefax/telex services; (c) services provided via voice telephony or fax; (d) telephone/telefax consultation of a doctor; (e) telephone/telefax consultation of a lawyer; (f) telephone/telefax direct marketing.

3. Services not supplied ‘at the individual request of a recipient of services’

Services provided by transmitting data without individual demand for simultaneous reception by an unlimited number of individual receivers (point to multipoint transmission): (a) television broadcasting services (including near-video on-demand services), covered by point (e) of Article 1(1) of Directive 2010/13/EU; (b) radio broadcasting services; (c) (televised) teletext.

Notes and questions

(1) The Berne Convention has guaranteed the right to quote from newspaper articles since 1886.

Berne Convention Article 10(1)

It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is *compatible with fair practice*, and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries.
(emphasis added)

Can Article 15 of DSM Directive be reconciled with the Berne Convention? Is there enough room in the phrase “*compatible with fair practice*” to reconcile Article 15 with Berne?

(2) One ambiguity that is immediately apparent in Article 15 relates to the identity of press publishers. Article 2 defines “press publication” as “a collection composed mainly of literary works of a journalistic nature ... which constitutes an individual item within a periodical or regularly updated publication under a single title, such as a newspaper or a general or special interest magazine; has the purpose of providing the general public with information related to news or other topics; and is published in any media under the initiative, editorial responsibility and control of a service provider.” Article 2 expressly excludes “periodicals that are published for scientific or academic purposes” from the definition of press publications for the purposes of the Directive.

This definition leaves open the question of whether the rights in Article 15 are for the benefit of “press publishers” in the European Union only, or whether non-European publishers will benefit. Recital 55 of the DSM suggests the former, see below, but that in turn raises questions about the national treatment obligations under TRIPs. The national treatment question depends, at least in part, on whether Article 15 is seen as a copyright right, or something else.

21. REMEDIES FOR COPYRIGHT INFRINGEMENT

The International Framework on Remedies for Copyright Infringement

The Berne Convention has very little to say about the remedies for copyright infringement beyond issues of national treatment. For example, Article 5(2) of Berne provides that “... apart from the provisions of this Convention, the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed.” Article 6*bis*(3) likewise provides that the means of redress for safeguarding the author’s moral rights recognized in 6*bis*(1) “shall be governed by the legislation of the country where protection is claimed.”

In contrast, the 1994 TRIPs Agreement has a number of provisions devoted to the enforcement of IP rights. See TRIPs Part III, Enforcement of Intellectual Property Rights, Articles 41 to 61. Under TRIPs, judicial remedies in the form of damages, injunctions, and interim injunctions, must be available to copyright owners.

TRIPs also requires that members provide a special procedure whereby copyright owners can mobilize customs authorities to prevent the importation of suspected “pirated copyright goods” from entering the country. See Article 51. Pirated copyright goods are defined as “any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.” Furthermore, TRIPs also makes criminal procedures and penalties a mandatory part of IP remedies “at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale.” See Article 61.

Remedies for Copyright Infringement in the United States

Copyright law offers the successful plaintiff a menu of remedies including: actual damages, an accounting of profits, statutory damages, injunctions, destruction of infringing copies, court costs and attorney’s fees.²³⁶

17 U.S. Code § 504 - Remedies for infringement: Damages and profits

(a) In General.—Except as otherwise provided by this title, an infringer of copyright is liable for either— (1) the copyright owner’s actual damages and any additional profits of the infringer, as provided by subsection (b); or (2) statutory damages, as provided by subsection (c).

...

17 U.S. Code § 502 - Remedies for infringement: Injunctions

(a) Any court having jurisdiction of a civil action arising under this title may, subject to the provisions of section 1498 of title 28, grant temporary and final injunctions

²³⁶ Section 504(d) also provides for an additional set of damages for defendants who unreasonably assert a defense under Section 110(5), the homestyle exemption to the public performance right.

on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.

17 U.S. Code § 503 - Remedies for infringement: Impounding and disposition of infringing articles

(a) (1) At any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable—(A) of all copies or phonorecords claimed to have been made or used in violation of the exclusive right of the copyright owner; (B) of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced; and (C) of records documenting the manufacture, sale, or receipt of things involved in any such violation, provided that any records seized under this subparagraph shall be taken into the custody of the court.

Importantly, Section 504 of the Copyright Act suggests that the choice between actual and statutory damages is entirely up to the plaintiff.

Actual Damages and Undue Profits

17 U.S. Code § 504(b) Actual Damages and Profits.

The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

Actual or compensatory damages provide a remedy for the extent of the injury caused by infringement that can be precisely measured. This includes both the damages suffered due to the infringement and undue profits gained by the infringer that were not already accounted in the damages. 17 U.S.C. § 504(b). The first category of copyright holder's damages are determined from the perspective of the copyright holder to compensate the harm suffered, whereas the second category of infringer's profits are determined from the infringer's perspective in order to "disgorge the profit to insure that he does not benefit from his wrongdoing." *Davis v. Gap, Inc.*, 246 F.3d 152, 159 (2nd Cir. 2001). Being able to switch between these two perspectives is a useful option for the copyright owner;²³⁷ the second perspective is particularly valuable when the infringer's profits are greater than the copyright owner's losses or where the infringer's profits are easier to establish than her losses. Note on the subject of proof that determining the infringer's profits requires the copyright holder to "present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work. See 17 U.S.C. § 504(b).

Who decides how much damages to award? The amount of actual damages due is decided by the jury (unless the parties have opted for a bench trial). Jury awards are not entirely

²³⁷ Although an infringer's failure to profit defeats damages under the second category of infringer's profits, an infringer would still be liable for the first category of actual damages to compensate the copyright holder's injury. *Fitzgerald Publ'g Co. v. Baylor Publ'g Co.*, 807 F.2d 1110, 1118 (2d Cir. 1986).

unsupervised, but the jury's award will be upheld if it was supported by substantial evidence regardless of whether the method of computation used by the jury is explained. A jury verdict on damages will be overturned if it is "clearly unsupported by the record," a pretty high bar for reversal.

Injunctions

Copyright law offers temporary and final injunctions as possible remedies for plaintiffs against an infringing party.

17 U.S. Code § 502 - Remedies for infringement: Injunctions

(a) Any court having jurisdiction of a civil action arising under this title may, subject to the provisions of section 1498 of title 28, grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.

A temporary injunction may be issued at the beginning of a suit to preserve the *status quo ante*. *Religious Tech. Ctr. v. F.A.C.T.Net, Inc.*, 901 F. Supp. 1519, 1523 (D. Colo. 1995). In rare circumstances with a substantial showing of irreparable harm, a temporary restraining order may be issued to protect the copyright holder until a temporary injunction may be sought. *HarperCollins Publications v. Gawker Media*, 721 F. Supp. 2d 303, 305 (S.D.N.Y. 2010). A permanent injunction may be issued as a bar to future infringement upon a ruling in favor of the copyright holder. An injunction may be accompanied by damages as an appropriate remedy.

The effect of eBay v. MercExchange

Before *eBay v. MercExchange*, circuits differed in the test to be applied to copyright injunctions. Many courts adopted the four-factor test in order to obtain injunctive relief.

(1) the movant will suffer irreparable injury unless the injunction issues; (2) the threatened injury to the movant outweighs whatever damage the proposed injunction may cause the opposing party; (3) that the injunction, if issued, would not be adverse to the public interest; and (4) substantial likelihood that the movant will succeed on the merits.²³⁸

Some circuits, however, adopted a two-factor test requiring either

(1) probable success on the merits and the possibility of irreparable harm; or (2) that serious questions are raised and the balance of hardships tip in its favor.²³⁹

The injunction standard in copyright law was significantly impacted by a patent case decided by the Supreme Court in 2006, *eBay v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). Plaintiff MercExchange held various patents, including a business method patent for electronic markets facilitating exchanges between individuals through a central trusted authority. Talks between MercExchange and an eBay subsidiary to license the aforementioned business method patent fell through and MercExchange filed a patent infringement suit against eBay. The trial court found eBay and its subsidiary had infringed MercExchange's valid patent and

²³⁸ *Walmer v. United States DOD*, 52 F.3d 851, 854 (10th Cir. 1995).

²³⁹ *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1158 (9th Cir. 2007).

damages were appropriate, but denied MercExchange’s motion for permanent damages. The Court of Appeals for the Federal Circuit reversed on the issue of permanent damages. The Supreme Court reversed the Federal Circuit and held that the “traditional” four-factor equitable test for injunctions applied in patent law, as in other areas of the law. The equitable four-factor test for permanent injunctions applied in *eBay* was:

- (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

The Supreme Court said (at 394) that the application of this test was within the equitable discretion of the District Court and noted (at 392) that four-factor equitable test was “consistent with our treatment of injunctions under the Copyright Act.”

The Court in *eBay* rejected the Federal Circuit’s ‘general rule’ that a permanent injunction will issue once infringement and validity have been adjudged. In effect, *eBay* gives district courts substantially more discretion as to whether to award an injunction in patent cases and the same is likely to hold true in copyright cases, both in relation to preliminary and permanent injunctions.

In *Salinger v. Coting*, 607 F.3d 68, 70 (2nd Cir. 2010)), for example, the Second Circuit held that *eBay* abrogated its prior precedents and required full and express consideration of the four factors. *See also EMI April Music, Inc. v. White*, 618 F. Supp. 2d 497, 510 (E.D. Va. 2009) (“Since the Supreme Court’s *eBay* opinion in 2006, district courts are required to apply the four-factor injunction test rather than simply presuming that an injunction should issue upon proof of infringement.”).

Statutory damages

United States copyright law allows the plaintiff to elect, at any time before final judgment, to receive statutory damages in lieu of actual damages or restitution. Statutory damages provide compensation for real world harms that may be difficult to establish in the courtroom.

Statutory damages do not necessarily have any relationship to the harm of infringement in a particular case, the harm of infringement in general, the need for deterrence, or generally accepted norms of proportionality in the administration of penalties. In their 2009 review of the law relating to statutory damages, Pamela Samuelson and Tara Wheatland, cite several arbitrary, inconsistent, incoherent, and excessive statutory damage awards in copyright cases.²⁴⁰ In one of the most striking examples of this excess, the jury in *Capitol Records, Inc. v. Thomas*, 579 F. Supp. 2d 1210 (D. Minn. 2008) awarded statutory damages of \$1.92 million against a defendant who had illegally downloaded 24 pieces of popular music (about \$54 worth) on a peer-to-peer file-sharing network.⁵⁹ That is a ratio of over 35,000 to 1.

The Copyright Act allows for statutory damages anywhere in a range between \$750 and \$150,000—in 2012 this was the difference between an average-priced 50-inch flat-screen television and the median sale price of a single-family home in the American Midwest. No

²⁴⁰ See Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 WM. & MARY L. REV. 439 (2009).

doubt televisions are now cheaper and houses more expensive but the comparison still stands. Technically, the upper \$30,000 to \$150,000 of this range is confined to cases of willful infringement and should be reserved for truly exceptional cases, however courts and juries have interpreted willfulness quite broadly such that it has lost its exceptionality.

Who should decide on the amount of statutory damages?

Feltner v. Columbia Pictures Television, Inc., 523 US 340 (1998)

Opinion by Justice Thomas

The Seventh Amendment provides that “in Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved. . . .” U.S. Constitution, Amendment 7. Since Justice Story’s time, the Court has understood “Suits at common law” to refer “not merely to suits, which the *common* law recognized among its old and settled proceedings, but to suits in which legal rights were to be ascertained and determined, in contradistinction to those where equitable rights alone were recognized, and equitable remedies were administered.” *Parsons v. Bedford*, 3 Pet. 433, 447 (1830) (emphasis in original). The Seventh Amendment thus applies not only to common-law causes of action, but also to “actions brought to enforce statutory rights that are analogous to common-law causes of action ordinarily decided in English law courts in the late 18th century, as opposed to those customarily heard by courts of equity or admiralty.” *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 42 (1989) (citing *Curtis v. Loether*, 415 U.S., at 193). To determine whether a statutory action is more analogous to cases tried in courts of law than to suits tried in courts of equity or admiralty, we examine both the nature of the statutory action and the remedy sought.

Unlike many of our recent Seventh Amendment cases, which have involved modern statutory rights unknown to 18th-century England, in this case there are close analogues to actions seeking statutory damages under § 504(c). Before the adoption of the Seventh Amendment, the common law and statutes in England and this country granted copyright owners causes of action for infringement. More importantly, copyright suits for monetary damages were tried in courts of law, and thus before juries.

By the middle of the 17th century, the common law recognized an author’s right to prevent the unauthorized publication of his manuscript. See, e.g., *Stationers Co. v. Patentees*, *Carter’s Rep.* 89, 124 Eng. Rep. 842 (C. P. 1666). Actions seeking damages for infringement of common-law copyright, like actions seeking damages for invasions of other property rights, were tried in courts of law in actions on the case. See *Millar v. Taylor*, 98 Eng. Rep. 201, 251 (K. B. 1769). Actions on the case, like other actions at law, were tried before juries.

In 1710, the first English copyright statute, the Statute of Anne, was enacted to protect published books. 8 Anne ch. 19 (1710). Under the Statute of Anne, damages for infringement were set at “one Penny for every Sheet which shall be found in [the infringer’s] custody, either printed or printing, published, or exposed to Sale,” half (“one Moiety”) to go to the Crown and half to the copyright owner, and were “to be recovered . . . by Action of Debt, Bill, Complaint, or Information.” § 1. Like the earlier

practice with regard to common-law copyright claims for damages, actions seeking damages under the Statute of Anne were tried in courts of law. See *Beckford v. Hood*, 101 Eng. Rep. 1164, 1167 (K. B. 1798) (opinion of Kenyon, C. J.) (“the statute having vested that right in the author, the common law gives the remedy by action on the case for the violation of it”).

The practice of trying copyright damages actions at law before juries was followed in this country, where statutory copyright protections were enacted even before adoption of the Constitution. In 1790, Congress passed the first federal copyright statute, the Copyright Act of 1790, which similarly authorized the awarding of damages for copyright infringements. The Copyright Act of 1790 provided that damages for copyright infringement of published works would be “the sum of fifty cents for every sheet which shall be found in [the infringer’s] possession, . . . to be recovered by action of debt in any court of record in the United States, wherein the same is cognizable.” § 2. Like the Statute of Anne, the Copyright Act of 1790 provided that half (“one moiety”) of such damages were to go to the copyright owner and half to the United States. For infringement of an unpublished manuscript, the statute entitled a copyright owner to “all damages occasioned by such injury, to be recovered by a special action on the case founded upon this act, in any court having cognizance thereof.” § 6.

There is no evidence that the Copyright Act of 1790 changed the practice of trying copyright actions for damages in courts of law before juries. As we have noted, actions on the case and actions of debt were actions at law for which a jury was required. Moreover, actions to recover damages under the Copyright Act of 1831— which differed from the Copyright Act of 1790 only in the amount (increased to \$1 from 50 cents) authorized to be recovered for certain infringing sheets—were consistently tried to juries.

Columbia does not dispute this historical evidence. Rather, Columbia merely contends that statutory damages are clearly equitable in nature.

We are not persuaded. We have recognized the “general rule” that monetary relief is legal, and an award of statutory damages may serve purposes traditionally associated with legal relief, such as compensation and punishment. Accordingly, we must conclude that the Seventh Amendment provides a right to a jury trial where the copyright owner elects to recover statutory damages.

The right to a jury trial includes the right to have a jury determine the amount of statutory damages, if any, awarded to the copyright owner. It has long been recognized that “by the law the jury are judges of the damages.” *Lord Townshend v. Hughes*, 86 Eng. Rep. 994, 994-995 (C.P. 1677). Thus in *Dimick v. Schiedt*, 293 U.S. 474 (1935), the Court stated that “the common law rule as it existed at the time of the adoption of the Constitution” was that “in cases where the amount of damages was uncertain, their assessment was a matter so peculiarly within the province of the jury that the Court should not alter it.” *Id.*, at 480. And there is overwhelming evidence that the consistent practice at common law was for juries to award damages.

More specifically, this was the consistent practice in copyright cases. In *Hudson & Goodwin v. Patten*, 1 Root, at 134, for example, a jury awarded a copyright owner £100 under the Connecticut copyright statute, which permitted damages in an amount

double the value of the infringed copy. In addition, juries assessed the amount of damages under the Copyright Act of 1831, even though that statute, like the Copyright Act of 1790, fixed damages at a set amount per infringing sheet. See *Backus v. Gould*, supra, at 802 (jury awarded damages of \$2,069.75); *Reed v. Carusi*, supra, at 432 (same, but \$200); *Dwight v. Appleton*, supra, at 185 (same, but \$2,000); *Millett v. Snowden*, supra, at 375 (same, but \$625).

Relying on *Tull v. United States*, 481 U.S. 412, Columbia contends that the Seventh Amendment does not provide a right to a jury determination of the amount of the award. In *Tull*, we held that the Seventh Amendment grants a right to a jury trial on all issues relating to liability for civil penalties under the Clean Water Act, 33 U.S.C. §§ 1251, 1319(d), see 481 U.S., at 425, but then went on to decide that Congress could constitutionally authorize trial judges to assess the amount of the civil penalties, see id., at 426-427. According to Columbia, *Tull* demonstrates that a jury determination of the amount of statutory damages is not necessary “to preserve ‘the substance of the common-law right of trial by jury.’” Id., at 426 (quoting *Colgrove v. Battin*, 413 U.S. 149, 157 (1973)).

In *Tull*, however, we were presented with no evidence that juries historically had determined the amount of civil penalties to be paid to the Government. Moreover, the awarding of civil penalties to the Government could be viewed as analogous to sentencing in a criminal proceeding. Here, of course, there is no similar analogy, and there is clear and direct historical evidence that juries, both as a general matter and in copyright cases, set the amount of damages awarded to a successful plaintiff. *Tull* is thus inapposite. As a result, if a party so demands, a jury must determine the actual amount of statutory damages under § 504(c) in order “to preserve ‘the substance of the commonlaw right of trial by jury.’” Id., at 426.

* * *

For the foregoing reasons, we hold that the Seventh Amendment provides a right to a jury trial on all issues pertinent to an award of statutory damages under § 504(c) of the Copyright Act, including the amount itself. The judgment below is reversed, and we remand the case for proceedings consistent with this opinion.

Notes and questions

(1) In *Feltner v. Columbia Pictures Television, Inc.*, 523 US 340 (1998), the Supreme Court held that the Seventh Amendment entitles a defendant to have a jury determine the amount of statutory damages under § 504(c). This ruling came despite the fact that Congress had provided that judges, not juries, would render statutory damage awards. This is clearly not what Congress intended. Should the Court have simply struck down the statutory damages provision as unconstitutional and left it Congress to decide whether to draft new statutory damages rules with juries in mind?

(2) Overturning a jury award of statutory damages is uncommon, but it does happen. See e.g. *Capitol Records Inc. v. Thomas-Rasset*, 680 F. Supp. 2d 1045, 1053 (D. Minn. 2010) where the district court held that “these facts simply cannot justify a \$ 2 million verdict in this case.”

Other issues in calculating statutory damages

Friedman v. Live Nation Merchandise, Inc., 833 F. 3d 1180 (9th Cir. 2016)

Circuit Judge Berzon

Glen Friedman is a well-known photographer whose work focuses on figures from several American subcultures, including skateboarders, punk rock musicians, and hip hop artists. His photography has been in gallery exhibitions and on record covers and has been published widely.

During the 1980s, Friedman took a series of photographs of the hip hop group Run-DMC. Several of Friedman's photographs of the group appeared in a book collecting his work. In 2005, Friedman granted a license to Sony Music to reproduce some of his Run-DMC photographs, accompanied by information indicating that Friedman owned the copyrights, on a website. Fans could download the images to use as computer "wallpapers." Sony's license permitted it to alter the images in some respects — for example, by adding a green tint, a Run-DMC logo, or a sparkle effect — and was the only license in which Friedman authorized such alterations to his photographs.

Live Nation is a music merchandising company involved in the design, manufacture, and sale of apparel and other products featuring images and logos of various popular music artists. In developing products, Live Nation typically enters into written merchandising agreements with music artists in which the artists retain final approval authority on the design, development, distribution and sale of merchandise bearing the artists' marks and likeness. In practice, Live Nation submits "Product Approval Forms" to artists asking them to sign off on the development of products displaying specific images. Those forms supplied by Live Nation include no reference to copyrights or other usage restrictions. Live Nation maintains that artists are "not supposed to" provide approval if they do not have the rights to the proposed photographs, but points to no instruction or agreement so stating.

Live Nation also produced "Style Guides" — essentially, collections of available images of particular artists — to inform suppliers about images they could contract to use on merchandise. Like individual products, the Style Guides were first submitted to the artists, who were supposed to "pre-clear" the images of them included in the Guides. Live Nation's Run-DMC Style Guide ("Run-DMC Guide") included a number of Friedman's images. Live Nation sought and obtained approval from Run-DMC for a 2008 Wall Calendar that included four of Friedman's images, and later, for three t-shirt designs, that included Friedman images previously featured in the Run-DMC Guide.

After he became aware of Live Nation's use of his photographs, Friedman filed a complaint asserting claims for relief for (1) copyright infringement, under 17 U.S.C. § 101 et seq.

[Friedman failed to respond to Live Nation's interrogatories and Live Nation moved for partial summary judgment.] Relying largely on Friedman's discovery default, Live Nation argued that Friedman had produced no evidence whatsoever indicating that Live Nation had willfully infringed his copyrights. ... As to Friedman's claim of

willful infringement, the court concluded that “the burden of proof here rests on Friedman, and it is not clear that he has offered any evidence that would create an issue of fact for a jury.”

Willful Infringement

Under the Copyright Act, the amount of damages a plaintiff may recover for infringement depends on whether the infringement was “committed willfully.” 17 U.S.C. § 504(c)(2). The copyright owner has the burden of proving willfulness. *Id.* “A finding of ‘willfulness’ in this context can be based on either ‘intentional’ behavior, or merely ‘reckless’ behavior.” *In re Barboza*, 545 F.3d 702, 707 (9th Cir. 2008) (citations omitted). “To prove ‘willfulness’ under the Copyright Act, the plaintiff must show (1) that the defendant was actually aware of the infringing activity, or (2) that the defendant’s actions were the result of ‘reckless disregard’ for, or ‘willful blindness’ to, the copyright holder’s rights.” *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 944 (9th Cir. 2011) (quoting *Island Software & Computer Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 263 (2d Cir. 2005)).

A determination of willfulness requires an assessment of a defendant’s state of mind. “Questions involving a person’s state of mind are generally factual issues inappropriate for resolution by summary judgment.” *F.T.C. v. Network Servs. Depot, Inc.*, 617 F.3d 1127, 1139 (9th Cir. 2010) (quoting *Braxton-Secret v. A.H. Robins Co.*, 769 F.2d 528, 531 (9th Cir. 1985)). Indeed, as the district court noted, Live Nation was not able to cite any “cases in which a court has granted summary judgment in favor of a defendant on the issue of willfulness.”

The district court nonetheless granted summary judgment to Live Nation on the willfulness issue, concluding that Friedman had not “offered any evidence that would create an issue of fact for a jury” regarding Live Nation’s awareness of or reckless disregard concerning Friedman’s copyright rights. Not so.

On the current record, a jury could reasonably conclude that Live Nation’s approval procedures amounted to recklessness or willful blindness with respect to Friedman’s intellectual property rights. Live Nation’s Product Approval Forms say nothing whatsoever about establishing or reporting on who holds the rights to the images whose use is proposed. The forms only include fields indicating the manufacturer of the proposed product, the artist represented, and the suggested price, along with space for unspecified “comments” by Live Nation and the artist. From the face of the documents, one could conclude that they are directed at design decisions, not the rights to the photographs. Nor do the specific forms signed by Run-DMC indicate in any way that the group was clearing the legal right to use the photographs, on their own behalf or anyone else’s.

In a declaration in support of Live Nation’s summary judgment motion, one of its employees explained that when artists did not own the rights to photographs, “they were not supposed to, and should not, provide their written approval ... to develop merchandise using those photographs.” But the employee did not say how or when Run-DMC was apprised of this duty. She asserted only that as an industry practice “it is generally the responsibility of the music artists’ personal managers to uncover the relevant facts and ascertain the scope of the music artists’ rights.” Given an approval process that never explicitly asks about copyrights at all, a jury could

reasonably conclude that Live Nation's reliance on the artists who were the subjects of the photographs at issue to clear photographic rights, rather than on the photographers who took them — based only on a purported industry practice never reflected in any document — amounted to recklessness or willful disregard, and thus willfulness.

That inference is particularly strong in this case. Live Nation submitted evidence showing that it knew it needed to take special care with respect to Friedman's images. In response to an unrelated request to use certain photographs of Run-DMC, a Live Nation employee sent an email stressing that "we do not want to use ANY Glenn Freidman [sic] Photos for RUN DMC. He owns all the rights to his photos and is really not interested in using them for merchandise and he is really expensive to even get clearance for." This email was sent on March 26, 2009, after the infringing use of Friedman's photographs at issue in this case, but before Friedman brought that infringing use to Live Nation's attention on October 21, 2010. Live Nation argues that this email demonstrates that it took active steps to respect Friedman's rights and avoid knowingly using any of his photos without permission. But a jury could as plausibly understand it to demonstrate that Live Nation knew there was a risk that photos of Run-DMC would be Friedman's photos, but nonetheless went forward with developing the merchandise without taking steps to ascertain whether it featured Friedman's work.

We therefore conclude that, drawing all inferences in Friedman's favor, the evidence in the record gave rise to a triable issue of fact as to Live Nation's willfulness, and we reverse the district court's grant of summary judgment.

Statutory Damages

The Copyright Act provides that "the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally..." 17 U.S.C. § 504(c)(1). The number of awards available under this provision depends not on the number of separate infringements, but rather on (1) the number of individual "works" infringed and (2) the number of separate infringers. See *Walt Disney Co. v. Powell*, 897 F.2d 565, 569 (D.C. Cir. 1990). The only issue on appeal is the number of infringers.

[Friedman's theory of statutory damages was that he was entitled to a maximum statutory damage award of \$3,120,000 because Live Nation had distributed one of the t-shirts to 27 retailers, the other t-shirt to 44 retailers, and the calendar to 33 retailers for a total of 104 separate statutory damage awards of \$30,000 each.]

We may assume for present purposes that, as Friedman claims, Live Nation sold infringing merchandise to 104 separate retailers. Our question is whether, applying *Columbia Pictures Television v. Krypton Broadcasting of Birmingham, Inc.*, 106 F.3d 284 (9th Cir. 1997),²⁴¹ Friedman is entitled under the statute to 104 separate awards, because the retailers were each jointly and severally liable with Live Nation but not collectively jointly and severally liable for the infringement of any one work.

²⁴¹ Rev'd on other grounds sub nom. *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340 (1998).

In *Columbia Pictures*, the defendant owned three television stations — also defendants in the suit — each of which infringed works owned by the plaintiff. We concluded that the plaintiff was entitled to separate awards with regard to each of the three stations, which were “separate infringers.” 106 F.3d at 294. Looking to the text of Section 504(c)(1), we explained that “when statutory damages are assessed against one *defendant* or a *group of defendants* held to be jointly and severally liable, each work infringed may form the basis of only one award, regardless of the number of separate infringements of that work.” *Id.* (emphasis added). On the other hand, *Columbia Pictures* explained, legislative history indicated that “where separate infringements for which *two or more defendants* are not jointly liable are joined in the same action, separate awards of statutory damages would be appropriate.” *Id.* (emphasis added) (quoting House Report at 162). Because the stations were each jointly and severally liable with the defendant but not with each other, we concluded, the plaintiff was entitled to three separate awards. *Id.* at 294-95 & 294 n.7.

A prominent treatise provides a hypothetical (much discussed by the parties and the lower court) explaining an analogous situation:

If each *defendant* is liable for only one of the several infringements that are the subject of the lawsuit, then each *defendant* will be liable for a separate set of statutory damages (each with its own minimum). Suppose, for example, a single complaint alleges infringements of the public performance right in a motion picture against A, B, and C, each of whom owns and operates her own motion picture theater, and each of whom, without authority, publicly performed plaintiff’s motion picture. If A, B, and C have no relationship with one another, there is no joint or several liability as between them, so that each is liable for at least a minimum \$750 statutory damage award. Suppose, further, that D, without authority, distributed plaintiff’s motion picture to A, B, and C. Although A, B, and C are not jointly or severally liable each with the other, D will be jointly and severally liable with each of the others. Therefore, three sets of statutory damages may be awarded, as to each of which D will be jointly liable for at least the minimum of \$750. However, D’s participation will not create a fourth set of statutory damages.

Nimmer on Copyright § 14.04[E][2][d] (2016) (emphasis added).

Friedman argues that *Columbia Pictures* governs the situation in this case, as a number of “downstream infringers” — retailers to whom Live Nation distributed infringing merchandise — are each jointly and severally liable for infringement with Live Nation, but not with each other. As in that case, he contends, he should be entitled to a separate award for each “unit” of infringers jointly and severally liable.

The district court rejected this argument. It surveyed a number of recent district court decisions that “rejected outright both the *Columbia Pictures* decision and the Nimmer hypothetical, finding them inapplicable to situations involving large numbers of infringements.” (quoting *Arista Records LLC v. Lime Grp. LLC*, 784 F.Supp.2d 313, 318 (S.D.N.Y. 2011)); see also *Bouchat v. Champion Prods., Inc.*, 327 F.Supp.2d 537, 553 (D. Md. 2003) (“Nimmer did not address, and doubtlessly did not consider, a coordinated mass marketing operation such as the Defendant’s business.”). Like those cases, the district court concluded that, due to the large number of downstream infringers, granting Friedman a separate award for each would “lead to an absurd result.” The court acknowledged that *Columbia Pictures* was

“binding precedent” but concluded that this case was “distinguishable”: whereas *Columbia Pictures* “involved television shows and only [three] downstream infringers ..., this case involves photographs in a mass-marketing campaign with 104 downstream infringers,” and there was “nothing in *Columbia* that suggests its reasoning should be applied to a mass-marketing campaign such as that at issue in this case.”

We cannot accept this rationale. *Columbia Pictures* is the law of this circuit, and nothing in the opinion — or in the text of the statute itself — admits of a “mass-marketing” exception. Creating such an exception would mean reading the statute in two different ways depending on how many down-the-line violations there were. And it would require us to come up with some definition of the number of violations required to invoke the exception, without any apparent basis for doing so.

We do agree, though, that Friedman reads *Columbia Pictures* too broadly, albeit for a different reason. Our holding in *Columbia Pictures* was explicitly premised on the fact that each of the downstream infringers for whom the plaintiff received a separate damages award was a defendant in the case. Before the question of damages was raised, those parties had already been adjudicated liable for infringement, and jointly and severally liable with another infringer. That is not true in this case. Here, Friedman first asserted that there were 104 downstream infringers only after the question of Live Nation’s liability for its own infringement had been resolved, not having named any of those downstream infringers as defendants in the case.

Columbia Pictures’ emphasis on the status of the downstream infringers as defendants is grounded in the language of the statute. Section 504(c)(1) provides for “an award of statutory damages for all infringements *involved in the action*, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally....” 17 U.S.C. § 504(c)(1) (emphasis added). Any downstream infringements cannot be “involved in the action” unless the alleged infringers responsible for those infringements were joined as defendants in the case, and the particular alleged infringements involving them adjudicated.

This interpretation is supported by the legislative history on which *Columbia Pictures* relied, which explains that “where separate infringements for which two or more *defendants* are not jointly liable are *joined in the same action*, separate awards of statutory damages would be appropriate.” House Report at 162 (emphasis added). Congress did not, therefore, intend for courts, in determining the amount of damages, to engage in an entirely separate adjudication as to the liability of a large group of people not parties to the case, with respect to separate infringing acts not involved in the action. To the contrary, the situation Congress contemplated was one like that in *Columbia Pictures*, in which each jointly and severally liable pair of infringers was “joined in the same action” and liable for the same infringements.

As the district court rightly recognized, the broad reading of *Columbia Pictures* Friedman urges leads to extremely unlikely results, with direct infringers becoming liable for astronomical sums in cases with large numbers of downstream infringers unrelated to each other. This risk has become particularly acute in the internet era, where rapid peer-to-peer file sharing has enabled mass piracy of books, films, music, and other copyrighted materials. See, e.g., *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 920 (2005).

A district court decision illustrates the problem. In *Arista Records LLC v. Lime Group LLC*, 784 F.Supp.2d 313 (S.D.N.Y. 2011), a record company sued the maker of an online file-sharing program that allowed users to download recordings and thereby make them available for peer-to-peer sharing. The plaintiffs identified approximately 11,000 sound recordings that they alleged had been infringed through the LimeWire system. Relying on *Columbia Pictures* and the Nimmer hypothetical, the plaintiffs argued that they were entitled to recover separate statutory damage awards for each downstream infringer — i.e., sharer — of each infringed work. The court rejected this position, noting that under this theory “Defendants’ damages could reach into the trillions” of dollars. *Id.* at 317. Like the *Arista Records* court, we cannot conclude that Congress intended such an exorbitant result, although we reach that conclusion for different reasons than did the *Arista Records* court.

We therefore hold that Section 504(c)(1)’s provision of separate statutory damage awards for the infringement of each work “for which any two or more infringers are liable jointly and severally” applies only to parties who have been determined jointly and severally liable in the course of the liability determinations in the case for the infringements adjudicated in the action. A plaintiff seeking separate damages awards on the basis of downstream infringement must join the alleged downstream infringers in the action and prove their liability for infringement. Because Friedman did not join any of his alleged downstream infringers as defendants in this case, the district court correctly held that he was limited to one award per work infringed by Live Nation. We therefore affirm the district court’s statutory damages ruling.

Notes and questions:

(1) *Friedman v. Live Nation Merchandise, Inc.*, 833 F. 3d 1180 (9th Cir. 2016) is not a groundbreaking precedent, but it is a useful illustration of how the courts approach willful infringement. As the case makes clear, “willfulness” under the copyright act can be established by showing that the defendant was actually aware of the infringing activity or that the defendant’s actions were the result of reckless disregard of the copyright owner’s rights.

(2) Statutory damages are awarded per work infringed, not per infringement. Why does this matter? Why does the Ninth Circuit reject Friedman’s argument that he is entitled to an award of statutory damages for each of the downstream distributors discussed in the case?

Attorney’s fees

Factors vs. discretion

The Copyright Act empowers, but does not require, courts to award costs and attorneys’ fees to the prevailing party in copyright cases.

17 U.S. Code §505

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney’s fee to the prevailing party as part of the costs.

As the Supreme Court stated in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994) and repeated in *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1985 (2016), any such award is “a matter of the court’s discretion.” Certain factors may guide this discretion, but no list of factors may substitute for it.

In *Fogerty*, the Court explained (at 436) that there is “no precise rule or formula” for making a determination of attorney’s fees, “but instead equitable discretion should be exercised.” The Court reiterated the point in *Kirtsaeng* (at 1985), when it said that district courts have “wide latitude to award attorneys’ fees based on the totality of circumstances in a case.” The *Fogerty* Court accepted in a footnote that the exercise of discretion could be aided with reference to nonexclusive factors, such as “frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and . . . considerations of compensation and deterrence.” However, it also cautioned (at 534 n.19),

such factors may be used to guide courts’ discretion, so long as such factors are faithful to the purposes of the Copyright Act and are applied to prevailing plaintiffs and defendants in an evenhanded manner.

No dual standard for prevailing plaintiffs and defendants

The Supreme Court has twice granted certiorari in copyright cases where the prevailing defendant was denied attorneys’ fees. In its unanimous 1994 decision in *Fogerty v. Fantasy, Inc.*, the Court expressly rejected a “dual standard” favoring plaintiffs and disfavoring defendants. The text of the Copyright Act provides no basis for preferring prevailing plaintiffs over prevailing defendants; it simply says “prevailing party.” Looking beyond the text of the Act, the Court found further support for a unitary standard in the Act’s purpose, recognizing that “while it is true that *one* of the goals of the Copyright Act is to discourage infringement, it is by no means the *only* goal of that Act.”

As the Court explained, the entirety of the Act reflects Congress’s attempt to create, “a balance of competing claims upon the public interest... The immediate effect of our copyright law is to secure a fair return for an author’s creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good.”

Yet even after *Fogerty*, courts in some circuits appeared to carry on a de facto dual standard, denying attorneys’ fees to prevailing defendants as a matter of course. The defendant in the long running case of *Kirtsaeng v. John Wiley & Sons, Inc.*, prevailed on the merits on a fairly nuanced point of statutory interpretation regarding the scope of copyright’s first-sale doctrine, but only after appealing to the Supreme Court.²⁴² In spite of this famous victory, the district court (which had sided with the plaintiff in the first instance) denied the defendant’s request for attorneys’ fees, placing “substantial weight” on the objective reasonableness of the plaintiff’s position. In doing so, the court may have shaded from substantial weight into presumption. Given that the court agreed with the plaintiff’s position, it is not surprising that it thought it was objectively reasonable. The Second Circuit agreed with the lower court, and *Kirtsaeng* returned to the Supreme Court to argue the point.

In *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979 (2016), the Supreme Court vacated and remanded the denial of attorneys’ fees, because, although it agreed that a district court

²⁴² *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S. Ct. 1351, 1363–66 (2013) (holding that the first-sale doctrine applies to works lawfully made overseas).

should give substantial weight to the objective reasonableness of the losing party's position, the Supreme Court insisted (at 1983):

But the court must also give due consideration to all other circumstances relevant to granting fees; and it retains discretion, in light of those factors, to make an award even when the losing party advanced a reasonable claim or defense. Because we are not certain that the lower courts here understood the full scope of that discretion, we return the case for further consideration of the prevailing party's fee application.

Special considerations for prevailing defendants

Trial courts appear to readily grasp the merits of awarding attorney's fees to prevailing plaintiffs, but they are not always so quick to understand the merits of the defendant's case for fees.

In *Perfect 10, Inc. v. Giganews, Inc.*, 847 F.3d 657, 665 (9th Cir. 2017), the Ninth Circuit upheld a district court's award of over \$5 million in attorneys' fees to the prevailing defendant. In so doing the court emphasized the Supreme Court's statement in *Fogerty*: "It is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible. To that end, defendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them ..."

It stands to reason that attorneys' fees are most needed to promote the objectives of copyright law when the prevailing party otherwise obtains little in monetary compensation. For a prevailing plaintiff to be entitled to attorney's fees, she must also be entitled to statutory damages and thus guaranteed of something for her trouble. In contrast, there are no statutory damages for the prevailing defendant, she "receives not a small award but no award" and is thus in the greatest need of attorneys' fees. See *Assessment Tech. of Wis., LLC v. WIREdata, Inc.*, 361 F.3d 434, 437 (7th Cir. 2004); see also *DeliverMed Holdings, LLC v. Schaltenbrand*, 734 F.3d 616, 626 (7th Cir. 2013) (affirming award of reasonable attorneys' fees to the prevailing defendant).

The Supreme Court made clear in *Fogerty* (at 534 n.19) that objective unreasonableness encompasses both factual and legal reasonableness. In either case, there is significant public interest in defendants resisting overreaching claims. When a copyright files suit against a named defendant without a sufficient factual basis and it turns out to be the wrong defendant, its lawsuit is no more meritorious than if it were advancing fanciful legal arguments.

Who is the "prevailing party" when a case is dismissed?

The Copyright Act limits an award of attorneys' fees to the "prevailing party" but leaves that term undefined. While it is self-evident that a party who obtains judgment on the merits of the claim in its favor is the "prevailing party," the law in relation to dismissals is more nuanced. In *Buckhannon Board & Care Home, Inc. v. West Virginia Department of Health & Human Resources*, 532 U.S. 598, 603–04 (2001), the Supreme Court held that a litigant "prevails" for the purpose of fee-shifting statutes when it obtains a "material alteration of the legal relationship of the parties." This material alteration standard is not met simply by a voluntary change in the other party's conduct. Elaborating on this standard, the Second Circuit has held that to be a prevailing party requires a "judicially sanctioned" material

alteration of the legal relationship of the parties. See *Roberson v. Giuliani*, 346 F.3d 75, 79–81 (2d Cir. 2003).

Under Federal Rule of Civil Procedure 41(a)(1), the plaintiff may dismiss an action without a court order by filing a notice of dismissal before the opposing party serves either an answer or a motion for summary judgment. That dismissal is without prejudice unless the notice states otherwise. Applying the standard in *Roberson v. Giuliani*, it seems clear that, if the plaintiff voluntarily dismisses an action without prejudice, there has been no judicially sanctioned material alteration of the legal relationship of the parties and thus the defendant is not a prevailing party under § 505 of the Copyright Act. See, e.g., *Cadkin v. Loose*, 569 F.3d 1142, 1145 (9th Cir. 2009).

This makes timing a critical consideration. The plaintiff can only voluntarily dismiss her action without a court order by filing a notice of dismissal *before* the opposing party serves either an answer or a motion for summary judgment; or, with a stipulation of dismissal signed by all parties who have appeared. See Federal Rules of Civil Procedure 41(a)(1).

The defendant is the prevailing party in any case in which the plaintiff's action is dismissed with prejudice, whether by court order, at the plaintiff's own instigation, or by agreement between the parties. If a judge orders dismissal with prejudice, there has clearly been a judicially sanctioned material alteration of the legal relationship of the parties and the defendant is eligible for attorneys' fees. If the plaintiff voluntarily dismisses an action with prejudice, moreover, the resulting material alteration of the legal relationship of the parties is still "judicially sanctioned," even though such alteration required no ruling from the court.²⁴³ The judicial sanction is embedded within the Federal Rules of Civil Procedure themselves. Such an impact is common in the federal rules. See Rule 13, for example.

Other questions about prevailing party

In *Cortes-Ramos v. Sony Corporation of America* No. 16-2441, 2018 WL 2077275, (1st Cir. May 4, 2018), the First Circuit held that an order compelling arbitration of a copyright dispute did not qualify the defendant as the prevailing party. The court noted (at *1) that

... the only material alteration in the parties' legal relationship concerning the Copyright Act arises from a ruling regarding the forum in which Cortés-Ramos' Copyright Act claims must be heard. But, the Copyright Act—unlike the Federal Arbitration Act, reflects no congressional policy favoring or disfavoring arbitration of claims. There thus has been no "material alteration of the legal relationship of the parties in a manner which Congress sought to promote" when it enacted § 505 of the Copyright Act.

²⁴³ In *Bridgeport Music, Inc. v. London Music, U.K.*, the Sixth Circuit held to the contrary, i.e., that plaintiff's voluntary dismissal with prejudice did not make defendant a prevailing party. *Bridgeport Music, Inc. v. London Music, U.K.*, 226 F. App'x 491, 492 (6th Cir. 2007). This is clearly wrong. *Patry on Copyright* finds it inexplicable. PATRY, *supra* note 190, § 22:211.

The significance of copyright formalities in copyright litigation

Remedies and attorney's fees depend on timely registration

Statutory damages and/or attorney's fees are not always available to the prevailing party. The combined effect of Sections 504(a), 505 and 412 is that statutory damages and attorneys fees are not available with respect to "any infringement of copyright in an unpublished work commenced before the effective date of its registration", nor with respect to any infringement that takes place between the time of first publication and the eventual registration of the work, "unless such registration is made within three months after the first publication of the work."

17 U.S. Code § 504. Remedies for infringement: Damages and profits

(a) In General.—*Except as otherwise provided by this title*, an infringer of copyright is liable for either—(1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or (2) statutory damages, as provided by subsection (c). (emphasis added)

17 U.S. Code § 505. Remedies for infringement: Costs and attorney's fees

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. *Except as otherwise provided by this title*, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs. (emphasis added)

17 U.S. Code § 412. Registration as prerequisite to certain remedies for infringement

In any action under this title, other than an action brought for a violation of the rights of the author under section 106A(a)²⁴⁴, an action for infringement of the copyright of a work that has been preregistered under section 408(f)²⁴⁵ before the commencement of the infringement and that has an effective date of registration not later than the earlier of 3 months after the first publication of the work or 1 month after the copyright owner has learned of the infringement, or an action instituted under section 411(c),²⁴⁶ *no award of statutory damages or of attorney's fees, as provided by sections 504 and 505*, shall be made for—

(1) any infringement of copyright in an unpublished work commenced before the effective date of its registration; or

²⁴⁴ The rights of attribution and integrity under the Visual Artists Rights Act of 1990.

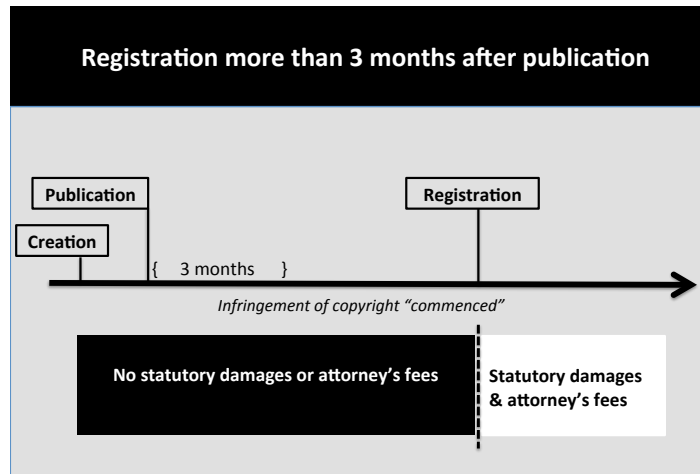
²⁴⁵ Section 411(f) provides for preregistration for classes of works that have a history of infringement prior to authorized commercial distribution.

²⁴⁶ Section 411(c) provides: In the case of a work consisting of sounds, images, or both, the first fixation of which is made simultaneously with its transmission, the copyright owner may, either before or after such fixation takes place, institute an action for infringement under section 501, fully subject to the remedies provided by sections 502 through 505 and section 510, if, in accordance with requirements that the Register of Copyrights shall prescribe by regulation, the copyright owner—(1) serves notice upon the infringer, not less than 48 hours before such fixation, identifying the work and the specific time and source of its first transmission, and declaring an intention to secure copyright in the work; and (2) makes registration for the work, if required by subsection (a), within three months after its first transmission.

(2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.

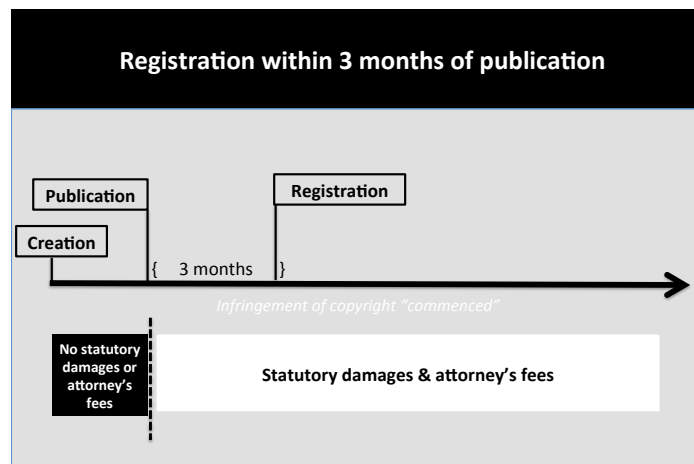
Section 412 creates incentives to register, and more importantly, *incentives to register promptly*. As seen in Figure 1 below, the copyright owner who registers more than three months after first publication would not be entitled to statutory damages or attorney's fees for any infringement that commenced before the effective registration date.

Figure 26



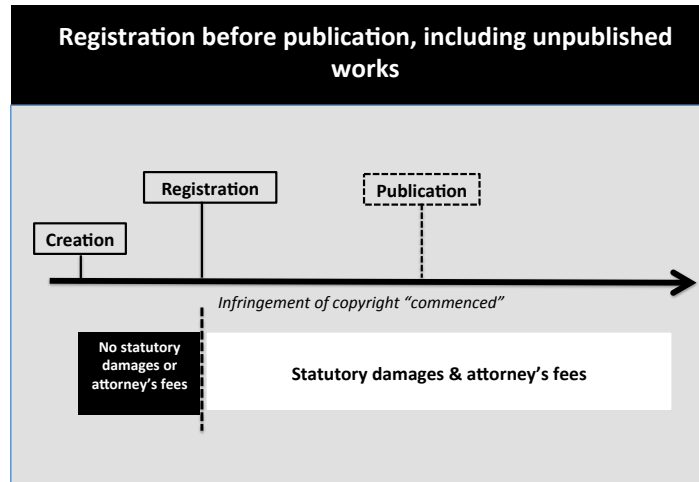
In contrast, as seen in Figure 2 below, as long as the copyright owner registers within the three month window, she is eligible for statutory damages or attorneys fees from the date of publication going forward. The copyright owner would still not be entitled to statutory damages or attorney's fees for any pre-publication infringement.

Figure 27



Lastly, although this is rare, the copyright owner can register prior to publication, in which case, as seen in Figure 3 below, she is eligible for statutory damages and attorneys fees from the date of registration.

Figure 28



Incentives for timely registration are important, but timely copyright registration can be difficult or burdensome for authors who create hundreds or thousands of works a year, or those who create works that are constantly changing and evolving. The registration precondition can negate much of the real world utility of copyright ownership. Congress is currently considering a proposal that would soften or entirely remove the pre-registration requirement for copyright small claims brought in a newly constituted Copyright Small Claims Court.²⁴⁷

When does infringement commence?

The copyright owner can even miss out on statutory damages or attorneys fees for conduct that occurred post-registration in some cases because courts regard an infringement as having “commenced” when the first act in a series of acts constituting continuing infringement occurs.

The *Derek Andrew v. Poof Apparel* case extracted below illustrates this issue.

Derek Andrew, Inc. v. Poof Apparel Corp., 528 F.3d 696 (9th Cir. 2008)

Poof Apparel Corporation (“Poof”) and Derek Andrew, Inc. (“Andrew”) were companies in the apparel business. Andrew alleged that Poof infringed the copyright in its copyrighted “Twisted Heart” hang-tag that Andrew used as a trademark for its Twisted Heart line of casual sportswear. Andrew had used the Twisted Heart hang-tag hangs in high-end department stores such as Nordstrom, Saks Fifth Avenue, and Neiman Marcus since 2003. Andrews registered the tag, including its configuration and the artwork in the label, with the U.S. Copyright Office on June 15, 2005. Poof used its own similar hang-tag on clothes sold lower-end retail stores such as T.J. Maxx, The Wet Seal, and Marshall’s. The district court awarded substantial damages for the associated infringement of Andrew’s trademark and related state law causes of action.

²⁴⁷ The Copyright Alternative in Small-Claims Enforcement Act of 2019 (CASE Act) was introduced in the House (H.R. 2426) and in the Senate (S. 1273) on May 1, 2019. A similar bill was introduced in the House in 2017.

Figure 29 Plaintiff and defendant hangtags (from amended complaint)



FRONT LABEL



FRONT LABEL

Opinion by District Judge Wright

As to its copyright claim, Andrew was awarded \$15,000 in statutory damages. Poof was also permanently enjoined from further infringing upon Andrew's trademarks and—because the trial court was of the opinion that this was an exceptional case—Andrew was awarded attorneys' fees in the amount of \$296,090.50, and \$6,678.60 in costs. Poof timely appealed.

DISCUSSION

The district court erred in awarding Andrew \$15,000 in statutory damages under the Copyright Act.

Under 17 U.S.C. § 504(a) and (c), a copyright owner may elect to recover statutory damages instead of actual damages and any additional profits.

Title 17 U.S.C. § 412(2) leaves no room for discretion, however. Section 412(2) mandates that, in order to recover statutory damages, the copyrighted work must have been registered prior to commencement of the infringement, unless the registration is made within three months after first publication of the work. See *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 520 (9th Cir. 1985). (precluding an award of attorneys' fees as well);³ *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 707 n. 5 (9th Cir. 2004).

Footnote 3: Title 17 U.S.C. § 412(2) provides that “no award of statutory damages or of attorney’s fees, as provided by sections 504 and 505, shall be made for any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.”

Here, the district court awarded Andrew \$15,000 in statutory damages because Poof distributed garments bearing the infringing hang-tag after June 15, 2005, the copyright's registration date. Thus, as a matter of law, the court must have determined that § 412 does not preclude an award of statutory damages because these post-June 15, 2005, shipments were separate and distinct infringements from the pre-registration infringement. We review de novo the court's legal conclusion that the post-June 15, 2005, infringements did not “commence” before the copyright was registered.

In this case, it is undisputed that Andrew's hang-tag was first published on August 11, 2003, and that its copyright registration became effective on June 15, 2005. It is also undisputed that the initial act of infringement occurred on May 9, 2005, when Andrew first came into possession of a Poof garment bearing an infringing hang-tag. Thus, Andrew's copyright in its Twisted Heart hang-tag was registered more than three months after its first publication, and Poof's infringement first occurred before the effective date of registration.

Citing this sequence of events, Poof argues that Andrew is precluded from recovering statutory damages under § 412 because any subsequent, post-registration distributions of garments bearing the infringing hang-tag are continuous and ongoing acts of the initial infringement. Andrew, on the other hand, contends that these post-registration distributions constitute new infringements under the Copyright Act, thereby justifying the court's award of statutory damages.

Until now, we have not expressly addressed the issue presented; namely, whether § 412 bars an award of statutory damages for post-registration infringements when the initial act of infringement occurred prior to the effective copyright registration date. Resolution of this issue necessarily depends upon our interpretation of the term "commenced" as it is used in § 412. In that regard, we examine the text of § 412 and consider the purposes behind its enactment.

With respect to the text, we are guided by the courts that have interpreted § 412 in similar factual contexts. As one court has concluded, while

each separate act of infringement is, of course, an "infringement" within the meaning of the statute, and in a literal sense perhaps such an act might be said to have "commenced" (and ended) on the day of its perpetration, it would be peculiar if not inaccurate to use the word "commenced" to describe a single act. That verb generally presupposes as a subject some kind of activity that begins at one time and continues or reoccurs thereafter.

Singh v. Famous Overseas, Inc., 680 F.Supp. 533, 535 (E.D.N.Y.1988); accord *Parfums Givenchy, Inc. v. C & C Beauty Sales, Inc.*, 832 F.Supp. 1378, 1394 (C.D.Cal.1993) (quoting *Singh*, 680 F.Supp. at 535); *Mason v. Montgomery Data, Inc.*, 741 F.Supp. 1282, 1286 (S.D.Tex.1990) ("The plain language of the statute does not reveal that Congress intended to distinguish between pre and post-registration infringements."). We discern no reason to depart from such a reading.

We also recognize that § 412 is designed to implement two fundamental purposes. First, by denying an award of statutory damages and attorney's fees where infringement takes place before registration, Congress sought to provide copyright owners with an incentive to register their copyrights promptly. See House Report at 158 (1976) ("Copyright registration ... is useful and important to users and the public at large ... and should therefore be induced in some practical way."). Second, § 412 encourages potential infringers to check the Copyright Office's database. See *Johnson v. Jones*, 149 F.3d 494, 505 (6th Cir. 1998). To allow statutory damages and attorneys' fees where an infringing act occurs before registration and then reoccurs thereafter clearly would defeat the dual incentives of § 412. See *Johnson*, 149 F.3d at 505 ("These purposes would be thwarted by holding that infringement is 'commenced' for the

purposes of § 412 each time an infringer commits another in an ongoing series of infringing acts.”).

Every court to consider the issue has held that “infringement ‘commences’ for the purposes of § 412 when the first act in a series of acts constituting continuing infringement occurs.” *Johnson*, 149 F.3d at 506. Indeed, if the incentive structure of § 412 is to be properly applied, Andrew, having waited nearly two years from the date of first publication to register its copyright, should not receive the reward of statutory damages. See *Johnson*, 149 F.3d at 505–06.

Accordingly, we join those circuits that addressed the issue before us⁴ and hold that the first act of infringement in a series of ongoing infringements of the same kind marks the commencement of one continuing infringement under § 412. This interpretation, we believe, furthers Congress’ intent to promote the early registration of copyrights.

Footnote 4: See *Bouchat v. Bon-Ton Dep’t Stores, Inc.*, 506 F.3d 315, 330 (4th Cir.2007); *Troll Co. v. Uneeda Doll Co.*, 483 F.3d 150, 158 (2d Cir.2007); *Johnson*, 149 F.3d at 506; *Mason v. Montgomery Data, Inc.*, 967 F.2d 135, 142–44 (5th Cir.1992).

Given our interpretation of § 412, we must now determine whether Poof’s post-registration distributions were an ongoing continuation of its initial pre-registration infringement. In this case, there is no legally significant difference between Poof’s pre and post-registration infringement. Poof first distributed garments bearing the infringing hang-tag on May 9, 2005, if not earlier, and continued to do so—albeit with the hang-tag attached to different garments—after the June 15, 2005, copyright registration. Thus, Poof began its infringing activity before the effective registration date, and it repeated the same act after that date each time it used the same copyrighted material.

The mere fact that the hang-tag was attached to new garments made and distributed after June 15 does not transform those distributions into many separate and distinct infringements. See e.g. *Mason*, 967 F.2d at 144 (concluding that a plaintiff may not recover statutory damages for infringements that commenced after registration if the same defendant commenced an infringement of the same work prior to registration); *Ex-Tix, Inc. v. Hit-Tix, Inc.*, 919 F. Supp. 728, 736 (S.D.N.Y. 1996) (rejecting argument that each sale of an infringing ticket was a separate act of infringement that commenced after the copyright’s registration date); *Parfums Givenchy*, 832 F. Supp. at 1393–95 (rejecting argument that, because the defendant had imported and distributed the infringing product on several distinct occasions, each act of importing the product constituted a separate and distinct act of infringement); *Johnson v. University of Virginia*, 606 F. Supp. 321, 325 (W.D. Va. 1985) (rejecting argument that each time a photograph was copied, a separate copyright infringement was commenced). Poof simply engaged in an ongoing series of infringements that commenced with the first distribution in May 2005. Therefore, Andrew is not entitled to statutory damages under the Copyright Act, and the court’s award of \$15,000 is REVERSED.

Poof also challenges the district court’s award of attorneys’ fees. First, Poof argues that, in addition to precluding recovery of statutory damages, Andrew’s failure to timely register its copyrights precludes it from recovering attorneys’ fees. As noted above, 17 U.S.C. § 412(2) of the Copyright Act precludes an award of attorneys’ fees

if the copyrighted work is not registered prior to the commencement of the infringement, unless the registration is made within three months after the first publication of the work. Because infringement commenced prior to the June 15, 2005, registration date, Andrew is not entitled to its attorneys' fees to the extent that they are based upon a violation of the Copyright Act.

Notes and questions

(1) In *Derek Andrew, Inc. v. Poor Apparel Corp.*, 528 F. 3d 696 (9th Cir. 2008), the Ninth Circuit held that §412(2) of the Copyright Act precludes recovery of statutory damages for an infringement that began before the effective date of registration, regardless of whether it continued after the registration. Consistent with Congress' intention to "provide copyright owners with an incentive to register their copyrights promptly", the court agreed (at 700-01) that "infringement 'commences' for the purposes of § 412 when *the first act in a series of acts constituting continuing infringement occurs.*" (emphasis added).

(2) Where should courts draw the line between infringing acts that are all part of a series of continuing infringement versus distinct series of infringement? In the *Derek Andrews* case, the actions taken pre-and post-registration were exactly the same. How different should an infringing act be to trigger a new series in the relevant sense?

22. PROCEDURAL ISSUES IN COPYRIGHT LITIGATION

Standing

John Wiley & Sons, Inc. v. DRK Photo, 882 F.3d 394 (2d Cir. 2018)

DRK Photo (“DRK”) entered in to a number of representation agreements with photographers making it their non-exclusive agent. DRK licensed hundreds of images to John Wiley & Sons, Inc. (“Wiley”) for a limited use and alleged that Wiley exceeded the scope of its license with respect to 295 of those images and thus infringed copyright. The case came to the Second Circuit on cross-motions for summary judgment. Wiley did not appeal the finding of infringement with respect to 45 images that were licensed to DRK on an exclusive basis.

Opinion by Circuit Judge Susan L. Carney

DRK does not directly employ photographers. Instead, it enters into “Representation Agreements” in which photographers grant to DRK, for a share of the licensing proceeds, the rights to include images in its collection and to license those images to third parties for a fee. The Representation Agreements relevant here establish non-exclusive agency relationships, in that they allow the photographers to enter into similar arrangements with other agents as well. In relevant part, the DRK non-exclusive license typically provides, “I desire that you [DRK] act as my agent with respect to the sale or leasing of the photographs or transparencies which I have delivered to you and shall deliver to you in the future.” DRK executed most of the Representation Agreements of concern here in the 1980s and ‘90s.

In 2008, DRK undertook what it called a “copyright registration program.” As part of the program, DRK asked its photographers to execute a single-page document entitled “Copyright Assignment, Registration, and Accrued Causes of Action Agreement” (the “Assignment Agreement”). DRK explained in contemporaneous correspondence with the photographers that the Assignment Agreements were “necessary as DRK Photo is initiating a copyright registration program with the United States Copyright Office to officially register many of the images in its collection.” DRK further explained that, “with a Certificate of Registration in hand (prior to a copyright infringement) we will be in a much stronger position with much more leverage for settling copyright infringement claims.” “With this Agreement,” it advised, “we receive the authorization necessary to initiate and settle copyright infringement claims brought against would be infringers of DRK Photo Images.”

The Assignment Agreements contain two pertinent provisions. The first, the “Granting Clause,” provides in relevant part:

The undersigned photographer, the sole owner of the copyrights in the undersigned’s images (“the Images”) selected by [DRK] and included in DRK’s collection, hereby grants to DRK all copyrights and complete legal title in the Images. DRK agrees to reassign all copyrights and complete legal title back to the undersigned immediately upon completion of the registration of the Images . . . and resolution of infringement claims brought by DRK relating to the Images.

The second, the “Right-to-Sue Clause,” provides in relevant part:

The undersigned agrees and fully transfers [to DRK] all right, title and interest in any accrued or later accrued claims, causes of action, choses in action—which is the

personal right to bring a case—or lawsuits, brought to enforce copyrights in the Images. . . .

The agreements further call for DRK to divide any recovery obtained from infringement lawsuits evenly with the affected photographer.

Approximately one hundred photographers eventually executed Assignment Agreements with DRK. And, between 2009 and 2010, DRK registered the covered images in its collection with the United States Copyright Office. The related Certificates of Registration denote the relevant photographer as the “author” and DRK as the “copyright claimant.”

The parties each moved for summary judgment. DRK prevailed with respect to images subject to its exclusive representation agreements, and Wiley does not appeal that judgment here. But, as to the images for which DRK was a non-exclusive agent, the District Court granted summary judgment to Wiley and dismissed DRK’s infringement claims. It reasoned, first, that because the Representation Agreements did not render DRK the sole and exclusive agent of the photographers, section 501 of the Act did not permit DRK to prosecute the claim. Second, the court found that the Assignment Agreements, too, fell short of providing DRK an adequate basis to sue Wiley because they conveyed nothing more than the right to sue for infringement.

I. If it is merely an assignee of the right to sue for infringement, can DRK prosecute a copyright infringement action?

DRK first argues that it is entitled to sue Wiley for infringement of the photographs under the Right-to-Sue Clause of the Assignment Agreements. As we have noted, that clause states that the photographers “fully transfer[] [to DRK] all right, title and interest in any accrued or later accrued claims, causes of action, choses in action . . . or lawsuits, brought to enforce copyrights in the Images.” Wiley accepts that DRK and the photographers may have intended in this clause to convey to DRK the right to sue for infringement. It nevertheless contends that a purported assignment of that right, standing alone, is inadequate to allow DRK to assert a claim under section 501(b) of the Act.

Section 501(b) provides in part that “the legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it.” 17 U.S.C. § 501(b). None dispute that the “exclusive right[s] under a copyright” to which section 501(b) refers are those six “exclusive rights in copyrighted works” enumerated in section 106 of the Act: the right to reproduce the work, prepare derivative works, distribute the work to the public, perform the work, display the work, and perform the work by means of digital transmission. 17 U.S.C. § 106.

Wiley contends and DRK disputes that, in our decisions in *Eden Toys* and *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971 (2d Cir. 1991), we definitively interpreted section 501(b) to preclude suit under the Act by assignees of the bare right to sue that have never held exclusive ownership rights. As discussed below, we are not convinced that these cases compel the conclusion that Wiley claims. We therefore return to the statutory text to determine whether, as DRK submits, it may sue under section 501(b). We address these arguments in turn.

A. *Eden Toys and ABKCO*

We first consider whether these decisions compel dismissal of DRK’s infringement action for want of statutory standing.

Footnote 4: We recognize that, to ensure that the right to sue is not confused with Article III standing, the Supreme Court has discouraged the use of the term “statutory standing.” See *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1387 n.4 (2014). We use the phrase “statutory standing” here for historical reasons, to refer to a plaintiff’s right to pursue a cause of action under the Copyright Act.

The District Court agreed with Wiley that they do. We think, on balance, that neither is dispositive.

First, our decision in *Eden Toys* is fairly susceptible to more than one reading on this score. In *Eden Toys*, Paddington and Company, Limited (“Paddington”), the owner of the copyright in the fictional character Paddington Bear, executed a license with Eden Toys, Inc. (“Eden”) that made Eden (1) an exclusive licensee for some uses of the primary copyright, and (2) an owner of Eden’s derivative works in the copyright. The license granted Eden “the right, at its option, . . . to institute appropriate legal action against [an] infringer [of the primary copyright],” but only in the event that the copyright owner, Paddington, “elected to take no legal action.” *Eden Toys*, 697 F.2d at 30 n. 2. Our Court concluded that Eden could state a cause of action for infringement of its own derivative works and licensed uses, but not for infringing uses of the primary Paddington Bear copyright, as to which the licensor Paddington retained the right to sue. In a footnote, we stated that the Copyright Act does not permit “holders of rights under copyrights to choose third parties to bring suits on their behalf.” *Id.* at 32 n.3. We noted in brief explanation that “while Fed. R. Civ. P. 17(a) ordinarily permits the real party in interest to ratify a suit brought by another party, the Copyright Law is quite specific in stating that only the ‘owner of an exclusive right under a copyright’ may bring suit.” *Id.* (internal citations omitted) (quoting 17 U.S.C. § 501(b)). It is on this language that Wiley’s stare decisis argument rests.

Competing views of the *Eden Toys* footnote have emerged since we decided the case more than thirty years ago. Some have read the opinion as merely precluding prosecution of an infringement suit by a copyright holder’s agent, and offering nothing of substance about the legitimacy of suit based on only an outright assignment. Because *Eden Toys*’ license permitted it to sue only subject to a condition—that is, only when the copyright holder elected to forgo its own (primary) right to sue—*Eden Toys* can be read to hold that a license in the form presented there is insufficient to convey a cause of action for all infringements of the copyright. In other words, as to infringements of the original copyrighted work, *Eden* held a mere secondary right to sue, and under the Copyright Act, that assignment was insufficient to allow *Eden Toys* to sue for infringement. See *Eden Toys*, 697 F.2d at 32 n.3. As some have observed, this reading of the opinion leaves open “the more difficult question . . . whether the assignee of solely an accrued claim and no other copyright interest has standing to sue.”³ *Nimmer & Nimmer* § 12.02[C].

On the other hand, some have read *Eden Toys* as precluding infringement actions like DRK’s. And this was the reading adopted by the Ninth Circuit majority in *Silvers*. In fact, the *Silvers* majority drew partial support for its decision by characterizing it as maintaining consistency with the law of our Circuit. 402 F.3d at 889-90 (“We think it

important to parallel the Second Circuit. . .”). We appreciate the consideration it gave to our prior decision and to the need for a uniform regime.

We need not resolve here which is the better reading of this *Eden Toys* footnote, however, because, as we explain below, we simply read the text of the Copyright Act to preclude infringement suits by assignees of merely the right to sue who do not hold and have not yet held any of the listed exclusive rights. *Eden Toys* at least supports our decision, and no reading of *Eden Toys* prevents us now from adopting that view. [The court also explained that its decision in *ABKCO* did not directly address whether the Copyright Act permits suit by a mere assignee of the right to sue.]

In light of the ambiguity of these decisions on this question, we return to the text of the Copyright Act to determine afresh whether it allows such plaintiffs to pursue infringement suits.

B. Whether the Copyright Act permits suit by mere assignees of the bare right to sue

Our analysis begins with the statutory language. Section 501(b) provides:

The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it. The court may require such owner to serve written notice of the action with a copy of the complaint upon any person shown, by the records of the Copyright Office or otherwise, to have or claim an interest in the copyright, and shall require that such notice be served upon any person whose interest is likely to be affected by a decision in the case. The court may require the joinder, and shall permit the intervention, of any person having or claiming an interest in the copyright.

17 U.S.C. § 501(b).

The most natural reading of this provision, it seems to us, is that by identifying who may bring suit under the Act, Congress signaled that others may not. As the District Court correctly observed, “This right in copyright does not exist at common law in the United States—it originated, if at all, under the acts of Congress.” (quoting *Wheaton v. Peters*, 33 U.S. 591, 663-64 (1834)). A suit for infringement is thus a “creature of statute.” *Silvers*, 402 F.3d at 883-84. This being so, Congress may determine—and limit, if it so chooses—who may enforce the rights it has created.

Further, the interpretive canon of *expressio unius est exclusio alterius* instructs that Congress’s expression of one or several items in an enumerated list typically reflects an intent to “exclude another left unmentioned.” *N.L.R.B. v. SW Gen., Inc.*, 137 S. Ct. 929, 940 (2017) (internal quotation marks omitted). In the Copyright Act, Congress expressly provided a cause of action for infringement only for “legal or beneficial owner[s]” of one of the six enumerated “exclusive right[s] under a copyright.” 17 U.S.C. § 501(b). The right to sue is conspicuously absent from the list of exclusive rights. See 17 U.S.C. § 106. The plain language of the Act does not authorize infringement actions by mere assignees of the bare right to sue — entities that do not hold and indeed never held any section 106 exclusive right in the allegedly infringed-upon work.

The special features of copyright make the application of the expressiounius canon especially appropriate. In enacting and amending the Copyright Act, Congress legislates regarding a property interest that carries special and deep-rooted public policy concerns. See *Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003) (noting that “copyright’s purpose is to promote the creation and publication of free expression” ; see also U.S. Constitution Art. I, § 8, cl. 8 (establishing congressional power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”). The copyright regime that Congress had adopted and over time amended reflects a legislative balancing of rights and duties with unique features. For example, an action for infringement is not simply one for a readily ascertainable debt for a sum certain: copyright infringement claims are multifaceted and complex. We are reluctant to risk disturbing the balance that Congress settled on by reading into the Act features that Congress has not expressly adopted.

Our reluctance in this respect takes on particular importance in section 501(b), where Congress appears to have taken care to craft limits on the right to sue. For example, section 501(b) prevents even holders of one of the six exclusive section 106 rights from suing unless the alleged infringement occurred “while he or she [was] the owner of it.”¹⁷ U.S.C. § 501(b). We read this “durational limitation,” as did the *Silvers* majority, as reflecting an effort to “carefully circumscribe” the right to sue for infringement, marking an additional reason not to inject an additional untethered right to sue into the congressional silence. *Silvers*, 402 F.3d at 885; see also *DRK Photo v. McGraw-Hill Glob. Educ. Holdings, LLC* (“McGraw-Hill”), 870 F.3d 978, 988 (9th Cir. 2017)).

Footnote: The Ninth Circuit’s parallel decision in *McGraw-Hill* was handed down after oral argument in this case. Although the case involved the same plaintiff and the same issue, the Second Circuit declined to apply the doctrine of collateral estoppel against DRK.

We also find persuasive the observation that Congress failed entirely in section 501(b) to make any mention of or accommodation for entities that are mere assignees of the right to sue and whose rights are divorced from all of the exclusive rights. Thus, in addition to setting out who may sue, section 501(b) contains notice and joinder provisions intended to ensure in infringement suits that “other owners whose rights may be affected are notified and given a chance to join the action.” House Report at 159 (1976). The statute thus allows courts to “require the joinder . . . of any person having or claiming an interest in the copyright,” or to require that a plaintiff alleging infringement “serve written notice of the action with a copy of the complaint upon any person shown . . . to have or claim an interest in the copyright.”¹⁷ U.S.C. § 501(b). Notice and joinder, however, are expressly invited only in suits brought by a “legal or beneficial owner” of an enumerated copyright right under the Act. *Id.* As already noted, the right to sue is not one of those enumerated rights. See *id.* § 106. Silence in this provision, too, provides further evidence of Congress’s anticipation of suit only by those it named.

Finally, we recognize that a central thrust of the 1976 modifications to the Copyright Act, which enacted section 106, was to abandon the prohibition on divisibility of copyright that courts had read into the 1909 version of the Act. See H.R. Rep. No. 94-1476, at 61 (noting that section 106 creates a “‘bundle of rights’ that is a

copyright,” which “may be subdivided indefinitely”). The introduction of section 106 suggests to some that Congress has invited, or at least not forbidden, further unbundling of manifold rights, such as would permit recognition of rights to sue in mere assignees of the right to sue that hold none of the exclusive rights. But, although the 1976 modification certainly effected an expansion of actionable rights under the Act and the House report includes a phrase heralding “indefinite[]” subdivision, the expansion was accomplished primarily through the enactment of section 106. That section—as apparent from its text— identifies only six particular alienable elements. Given the importance of this section in effectuating Congress’s goal to render copyrights divisible, Congress’s omission from it of the right to sue for infringement as a separate exclusive right strikes us as especially significant.

C. Whether background principles of federal common law overcome the plain reading of the Act

DRK argues that our reading of the Act ignores background common law principles that permit the free assignability of federal claims. It asserts, in particular, that our holding “is not valid” after *Sprint Communications Co. v. APCC Services, Inc.*, 554 U.S. 269 (2008). Appellant’s Br. at 59. We cannot agree.

In *Sprint*, the Supreme Court considered whether an assignee of an injured party’s claim for monies owed under the Federal Communications Act had constitutional standing to pursue that claim. 554 U.S. at 271. As part of its reasoning, the Court undertook an analysis of the history of the assignability of claims, ultimately finding that “throughout the 19th century, American courts regularly exercised their powers in favor of the assignee” of a chose in action.⁶ *Id.* at 278 (internal quotation marks omitted).

Footnote 6: A chose in action is “an interest in property not immediately reducible to possession.” *Sprint*, 554 U.S. at 275. It includes “a financial interest such as a debt, a legal claim for money, or a contractual right.” *Id.* The Fifth Circuit has construed copyright infringement claims as choses in action. See *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698, 699-700 (5th Cir. 1969).

This trend toward assignability, the Court concluded, provided a basis for conferring standing on the aggregators of claims for purposes of collection. *Id.* at 285. Although the Supreme Court’s decision in *Sprint* focused on constitutional and prudential standing, the majority opinion hints at the Court’s recognition of a generally permissive regime for the assignment of federal causes of action, at least for some categories of statutory claims. See *id.* at 285-86.

But whether any trend toward assignability should apply in the copyright context is a different matter. Even assuming that congressional silence may, in general, reflect an intention not to preclude suit on assigned claims, we do not think it follows that such an interpretive principle would govern copyright claims. To the contrary, we see reason to conclude that the trend towards liberal assignability of claims reflected in *Sprint* should not reach copyright infringement claims. See *McGran-Hill*, 870 F.3d at 988 (“*Sprint* does not undercut the reasoning of *Silvers*, which was grounded on the specific statutory language and history of the Copyright Act’s standing provision for infringement claims”).

Despite what may be modern expansions of the right to sue, assignability of litigation claims is not universally countenanced. It remains constrained in many jurisdictions by common law prohibitions on maintenance, champerty, and barratry— doctrines

that developed to ensure the authenticity of lawsuits and the bona fides and commitment of the parties prosecuting them. See *Sprint*, 554 U.S. at 306 (Roberts, C.J., dissenting)(discussing champerty and maintenance).

Even in the context of congressionally created causes of action, federal law does uniformly not permit suit based on a bare assigned claim. Indeed, such suits are not permitted under patent law, an area by tradition seen as closely related to copyright. See *Impression Prods., Inc. v. Lexmark Int'l, Inc.*, 137 S. Ct. 1523, 1536 (2017) (noting that patent law and copyright “share a strong similarity and identity of purpose” (quoting *Bauer & Cie v. O'Donnell*, 229 U. S. 1, 13 (1913))). In its seminal decision in *Crown Die & Tool Co. v. Nye Tool & Machine Works*, the Supreme Court held that the right to sue for past patent infringement is not a chose in action that is freely assignable under common law principles. 261 U.S. 24, 40 (1923). As the *Crown Die Court* explained, “It is the fact that the patentee has invented or discovered something useful and thus has the common-law right to make, use and vend it himself which induces the government to clothe him with the power to exclude every one else from making, using or vending it.” Accordingly, the right to exclude other patent uses is merely the “chief incident of” the patent holder’s own common law rights, which flow from the discovery or invention. The “incident of exclusive ownership,” the Court explained, “can not be enjoyed save with the common-law right.” Moreover, the right to sue for patent infringement is not otherwise transferable as a chose in action at common law, the Court taught, because “patent property is the creature of statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment.” In absence of congressional authorization, the monopoly created by the Patent Act—including, chiefly, the right to exclude others from using it—“cannot be regulated by the rules of the common law.”

The Supreme Court has long recognized patent law’s strong and “historic kinship” with copyright law, a kinship that is reflected in the Constitution. *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 439 (1984); accord *Impression Prod., Inc.*, 137 S. Ct. at 1536; *Bauer & Cie*, 229 U. S. at 13. Applying the logic of *Crown Die*, we are inclined, despite the age of that decision, to see the right to sue for copyright infringement still as an incidental privilege of ownership of a right to a copyrightable work. Absent express congressional authorization for suit by a transferee of the bare right to sue for infringement, this “incidental privilege” of copyright ownership strikes us as, similar to a patent holder’s right, not independently transferable under the current congressionally enacted copyright regime.

Some have argued against applying an analogy to patent law in this context, correctly observing that the patent law regime differs from copyright law in that the exclusive rights under a patent are not divisible. See e.g., *Silvers*, 402 F.3d at 904-05 (Bea, J., dissenting). The Supreme Court in *Crown Die*, however, acknowledged the non-divisibility of the rights under a patent, 261 U.S. at 37, and we think its holding in that case did not rest in any fundamental way upon this observation. Instead, its holding rested on: (1) the Court’s characterization of the right to exclude other patent users (through suit, if necessary) as incident to—that is, coupled with—the common law rights flowing from the invention or discovery itself, and (2) the

absence of any statutory provision authorizing the transfer of the right to sue for patent infringement as a chose in action.

We are persuaded from our reading of the Act, as informed by long-adhered-to practices in the intellectual property realm, that the Act does not permit a plaintiff assignee to bring a claim for infringement without also having or having had a legal or beneficial ownership in some exclusive right under part of the allegedly infringed copyright.

II. Whether DRK is a legal or beneficial owner of an exclusive right

Finally, DRK contends that it should be permitted to sue Wiley for infringement because the Representation Agreements and the Assignment Agreements make it either a legal owner or a beneficial owner of an exclusive right in copyright in the images. We conclude that neither argument carries the day.

A. Legal ownership

Legal ownership of the exclusive rights under a copyright initially vests in the author of the copyrighted work. 17 U.S.C. § 201(a). The author may transfer all or a subset of these rights “by any means of conveyance or by operation of law.” *Id.* § 201(d)(1). After transfer, the new owner of a particular exclusive right is “entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner.” *Id.* § 201(d)(2).

Owners of exclusive rights may grant essentially two types of licenses, exclusive and non-exclusive, authorizing others to use their rights. The type of license conferred has important implications for the scope of the licensee’s privileges under the Copyright Act. An exclusive licensee holds the exclusive right—superior even to copyright owners’ rights—to use the copyrighted work in a manner as specified by the license agreement, and may exclude others entirely from using the copyrighted work. Although an exclusive licensee is capable of breaching the contractual obligations imposed on it by the license, it cannot be liable for infringing the copyright rights conveyed to it. In contrast, a non-exclusive license merely permits the licensee to use the copyrighted material. Such licenses may be granted to multiple licensees, and serve only to immunize the licensee from a charge of copyright infringement, provided that the licensee uses the copyright as agreed with the licensor. Accordingly, an exclusive licensee is a “legal owner” of an exclusive right for purposes of a copyright infringement action under section 501(b), see *id.* at 100 n.10, whereas a non-exclusive licensee is not, see *Eden Toys*, 697 F.2d at 32.

DRK argues that, by making it the photographers’ licensing agent, the Representation Agreements convey the exclusive right to authorize reproduction of the images. Further, DRK says, the Granting Clause of the Assignment Agreements unambiguously conveys “all copyrights and complete legal title in the Images.” In our view, neither set of agreements gives DRK a sufficient legal ownership interest to satisfy section 501.

1. The Representation Agreements

We can dispense in short order with the Representation Agreements as a potential source of legal ownership. These agreements merely make DRK one of potentially many agents of each photographer. They provide only that “[the photographer]

desire[s] that [DRK] act as [the photographer's] agent with respect to the sale or leasing of the photographs or transparencies.” Nothing in the agreements purports to establish an exclusive principal-agent relationship with respect to either photographer or image. In contrast, other DRK agreements, not at issue here, make DRK the “sole and exclusive agent” of the relevant photographers. Thus, the Representation Agreements here fail on their face to convey an exclusive right in copyright to DRK, as section 501 requires.

2. The Assignment Agreements

The import of the Assignment Agreements is not so evident. The Granting Clause of these agreements purports to convey not just some of the exclusive rights under the copyrights in the images, but “all copyrights and complete legal title.” Thus, the agreements on their face appear designed to convey to DRK all of the exclusive rights under copyright in the images.

[Arizona contract law allows a court to consider extrinsic evidence as a preliminary matter to determine whether the contract language is reasonably susceptible to the interpretation asserted by its proponent.] Wiley proposes, based on extrinsic evidence, that the Registration Agreements should be read as transferring title to the copyrights for purposes of registration and filing suit, but leaving ownership and control of the exclusive rights that accompany copyright ownership entirely with the photographers.

The record evidence viewed as a whole tends to confirm that the Assignment Agreements were not actually intended to convey to DRK any of the photographers' exclusive rights in copyright. For example, DRK explained in its cover email transmitting the Assignment Agreements to the photographers that the documents' purpose was for the photographers to “receive the piece [sic] of mind of knowing that many of your images will be registered with the United States Copyright Office,” and for DRK to “receive the authorization necessary to initiate and settle copyright infringement claims brought against would be infringers of DRK Photo images.” Additionally, DRK informed one photographer in a related email exchange that the agreement would not alter the photographer's relationship with other stock photography agencies, and told another that “there is no 'rights grab' going on here.” Indeed, DRK's proprietor testified in his deposition that he believed DRK had a “non-exclusive” relationship with the photographers, under which the latter were entitled to license their images independently of DRK.

In light of this evidence, we see no genuine dispute that the language of the Assignment Agreements was intended to, and did, convey only (1) an interest in the images for registration purposes, and (2) the bare right to sue for infringement. Neither of these rights is among the exclusive rights set forth in section 106. Accordingly, their transfer to DRK does not make DRK a legal owner of an exclusive right for purposes of the private right of action section, section 501(b).

B. Beneficial ownership

DRK next contends that, legal ownership aside, the Representation Agreements and Assignment Agreements make it a beneficial owner of exclusive rights in the images. In support, DRK argues that by virtue of the agreements, it has a “legitimate and

important role” to play in protecting the copyrights in the images; a “direct interest” in how the copyrights are used; and an effective position from which to “efficiently prosecute” infringement suits. Although we sympathize with the practical concerns raised by DRK, in our view, these circumstances do not suffice under the Act to create out of whole cloth and recognize a novel beneficial ownership interest with the goal of permitting DRK to sue for copyright infringement on its own behalf or on behalf of the photographers.¹⁶

Footnote 16: We note that the concern raised by DRK—the need to afford small copyright holders a viable and cost-effective means to secure their interests and protect their works—is well-recognized, and has been explored recently by the Copyright Office, which has proposed various legislative and administrative solutions. The Register of Copyrights, U.S. Copyright Office, [Copyright Small Claims](#) 3-4 (2013). A promising solution—a regulated market for copyright claims—has also been touted by some scholars. See, e.g., Shyamkrishna Balganes, *Copyright Infringement Markets*, 113 Columbia Law Review 2277, 2306 (2013). As currently framed, however, the Act as we read it simply does not authorize the remedy proposed by DRK.

The statute does not define the phrase “beneficial owner,” and the circumstances in which a person or entity becomes a beneficial owner with a cause of action for infringement have not been explored by our Court in much detail. The paradigmatic—and only—example of an approved “beneficial owner” suit is set forth in the legislative history of the Copyright Act, which describes the term “beneficial owner” as “including, for example, an author who had parted with legal title to the copyright in exchange for percentage royalties based on sales or license fees.” House Report at 159. Our Court has endorsed this example and explained that the beneficial ownership provision protects a person from having his or her equitable interest in a copyright “diluted or lessened by a wrongdoer’s infringement,” affording the holder of the equitable interest the right to seek damages under the Act. *Cortner v. Israel*, 732 F.2d 267, 271 (2d Cir. 1984).

We have not had occasion to decide whether beneficial ownership may extend beyond the circumstance of an author transferring exclusive rights in exchange for royalty payments. Assuming without deciding that it may, we nonetheless conclude that DRK does not have such a beneficial ownership interest here. Even an expansive definition of beneficial ownership must have limits. At least one limit is readily supplied by the Act itself, which recognizes a cause of action only in the “beneficial owner of an exclusive right.” 17 U.S.C. § 501(b) (emphasis added). Accordingly, at most, a person would become a “beneficial owner” for purposes of section 501(b) upon obtaining an equitable interest in an exclusive right under a copyright. See *Cortner*, 732 F.2d. at 270-71. It is therefore not enough that a putative beneficial owner obtains a mere interest in a copyright, even if that interest is valuable. The interest must be one that derives its value directly from another person’s use of an exclusive right, such that the interest is necessarily “diluted” by infringement. See *id.* at 271.

Here, as discussed above, neither the Representation Agreements nor the Assignment Agreements convey any exclusive rights. Instead, under those agreements DRK simply acts as a non-exclusive agent of the photographers in granting licenses to publishers. Nothing prevents the publishers from obtaining licenses to use the images from other agents, or, indeed, from the photographers themselves. DRK’s interest is, of course, ultimately traceable to the photographers’ exclusive rights, insofar as DRK is permitted to license uses of the images only

because the photographers holding the exclusive rights in their works allow DRK to act as their agent. But DRK is not entitled to any proceeds from the photographers' own use of their retained rights or those fees obtained by other agents. Indeed, DRK is not entitled to any proceeds at all unless it is directly responsible for issuing a license. Because DRK is only one of potentially numerous entities that potentially can generate revenue from use of the images, DRK's interest in the images does not make DRK a beneficial owner of an exclusive right. Section 501 therefore does not allow it to sue Wiley based on Wiley's alleged infringement. See *McGraw-Hill*, 870 F.3d at 988 (concluding under similar circumstances that to find DRK a beneficial owner would "render portions of section 501(b) superfluous").

In sum, we see equitable merit in allowing stock photography companies like DRK to aggregate copyright infringement claims otherwise accrued to their clients. Aggregation could provide a practical means of forestalling and compensating for repeated small infringements and Congress might reasonably have chosen to permit such aggregation by assignment. But, as drafted, the Copyright Act does not, in our reading, permit DRK to assert those claims when it has received nothing more than the bare right to sue for infringement and has never held an exclusive right under copyright in the photographs. It is for Congress, not our Court, to say otherwise.

CONCLUSION

We have considered DRK's remaining arguments and find them to be without merit. We conclude that the District Court correctly held that a bare assignee that does not hold and has never held any other exclusive rights in copyright, may not bring a cause of action for copyright infringement. Further, we decide that DRK is not a legal or beneficial owner of an exclusive right under a copyright in the photographers' images. We therefore AFFIRM the judgment of the District Court.

Notes and questions

(1) In *John Wiley & Sons, Inc. v. DRK Photo*, 882 F.3d 394 (2d Cir. 2018), the Second Circuit held that the "plain language of the Act does not authorize infringement actions by mere assignees of the bare right to sue — entities that do not hold and indeed never held any section 106 exclusive right in the allegedly infringed-upon work."

(2) In dissent, Judge Parker seemed troubled by the implications of the majority's decision: He wrote (at 416):

John Wiley & Sons, Inc. purchased from photographers for relatively small amounts of money the right to use their works in various of its publications. Wiley then proceeded to use the photographs in additional instances for which it had not obtained permission and for which it did not pay the photographers. The crux of this lawsuit is whether the Copyright Act permits this misappropriation. Stock photography companies like DRK Photo are in the business of aggregating copyright infringement claims that have accrued to their clients. Aggregation provides, as the majority acknowledges, a practical means of affording redress to the photographers and compensating them for repeated small infringements of their copyrights.

Are copyright's standing rules overly restrictive? Are there good policy arguments for a more liberal interpretation of standing to sue for copyright infringement? See Shyamkrishna Balganesh, *Copyright Infringement Markets*, 113 Columbia Law Review 2277 (2013).

(3) The law on this question may not be settled. In *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 795 F.3d 997 (9th Cir. 2015), the Ninth Circuit held that a stock photography agency that served as the exclusive licensing agent for allegedly infringed photographs had standing to sue for infringement under the Copyright Act. The Ninth Circuit categorized the licenses at issue as "exclusive" despite the fact that under the agreements the copyright owner photographers were permitted to issue some licenses themselves. It was enough, apparently, that Minden was appointed as the "sole and exclusive agent and representative with respect to the Licensing of" the photos and that the any and all uses of photographers were prohibited from hiring a licensing agent other than Minden. Does this make sense? Is it consistent with the Ninth Circuit's decision in *DRK Photo v. McGraw-Hill Glob. Educ. Holdings, LLC*, 870 F.3d 978 (9th Cir. 2017)?

(4) If the assignee of the bare right to sue does not have standing to sue for copyright infringement, does this mean that copyright infringement claims can't be assigned? Not quite. Claims can be assigned along with the exclusive rights themselves as illustrated by *ABKCO Music, Inc. v. Harrison's Music, Ltd.*, 944 F.2d 971 (2d Cir.1991). In the *ABKCO* case, the plaintiff had acquired the copyright to a pop song, *He's So Fine*, and "any and all rights assertable under copyright against the Infringing Composition in any part of the world which may have heretofore arisen or which may hereafter arise." Although the infringement in question had occurred before ABKCO bought the copyright, the court (at 981) held that ABKCO could sue the infringer "not out of its ownership of the copyright, but from its ownership of the claims themselves which it purchased, along with the copyright, in 1978." Courts have permitted assignments of pre-existing claims where (1) an exclusive right is clearly conveyed and (2) the language of the transfer of a right to sue for past infringements is clear and complies with section 204(a)'s writing requirements, for example, an assignment that transferred "all existing or potential causes of action and claims including, without limitation, those for infringement." See e.g. *Davis v. Blige*, 505 F.3d 90 (2d Cir. 2007).

(5) Can a joint owner of a copyright retroactively transfer ownership and thereby cut off the accrued rights of the other owner to sue for infringement? The Second Circuit held in *Davis v. Blige* that the joint owner could not and that such retroactive transfers would "violate basic principles of tort and contract law, and undermine the policies embodied by the Copyright Act." *Davis v. Blige*, 505 F.3d 90, 97-98 (2d Cir.2007)

(6) Righthaven.

Is it legal or ethical to execute what appears to be an exclusive license or a complete assignment that is subject to a separate agreement or a verbal understanding that the contract is merely an assignment for the limited purpose of assigning the right to sue? No. In 2011, the Nevada-based copyright troll, Righthaven LLC, came unstuck with just such an arrangement. Righthaven was an aggressive copyright troll that identified plausible but largely innocuous cases of copyright infringement online, such as the reposting of newspaper articles on blogs, and then acquired a partial assignment of copyright tailored precisely to the infringement it had identified. Righthaven filed hundreds of lawsuits on this model, once Righthaven's conduct came under the microscope, it transpired that the company's standing to sue was built on "nothing more than a fabrication." See *Righthaven LLC v. Democratic*

Underground, LLC, 791 F. Supp. 2d 968 (D. Nev. 2011). The limited exclusive rights that Righthaven had received from the original content owners *appeared* to satisfy the requirement for copyright standing. However, those assignments were essentially a sham—the rights that Righthaven claimed to own were subject to a secret “Strategic Alliance Agreement” giving Righthaven the right to sue, but nothing more. Following these revelations, Righthaven’s suits were dismissed, and the firm quickly succumbed to the weight of legal fees and went into insolvency.

(7) Associational Standing.

It has been suggested that the Copyright Act should confer standing to associations to vindicate the rights of their members. But the proposition is doubtful. In *Authors Guild, Inc. v. Hathitrust*, 755 F.3d 87 (2d Cir. 2014), three authors’ associations, the Authors Guild, Inc., Australian Society of Authors Limited, and Writers’ Union of Canada, claimed to have standing to seek an injunction for copyright infringement on behalf of their members. The Second Circuit rejected this, noting (at 94) that:

... as we have previously explained, § 501 of “the Copyright Act does not permit copyright holders to choose third parties to bring suits on their behalf.” *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971, 980 (2d Cir.1991). Accordingly, we agree with the district court that these associations lack standing to bring suit on behalf of their members, and they were properly dismissed from the suit.

However, the court allowed some of the foreign authors’ associations to assert that their countries’ own laws gave them certain exclusive rights to enforce the copyrights of their foreign members. The court drew this distinction because in a 1998 opinion, *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 92 (2d Cir. 1998), the Second Circuit held that the ownership of foreign works was a question of foreign law and suggested that standing might also be a question of foreign law. The court’s conclusion about foreign associational standing is questionable and it should be noted that the issue was not contested by the defendants on appeal to the Second Circuit in *Hathitrust*. In the face of a clear statutory provision to the contrary, it does not follow from the premise that ownership is a question of foreign law that the standing to sue in U.S. courts should be as well.²⁴⁸

Registration and jurisdiction

In the United States, federal courts have exclusive subject matter jurisdiction over copyright claims. Furthermore, Section §411(a) of the Copyright Act provides that, with the exception of moral rights claims under Section 106A, preregistration or registration is a prerequisite to filing a civil claim for copyright infringement, at least for any “United States work”.

17 U.S. Code §411(a)

Except for an action brought for a violation of the rights of the author under section 106A(a), and subject to the provisions of subsection (b), no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance

²⁴⁸See *Patry on Copyright* § 21:28 (“There is nothing in the U.S. Copyright Act prohibiting application of foreign law to ownership (nor expressly allowing it either). By contrast, the U.S. Copyright Act is quite explicit in limiting standing to only those who are legal or beneficial owners of exclusive rights.”)

with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights. The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim by entering an appearance within sixty days after such service, but the Register's failure to become a party shall not deprive the court of jurisdiction to determine that issue.

Registration vs. filing of a registration application

Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC, 139 S. Ct. 881 (2019)

Justice Ginsburg delivered the opinion of the Court.

Impelling prompt registration of copyright claims, 17 U.S.C. §411(a) states that “no civil action for infringement of the copyright in any United States work shall be instituted until . . . registration of the copyright claim has been made in accordance with this title.” The question this case presents: Has “registration . . . been made in accordance with [Title 17]” as soon as the claimant delivers the required application, copies of the work, and fee to the Copyright Office; or has “registration . . . been made” only after the Copyright Office reviews and registers the copyright? We hold, in accord with the United States Court of Appeals for the Eleventh Circuit, that registration occurs, and a copyright claimant may commence an infringement suit, when the Copyright Office registers a copyright. Upon registration of the copyright, however, a copyright owner can recover for infringement that occurred both before and after registration.

Petitioner Fourth Estate Public Benefit Corporation (Fourth Estate) is a news organization producing online journalism. Fourth Estate licensed journalism works to respondent Wall-Street.com, LLC (Wall-Street), a news website. The license agreement required Wall-Street to remove from its website all content produced by Fourth Estate before canceling the agreement. Wall-Street canceled, but continued to display articles produced by Fourth Estate. Fourth Estate sued Wall-Street and its owner, Jerrold Burden, for copyright infringement. The complaint alleged that Fourth Estate had filed “applications to register [the] articles [licensed to Wall-Street] with the Register of Copyrights.” Because the Register had not yet acted on Fourth Estate’s applications, the District Court, on Wall-Street and Burden’s motion, dismissed the complaint, and the Eleventh Circuit affirmed. 856 F.3d 1338 (2017). Thereafter, the Register of Copyrights refused registration of the articles Wall-Street had allegedly infringed.

We granted Fourth Estate’s petition for certiorari to resolve a division among U.S. Courts of Appeals on when registration occurs in accordance with §411(a).

I

Under the Copyright Act of 1976, as amended, copyright protection attaches to “original works of authorship”—prominent among them, literary, musical, and dramatic works—“fixed in any tangible medium of expression.” 17 U.S.C. §102(a). An author gains “exclusive rights” in her work immediately upon the work’s creation,

including rights of reproduction, distribution, and display. See §106; *Eldred v. Ashcroft*, 537 U.S. 186, 195 (2003) (“Federal copyright protection . . . run[s] from the work’s creation.”). The Copyright Act entitles a copyright owner to institute a civil action for infringement of those exclusive rights. §501(b).

Before pursuing an infringement claim in court, however, a copyright claimant generally must comply with §411(a)’s requirement that “registration of the copyright claim has been made.” §411(a). Therefore, although an owner’s rights exist apart from registration, see §408(a), registration is akin to an administrative exhaustion requirement that the owner must satisfy before suing to enforce ownership rights.

In limited circumstances, copyright owners may file an infringement suit before undertaking registration. If a copyright owner is preparing to distribute a work of a type vulnerable to predistribution infringement—notably, a movie or musical composition—the owner may apply for preregistration. §408(f)(2); 37 CFR §202.16(b)(1) (2018). The Copyright Office will “conduct a limited review” of the application and notify the claimant “upon completion of the preregistration.” §202.16(c)(7), (c)(10). Once “preregistration . . . has been made,” the copyright claimant may institute a suit for infringement. 17 U.S.C. §411(a). Preregistration, however, serves only as “a preliminary step prior to a full registration.” *Preregistration of Certain Unpublished Copyright Claims*, 70 Fed.Reg. 42286 (2005). An infringement suit brought in reliance on preregistration risks dismissal unless the copyright owner applies for registration promptly after the preregistered work’s publication or infringement. §408(f)(3)–(4). A copyright owner may also sue for infringement of a live broadcast before “registration . . . has been made,” but faces dismissal of her suit if she fails to “make registration for the work” within three months of its first transmission. §411(c). Even in these exceptional scenarios, then, the copyright owner must eventually pursue registration in order to maintain a suit for infringement.

II

All parties agree that, outside of statutory exceptions not applicable here, §411(a) bars a copyright owner from suing for infringement until “registration . . . has been made.” *Fourth Estate* and *Wall-Street* dispute, however, whether “registration . . . has been made” under §411(a) when a copyright owner submits the application, materials, and fee required for registration, or only when the Copyright Office grants registration. *Fourth Estate* advances the former view—the “application approach”—while *Wall-Street* urges the latter reading—the “registration approach.” The registration approach, we conclude, reflects the only satisfactory reading of §411(a)’s text. We therefore reject *Fourth Estate*’s application approach.

A

Under §411(a), “registration . . . has been made,” and a copyright owner may sue for infringement, when the Copyright Office registers a copyright.^[4] Section 411(a)’s first sentence provides that no civil infringement action “shall be instituted until preregistration or registration of the copyright claim has been made.” The section’s next sentence sets out an exception to this rule: When the required “deposit, application, and fee . . . have been delivered to the Copyright Office in proper form and registration has been refused,” the claimant “[may] institute a civil action, if

notice thereof . . . is served on the Register.” Read together, §411(a)’s opening sentences focus not on the claimant’s act of applying for registration, but on action by the Copyright Office—namely, its registration or refusal to register a copyright claim.

If application alone sufficed to “make” registration, §411(a)’s second sentence—allowing suit upon refusal of registration—would be superfluous. What utility would that allowance have if a copyright claimant could sue for infringement immediately after applying for registration without awaiting the Register’s decision on her application? Proponents of the application approach urge that §411(a)’s second sentence serves merely to require a copyright claimant to serve “notice [of an infringement suit] . . . on the Register.” See Brief for Petitioner 29–32. This reading, however, requires the implausible assumption that Congress gave “registration” different meanings in consecutive, related sentences within a single statutory provision. In §411(a)’s first sentence, “registration” would mean the claimant’s act of filing an application, while in the section’s second sentence, “registration” would entail the Register’s review of an application. We resist this improbable construction. See, e.g., *Mid-Con Freight Systems, Inc. v. Michigan Pub. Serv. Comm’n*, 545 U.S. 440, 448 (2005) (declining to read “the same words” in consecutive sentences as “refer[ring] to something totally different”).

The third and final sentence of §411(a) further persuades us that the provision requires action by the Register before a copyright claimant may sue for infringement. The sentence allows the Register to “become a party to the action with respect to the issue of registrability of the copyright claim.” This allowance would be negated, and the court conducting an infringement suit would lack the benefit of the Register’s assessment, if an infringement suit could be filed and resolved before the Register acted on an application.

Other provisions of the Copyright Act support our reading of “registration,” as used in §411(a), to mean action by the Register. Section 410 states that, “after examination,” if the Register determines that “the material deposited constitutes copyrightable subject matter” and “other legal and formal requirements . . . [are] met, the Register shall register the claim and issue to the applicant a certificate of registration.” §410(a). But if the Register determines that the deposited material “does not constitute copyrightable subject matter or that the claim is invalid for any other reason, the Register shall refuse registration.” §410(b). Section 410 thus confirms that application is discrete from, and precedes, registration. Section 410(d), furthermore, provides that if the Copyright Office registers a claim, or if a court later determines that a refused claim was registrable, the “effective date of [the work’s] copyright registration is the day on which” the copyright owner made a proper submission to the Copyright Office. There would be no need thus to specify the “effective date of a copyright registration” if submission of the required materials qualified as “registration.”

Section 408(f)’s preregistration option, too, would have little utility if a completed application constituted registration. Preregistration, as noted *supra*, at 3–4, allows the author of a work vulnerable to predistribution infringement to enforce her exclusive rights in court before obtaining registration or refusal thereof. A copyright owner who fears republication infringement would have no reason to apply for

preregistration, however, if she could instead simply complete an application for registration and immediately commence an infringement suit. Cf. *TRW Inc. v. Andrews*, 534 U.S. 19, 29 (2001) (rejecting an interpretation that “would in practical effect render [a provision] superfluous in all but the most unusual circumstances”).

B

Challenging the Eleventh Circuit’s judgment, Fourth Estate primarily contends that the Copyright Act uses “the phrase ‘make registration’ and its passive-voice counterpart ‘registration has been made’ “ to describe submissions by the copyright owner, rather than Copyright Office responses to those submissions. Section 411(a)’s requirement that “registration . . . has been made in accordance with this title,” Fourth Estate insists, most likely refers to a copyright owner’s compliance with the statutory specifications for registration applications. In support, Fourth Estate points to Copyright Act provisions that appear to use the phrase “make registration” or one of its variants to describe what a copyright claimant does. See *id.*, at 22–26 (citing 17 U. S. C. §§110, 205(c), 408(c)(3), 411(c), 412(2)). Furthermore, Fourth Estate urges that its reading reflects the reality that, eventually, the vast majority of applications are granted.

Fourth Estate acknowledges, however, that the Copyright Act sometimes uses “registration” to refer to activity by the Copyright Office, not activity undertaken by a copyright claimant. See *id.*, at 27–28 (citing 17 U. S. C. §708(a)). Fourth Estate thus agrees that, to determine how the statute uses the word “registration” in a particular prescription, one must “look to the specific context” in which the term is used. As explained *supra*, at 4–7, the “specific context” of §411(a) permits only one sensible reading: The phrase “registration . . . has been made” refers to the Copyright Office’s act granting registration, not to the copyright claimant’s request for registration.

Fourth Estate’s contrary reading of §411(a) stems in part from its misapprehension of the significance of certain 1976 revisions to the Copyright Act. Before that year, §411(a)’s precursor provided that “no action or proceeding shall be maintained for infringement of copyright in any work until the provisions of this title with respect to the deposit of copies and registration of such work shall have been complied with.” 17 U. S. C. §13 (1970 ed.). Fourth Estate urges that this provision posed the very question we resolve today—namely, whether a claimant’s application alone effects registration. The Second Circuit addressed that question, Fourth Estate observes, in *Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co.*, 260 F.2d 637 (1958). In that case, in an opinion by Judge Learned Hand, the court held that a copyright owner who completed an application could not sue for infringement immediately upon the Copyright Office’s refusal to register. *Vacheron*, 260 F. 3d, at 640–641. Instead, the owner first had to obtain a registration certificate by bringing a mandamus action against the Register. The Second Circuit dissenter would have treated the owner’s application as sufficient to permit commencement of an action for infringement. *Id.*, at 645.

Fourth Estate sees Congress’ 1976 revision of the registration requirement as an endorsement of the *Vacheron* dissenter’s position. We disagree. The changes made in 1976 instead indicate Congress’ agreement with Judge Hand that it is the Register’s action that triggers a copyright owner’s entitlement to sue. In enacting 17 U. S. C.

§411(a), Congress both reaffirmed the general rule that registration must precede an infringement suit, and added an exception in that provision's second sentence to cover instances in which registration is refused. See House Report p. 157 (1976). That exception would have no work to do if, as Fourth Estate urges, Congress intended the 1976 revisions to clarify that a copyright claimant may sue immediately upon applying for registration. A copyright claimant would need no statutory authorization to sue after refusal of her application if she could institute suit as soon as she has filed the application.

Noteworthy, too, in years following the 1976 revisions, Congress resisted efforts to eliminate §411(a) and the registration requirement embedded in it. In 1988, Congress removed foreign works from §411(a)'s dominion in order to comply with the Berne Convention for the Protection of Literary and Artistic Works' bar on copyright formalities for such works. See §9(b)(1), 102Stat. 2859. Despite proposals to repeal §411(a)'s registration requirement entirely, however, see S. Rep. No. 100-352, p. 36 (1988), Congress maintained the requirement for domestic works, see §411(a). Subsequently, in 1993, Congress considered, but declined to adopt, a proposal to allow suit immediately upon submission of a registration application. See H. R. Rep. No. 103-338, p. 4 (1993). And in 2005, Congress made a preregistration option available for works vulnerable to predistribution infringement. See Artists' Rights and Theft Prevention Act of 2005, §104, 119Stat. 221. See also *supra*, at 3-4. Congress chose that course in face of calls to eliminate registration in cases of predistribution infringement. 70 Fed. Reg. 42286. Time and again, then, Congress has maintained registration as prerequisite to suit, and rejected proposals that would have eliminated registration or tied it to the copyright claimant's application instead of the Register's action.

Fourth Estate additionally argues that, as "registration is not a condition of copyright protection," 17 U. S. C. §408(a), §411(a) should not be read to bar a copyright claimant from enforcing that protection in court once she has submitted a proper application for registration. But as explained *supra*, at 3, the Copyright Act safeguards copyright owners, irrespective of registration, by vesting them with exclusive rights upon creation of their works and prohibiting infringement from that point forward. If infringement occurs before a copyright owner applies for registration, that owner may eventually recover damages for the past infringement, as well as the infringer's profits. §504. She must simply apply for registration and receive the Copyright Office's decision on her application before instituting suit. Once the Register grants or refuses registration, the copyright owner may also seek an injunction barring the infringer from continued violation of her exclusive rights and an order requiring the infringer to destroy infringing materials. §§502, 503(b).

Fourth Estate maintains, however, that if infringement occurs while the Copyright Office is reviewing a registration application, the registration approach will deprive the owner of her rights during the waiting period. The Copyright Act's explicit carveouts from §411(a)'s general registration rule, however, show that Congress adverted to this concern. In the preregistration option, §408(f), Congress provided that owners of works especially susceptible to prepublication infringement should be allowed to institute suit before the Register has granted or refused registration. See §411(a). Congress made the same determination as to live broadcasts. §411(c) As to

all other works, however, §411(a)'s general rule requires owners to await action by the Register before filing suit for infringement.

Fourth Estate raises the specter that a copyright owner may lose the ability to enforce her rights if the Copyright Act's three-year statute of limitations runs out before the Copyright Office acts on her application for registration. Fourth Estate's fear is overstated, as the average processing time for registration applications is currently seven months, leaving ample time to sue after the Register's decision, even for infringement that began before submission of an application.

True, the statutory scheme has not worked as Congress likely envisioned. Registration processing times have increased from one or two weeks in 1956 to many months today. Delays in Copyright Office processing of applications, it appears, are attributable, in large measure, to staffing and budgetary shortages that Congress can alleviate, but courts cannot cure. Unfortunate as the current administrative lag may be, that factor does not allow us to revise §411(a)'s congressionally composed text.

* * *

For the reasons stated, we conclude that "registration . . . has been made" within the meaning of 17 U. S. C. §411(a) not when an application for registration is filed, but when the Register has registered a copyright after examining a properly filed application. The judgment of the Court of Appeals for the Eleventh Circuit is accordingly

Affirmed.

Notes and questions:

(1) In *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, 139 S. Ct. 881 (2019), the Supreme Court held that the registration requirement in Section 411(a) could only be satisfied by an actual registration, and not merely by an application for registration.

(2) The decision in *Fourth Estate* leaves copyright owners in the position of having to wait for a registration to either be granted or denied before they can bring suit in federal court, even to obtain injunctive relief. Copyright owners in this situation may request special handling by the Copyright Office to expedite their registration;²⁴⁹ otherwise it typically takes months to process a copyright registration.

(3) Alternatively, the Copyright Office also has a system for preregistration for certain classes of works that the Register of Copyrights has determined have a history of pre-release infringement. Preregistration is a limited place-holder for an actual registration, not a substitute, but it is useful where a copyright owner needs to sue for infringement while a work is still being prepared for commercial release.

17 U.S. Code § 408 (f) Preregistration of Works Being Prepared for Commercial Distribution.—

(1) Rulemaking.—

²⁴⁹ See <https://www.copyright.gov/help/faq/faq-special.html>

Not later than 180 days after the date of enactment of this subsection, the Register of Copyrights shall issue regulations to establish procedures for preregistration of a work that is being prepared for commercial distribution and has not been published.

(2) Class of works.—

The regulations established under paragraph (1) shall permit preregistration for any work that is in a class of works that the Register determines has had a history of infringement prior to authorized commercial distribution.

(3) Application for registration.— Not later than 3 months after the first publication of a work preregistered under this subsection, the applicant shall submit to the Copyright Office—

(A) an application for registration of the work;

(B) a deposit; and

(C) the applicable fee.

(4) Effect of untimely application.— An action under this chapter for infringement of a work preregistered under this subsection, in a case in which the infringement commenced no later than 2 months after the first publication of the work, shall be dismissed if the items described in paragraph (3) are not submitted to the Copyright Office in proper form within the earlier of—

(A) 3 months after the first publication of the work; or

(B) 1 month after the copyright owner has learned of the infringement.

Different rules for some foreign works

“United States work” is a defined term in the Copyright Act that rewards detailed inspection. However, the basic gist of Section 411’s reference to United States works means that works first published overseas will not be subject to the registration prerequisite unless the country of first publication is not a copyright treaty party with the U.S. (but almost all nations are). Even then, if all of the authors of the work are nationals, domiciliaries, or habitual residents of the United States, the work will be deemed a United States work.

17 U.S. Code § 101

For purposes of section 411, a work is a “United States work” only if—

(1) in the case of a published work, the work is first published—

(A) in the United States;

(B) simultaneously in the United States and another treaty party or parties, whose law grants a term of copyright protection that is the same as or longer than the term provided in the United States;

(C) simultaneously in the United States and a foreign nation that is not a treaty party; or

(D) in a foreign nation that is not a treaty party, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of an audiovisual work legal entities with headquarters in, the United States;

(2) in the case of an unpublished work, all the authors of the work are nationals, domiciliaries, or habitual residents of the United States, or, in the case of an

unpublished audiovisual work, all the authors are legal entities with headquarters in the United States; or

(3) in the case of a pictorial, graphic, or sculptural work incorporated in a building or structure, the building or structure is located in the United States.

Choice of law

The ownership of a copyright is generally determined under the laws of the state with the most significant relationship to the property and the parties, but the scope of protection afforded to the copyright owner is determined by the laws of the state in which infringement is alleged to have occurred. See *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 90-91 (2d Cir.1998) (applying Russian law to issue of copyright ownership and American law to infringement issue).

Class Actions

Plaintiff class actions are not common in copyright litigation because usually there are not enough plaintiffs to meet the numerosity requirement, or the plaintiffs are too different in terms of rights affected, ownership interests or damages. See e.g. *The Football Association Premier League Limited v. YouTube, Inc.*, 2013 WL 2096411 (S.D.N.Y. May 15, 2013). But uncommon does not mean impossible. See e.g. *In re Napster Copyright Litigation v. Bettlermann NG*, 2005 WL 1287611 (N.D.Cal, June 1, 2005) wherein the court was willing to certify a class of music publishers “that owned or controlled at least one copyrighted musical work at the time that it was made available without their permission through the Napster service on or after October 30, 2000.”

In *In re Literary Works in Electronic Databases Copyright Litigation*, 509 F.3d 116, 128 (2d Cir. 2007), freelance writers whose work was published in certain print periodicals, and who retained the copyrights in those works, brought class action against the publishers alleging electronic reproduction of the works by the publisher who infringed their copyrights. The district court certified the class and approved settlement. On appeal, the Second Circuit vacated and remanded because some of the members of the class owned works that had not been registered. The court of appeals concluded *sua sponte* that the registration requirement imposed by Section 411(a) of the Copyright Act was jurisdictional, and thus the district court lacked subject-matter jurisdiction to approve the settlement of claims for the infringement of unregistered copyrights. However, the Supreme Court took a different view and held that Section 411(a) imposes only a nonjurisdictional precondition to filing a claim, and thus the district court did indeed have jurisdiction over the settlement. *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154 (2010).

Statute of Limitations

The Copyright Act contains two relevant statute of limitations provisions, one criminal and one civil.

17 U.S. Code §507:

(a) Criminal Proceedings. Except as expressly provided otherwise in this title, no criminal proceeding shall be maintained under the provisions of the title unless it is commenced within five years after the cause of action arose.

(b) Civil Actions. No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.

The statute of limitation period for Copyright law applies to more than just infringement. It also applies to disputes about ownership, see *Merchant v. Levy*, 92 F.3d 51, 56 (2d Cir.1996), and it even bars claims of infringement that are within the three year period if those claims are in substance claims of ownership that are time barred, see *Kwan v. Schlein*, 634 F.3d 224 (2d Cir.2011). As the Second Circuit explained (at 229), Kwan’s claim was barred because the statute of limitations for ownership actions “cannot be defeated by portraying an action as one for infringement when copyright ownership rights are the true matter at issue.”

In 2014, the Supreme Court addressed the question of whether the equitable defense of laches (unreasonable, prejudicial delay in commencing suit) could bar relief on a copyright infringement claim brought within § 507(b)’s three-year limitations period. In *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), the Court held on a 6-3 vote that it could not.

Petrella v. Metro-Goldwyn-Mayer, Inc., 134 S. Ct. 1962 (2014)

Justice Ginsburg delivered the opinion of the Court.

The Copyright Act provides that “no civil action shall be maintained under the [Act] unless it is commenced within three years after the claim accrued.” 17 U.S.C. § 507(b). This case presents the question whether the equitable defense of laches (unreasonable, prejudicial delay in commencing suit) may bar relief on a copyright infringement claim brought within § 507(b)’s three-year limitations period. Section 507(b), it is undisputed, bars relief of any kind for conduct occurring prior to the three-year limitations period. To the extent that an infringement suit seeks relief solely for conduct occurring within the limitations period, however, courts are not at liberty to jettison Congress’ judgment on the timeliness of suit. Laches, we hold, cannot be invoked to preclude adjudication of a claim for damages brought within the three-year window. As to equitable relief, in extraordinary circumstances, laches may bar at the very threshold the particular relief requested by the plaintiff. And a plaintiff’s delay can always be brought to bear at the remedial stage, in determining appropriate injunctive relief, and in assessing the “profits of the infringer ... attributable to the infringement.” § 504(b).

Petitioner Paula Petrella, in her suit for copyright infringement, sought no relief for conduct occurring outside § 507(b)’s three-year limitations period. Nevertheless, the courts below held that laches barred her suit in its entirety, without regard to the currency of the conduct of which Petrella complains. That position, we hold, is contrary to § 507(b) and this Court’s precedent on the province of laches.

I

The Copyright Act (Act) grants copyright protection to original works of authorship. § 102(a). Four aspects of copyright law bear explanation at the outset.

First, the length of a copyright term. Under the Act, a copyright “vests initially in the author or authors of the work,” who may transfer ownership to a third party. § 201.

The Act confers on a copyright owner certain exclusive rights, including the rights to reproduce and distribute the work and to develop and market derivative works. § 106. Copyrighted works published before 1978 — as was the work at issue — are protected for an initial period of 28 years, which may be — and in this case was — extended for a renewal period of up to 67 years. § 304(a). From and after January 1, 1978, works are generally protected from the date of creation until 70 years after the author’s death. § 302(a).

Second, copyright inheritance. For works copyrighted under the pre-1978 regime in which an initial period of protection may be followed by a renewal period, Congress provided that the author’s heirs inherit the renewal rights. See § 304(a)(1)(C)(ii)-(iv). We held in *Stewart v. Abend*, 495 U.S. 207 (1990), that if an author who has assigned her rights away “dies before the renewal period, then the assignee may continue to use the original work [to produce a derivative work] only if the author’s successor transfers the renewal rights to the assignee.” *Id.*, at 221.²

Footnote 2: For post-1978 works, heirs still have an opportunity to recapture rights of the author.

Third, remedies. The Act provides a variety of civil remedies for infringement, both equitable and legal. A court may issue an injunction “on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.” § 502(a). At the election of the copyright owner, a court may also award either (1) “the copyright owner’s actual damages and any additional profits of the infringer,” § 504(a)(1), which petitioner seeks in the instant case, or (2) statutory damages within a defined range, § 504(c).

Fourth, and most significant here, the statute of limitations. Until 1957, federal copyright law did not include a statute of limitations for civil suits. Federal courts therefore used analogous state statutes of limitations to determine the timeliness of infringement claims. See Senate Report at 2. And they sometimes invoked laches to abridge the state-law prescription. As explained in *Teamsters & Employers Welfare Trust of Ill. v. Gorman Bros. Ready Mix*, 283 F.3d 877, 881 (C.A.7 2002): “When Congress fails to enact a statute of limitations, a [federal] court that borrows a state statute of limitations but permits it to be abridged by the doctrine of laches is not invading congressional prerogatives. It is merely filling a legislative hole.” In 1957, Congress addressed the matter and filled the hole; it prescribed a three-year look-back limitations period for all civil claims arising under the Copyright Act. See Act of Sept. 7, 1957, Pub.L. 85-313, 71 Stat. 633, 17 U.S.C. § 115(b) (1958 ed.). The provision, as already noted, reads: “No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.” § 507(b).³

Footnote 3: The Copyright Act was pervasively revised in 1976, but the three-year look-back statute of limitations has remained materially unchanged.

The federal limitations prescription governing copyright suits serves two purposes: (1) to render uniform and certain the time within which copyright claims could be pursued; and (2) to prevent the forum shopping invited by disparate state limitations periods, which ranged from one to eight years. To comprehend how the Copyright Act’s limitations period works, one must understand when a copyright infringement claim accrues.

A claim ordinarily accrues “when [a] plaintiff has a complete and present cause of action.” *Bay Area Laundry and Dry Cleaning Pension Trust Fund v. Ferbar Corp. of Cal.*, 522 U.S. 192, 201, (1997) (internal quotation marks omitted). In other words, the limitations period generally begins to run at the point when “the plaintiff can file suit and obtain relief.” *Ibid.* A copyright claim thus arises or “accrue[s]” when an infringing act occurs.⁴

Footnote 4: Although we have not passed on the question, nine Courts of Appeals have adopted, as an alternative to the incident of injury rule, a “discovery rule,” which starts the limitations period when “the plaintiff discovers, or with due diligence should have discovered, the injury that forms the basis for the claim.” *William A. Graham Co. v. Haughey*, 568 F.3d 425, 433 (C.A.3 2009) (internal quotation marks omitted). See also 6 W. Patry, *Copyright* § 20:19, p. 20-28 (2013) (hereinafter Patry) (“The overwhelming majority of courts use discovery accrual in copyright cases.”).

It is widely recognized that the separate-accrual rule attends the copyright statute of limitations. Under that rule, when a defendant commits successive violations, the statute of limitations runs separately from each violation. Each time an infringing work is reproduced or distributed, the infringer commits a new wrong. Each wrong gives rise to a discrete “claim” that “accrues” at the time the wrong occurs. In short, each infringing act starts a new limitations period. See *Stone v. Williams*, 970 F.2d 1043, 1049 (C.A.2 1992) (“Each act of infringement is a distinct harm giving rise to an independent claim for relief.”).

Under the Act’s three-year provision, an infringement is actionable within three years, and only three years, of its occurrence. And the infringer is insulated from liability for earlier infringements of the same work. See Nimmer on Copyright § 12.05[B][1][b] (“If infringement occurred within three years prior to filing, the action will not be barred even if prior infringements by the same party as to the same work are barred because they occurred more than three years previously.”). Thus, when a defendant has engaged (or is alleged to have engaged) in a series of discrete infringing acts, the copyright holder’s suit ordinarily will be timely under § 507(b) with respect to more recent acts of infringement (i.e., acts within the three-year window), but untimely with respect to prior acts of the same or similar kind.

In sum, Congress provided two controlling time prescriptions: the copyright term, which endures for decades, and may pass from one generation to another; and § 507(b)’s limitations period, which allows plaintiffs during that lengthy term to gain retrospective relief running only three years back from the date the complaint was filed.

II

A

The allegedly infringing work in this case is the critically acclaimed motion picture *Raging Bull*, based on the life of boxing champion Jake LaMotta. After retiring from the ring, LaMotta worked with his longtime friend, Frank Petrella, to tell the story of the boxer’s career. Their venture resulted in three copyrighted works: two screenplays, one registered in 1963, the other in 1973, and a book, registered in 1970. This case centers on the screenplay registered in 1963. The registration identified Frank Petrella as sole author, but also stated that the screenplay was written “in collaboration with” LaMotta.

In 1976, Frank Petrella and LaMotta assigned their rights in the three works, including renewal rights, to Chartoff-Winkler Productions, Inc. Two years later, respondent United Artists Corporation, a subsidiary of respondent Metro-Goldwyn-Mayer, Inc. (collectively, MGM), acquired the motion picture rights to the book and both screenplays, rights stated by the parties to be “exclusiv[e] and forever, including all periods of copyright and renewals and extensions thereof.” *Id.*, at 49. In 1980, MGM released, and registered a copyright in, the film *Raging Bull*, directed by Martin Scorsese and starring Robert De Niro, who won a Best Actor Academy Award for his portrayal of LaMotta. MGM continues to market the film, and has converted it into formats unimagined in 1980, including DVD and Blu-ray.

Frank Petrella died in 1981, during the initial terms of the copyrights in the screenplays and book. As this Court’s decision in *Stewart* confirmed, Frank Petrella’s renewal rights reverted to his heirs, who could renew the copyrights unburdened by any assignment previously made by the author.

Plaintiff below, petitioner here, Paula Petrella (Petrella) is Frank Petrella’s daughter. Learning of this Court’s decision in *Stewart*, Petrella engaged an attorney who, in 1991, renewed the copyright in the 1963 screenplay. Because the copyrights in the 1973 screenplay and the 1970 book were not timely renewed, the infringement claims in this case rest exclusively on the screenplay registered in 1963. Petrella is now sole owner of the copyright in that work.

In 1998, seven years after filing for renewal of the copyright in the 1963 screenplay, Petrella’s attorney informed MGM that Petrella had obtained the copyright to that screenplay. Exploitation of any derivative work, including *Raging Bull*, the attorney asserted, infringed on the copyright now vested in Petrella. During the next two years, counsel for Petrella and MGM exchanged letters in which MGM denied the validity of the infringement claims, and Petrella repeatedly threatened to take legal action.

B

Some nine years later, on January 6, 2009, Petrella filed a copyright infringement suit in the United States District Court for the Central District of California. She alleged that MGM violated and continued to violate her copyright in the 1963 screenplay by using, producing, and distributing *Raging Bull*, a work she described as derivative of the 1963 screenplay. Petrella’s complaint sought monetary and injunctive relief. Because the statute of limitations for copyright claims requires commencement of suit “within three years after the claim accrued,” § 507(b), Petrella sought relief only for acts of infringement occurring on or after January 6, 2006. No relief, she recognizes, can be awarded for infringing acts prior to that date.

MGM moved for summary judgment on several grounds, among them, the equitable doctrine of laches. Petrella’s 18-year delay, from the 1991 renewal of the copyright on which she relied, until 2009, when she commenced suit, MGM maintained, was unreasonable and prejudicial to MGM.

The District Court granted MGM’s motion. As to the merits of the infringement claims, the court found, disputed issues of material fact precluded summary adjudication. Even so, the court held, laches barred Petrella’s complaint. Petrella had

unreasonably delayed suit by not filing until 2009, the court concluded, and further determined that MGM was prejudiced by the delay. In particular, the court stated, MGM had shown “expectations-based prejudice,” because the company had “made significant investments in exploiting the film”; in addition, the court accepted that MGM would encounter “evidentiary prejudice,” because Frank Petrella had died and LaMotta, then aged 88, appeared to have sustained a loss of memory.

The U.S. Court of Appeals for the Ninth Circuit affirmed the laches-based dismissal. 695 F.3d 946 (2012). Under Ninth Circuit precedent, the Court of Appeals first observed, “if any part of the alleged wrongful conduct occurred outside of the limitations period, courts presume that the plaintiff’s claims are barred by laches.” *Id.*, at 951. The presumption was applicable here, the court indicated, because “the statute of limitations for copyright claims in civil cases is three years,” *ibid.* (citing § 507(b)), and Petrella was aware of her potential claims many years earlier (as was MGM), *id.*, at 952. “The true cause of Petrella’s delay,” the court suggested, “was, as [Petrella] admits, that ‘the film hadn’t made money’ [in years she deferred suit].” *Id.*, at 953. Agreeing with the District Court, the Ninth Circuit determined that MGM had established expectations-based prejudice: the company had made a large investment in Raging Bull, believing it had complete ownership and control of the film.

Judge Fletcher concurred only because Circuit precedent obliged him to do so. *Id.*, at 958. Laches in copyright cases, he observed, is “entirely a judicial creation,” one notably “in tension with Congress’ [provision of a three-year limitations period].” *Ibid.*

We granted certiorari to resolve a conflict among the Circuits on the application of the equitable defense of laches to copyright infringement claims brought within the three-year look-back period prescribed by Congress.

III

We consider first whether, as the Ninth Circuit held, laches may be invoked as a bar to Petrella’s pursuit of legal remedies under 17 U.S.C. § 504(b). The Ninth Circuit erred, we hold, in failing to recognize that the copyright statute of limitations, § 507(b), itself takes account of delay. As earlier observed, see *supra*, at 1969-1970, a successful plaintiff can gain retrospective relief only three years back from the time of suit. No recovery may be had for infringement in earlier years. Profits made in those years remain the defendant’s to keep. Brought to bear here, § 507(b) directs that MGM’s returns on its investment in Raging Bull in years outside the three-year window (years before 2006) cannot be reached by Petrella. Only by disregarding that feature of the statute, and the separate-accrual rule attending § 507(b), see *supra*, at 1968-1970, could the Court of Appeals presume that infringing acts occurring before January 6, 2006 bar all relief, monetary and injunctive, for infringement occurring on and after that date. See 695 F.3d, at 951; *supra*, at 1971-1972.¹³

Footnote 13: Assuming Petrella had a winning case on the merits, the Court of Appeals’ ruling on laches would effectively give MGM a cost-free license to exploit Raging Bull throughout the long term of the copyright. The value to MGM of such a free, compulsory license could exceed by far MGM’s expenditures on the film.

Moreover, if infringement within the three-year look-back period is shown, the Act allows the defendant to prove and offset against profits made in that period

“deductible expenses” incurred in generating those profits. § 504(b). In addition, the defendant may prove and offset “elements of profit attributable to factors other than the copyrighted work.” § 504(b). The defendant thus may retain the return on investment shown to be attributable to its own enterprise, as distinct from the value created by the infringed work. See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 402, 407 (1940) (equitably apportioning profits to account for independent contributions of infringing defendant). See also *infra*, at 1977-1979 (delay in commencing suit as a factor in determining contours of relief appropriately awarded).

Last, but hardly least, laches is a defense developed by courts of equity; its principal application was, and remains, to claims of an equitable cast for which the Legislature has provided no fixed time limitation. See 1 D. Dobbs, *Law of Remedies* § 2.4(4), p. 104 (2d ed. 1993) (hereinafter Dobbs) (“laches ... may have originated in equity because no statute of limitations applied, ... suggesting that laches should be limited to cases in which no statute of limitations applies”). Both before and after the merger of law and equity in 1938, this Court has cautioned against invoking laches to bar legal relief.

IV

We turn now to MGM’s principal arguments regarding the contemporary scope of the laches defense, all of them embraced by the dissent.

A

Laches is listed among affirmative defenses, along with, but discrete from, the statute of limitations, in Federal Rule of Civil Procedure 8(c). Accordingly, MGM maintains, the plea is “available ... in every civil action” to bar all forms of relief. To the Court’s question, could laches apply where there is an ordinary six-year statute of limitations, MGM’s counsel responded yes, case-specific circumstances might warrant a ruling that a suit brought in year five came too late.

The expansive role for laches MGM envisions careens away from understandings, past and present, of the essentially gap-filling, not legislation-overriding, office of laches. Nothing in this Court’s precedent suggests a doctrine of such sweep. Quite the contrary, we have never applied laches to bar in their entirety claims for discrete wrongs occurring within a federally prescribed limitations period. Inviting individual judges to set a time limit other than the one Congress prescribed, we note, would tug against the uniformity Congress sought to achieve when it enacted § 507(b).

B

MGM observes that equitable tolling “is read into every federal statute of limitation,” *Holmberg*, 327 U.S., at 397, and asks why laches should not be treated similarly. Tolling, which lengthens the time for commencing a civil action in appropriate circumstances, applies when there is a statute of limitations; it is, in effect, a rule of interpretation tied to that limit. Laches, in contrast, originally served as a guide when no statute of limitations controlled the claim; it can scarcely be described as a rule for interpreting a statutory prescription. That is so here, because the statute, § 507(b), makes the starting trigger an infringing act committed three years back from the commencement of suit, while laches, as conceived by the Ninth Circuit and

advanced by MGM, makes the presumptive trigger the defendant's initial infringing act.

C

MGM insists that the defense of laches must be available to prevent a copyright owner from sitting still, doing nothing, waiting to see what the outcome of an alleged infringer's investment will be. In this case, MGM stresses, "Petrella conceded that she waited to file because 'the film was deeply in debt and in the red and would probably never recoup.'" The Ninth Circuit similarly faulted Petrella for waiting to sue until the film *Raging Bull* "made money." 695 F.3d, at 953.

It is hardly incumbent on copyright owners, however, to challenge each and every actionable infringement. And there is nothing untoward about waiting to see whether an infringer's exploitation undercuts the value of the copyrighted work, has no effect on the original work, or even complements it. Fan sites prompted by a book or film, for example, may benefit the copyright owner. See Wu, *Tolerated Use*, 31 *Columbia Journal of Law & Arts* 617, 619-620 (2008). Even if an infringement is harmful, the harm may be too small to justify the cost of litigation.

If the rule were, as MGM urges, "sue soon, or forever hold your peace," copyright owners would have to mount a federal case fast to stop seemingly innocuous infringements, lest those infringements eventually grow in magnitude. Section 507(b)'s three-year limitations period, however, coupled to the separate-accrual rule, see *supra*, at 1968-1970, avoids such litigation profusion. It allows a copyright owner to defer suit until she can estimate whether litigation is worth the candle. She will miss out on damages for periods prior to the three-year look-back, but her right to prospective injunctive relief should, in most cases, remain unaltered.

D

MGM points to the danger that evidence needed or useful to defend against liability will be lost during a copyright owner's inaction. Recall, however, that Congress provided for reversionary renewal rights exercisable by an author's heirs, rights that can be exercised, at the earliest for pre-1978 copyrights, 28 years after a work was written and copyrighted. At that time, the author, and perhaps other witnesses to the creation of the work, will be dead. See *supra*, at 1970. Congress must have been aware that the passage of time and the author's death could cause a loss or dilution of evidence. Congress chose, nonetheless, to give the author's family "a second chance to obtain fair remuneration." *Stewart*, 495 U.S., at 220.

Moreover, a copyright plaintiff bears the burden of proving infringement. Any hindrance caused by the unavailability of evidence, therefore, is at least as likely to affect plaintiffs as it is to disadvantage defendants. That is so in cases of the kind Petrella is pursuing, for a deceased author most probably would have supported his heir's claim.

The registration mechanism, we further note, reduces the need for extrinsic evidence. Although registration is "permissive," both the certificate and the original work must be on file with the Copyright Office before a copyright owner can sue for infringement. §§ 408(b), 411(a). Key evidence in the litigation, then, will be the certificate, the original work, and the allegedly infringing work. And the adjudication

will often turn on the factfinder's direct comparison of the original and the infringing works, i.e., on the factfinder's "good eyes and common sense" in comparing the two works' "total concept and overall feel." *Peter F. Gaito Architecture, LLC v. Simone Development Corp.*, 602 F.3d 57, 66 (C.A.2 2010).

E

Finally, when a copyright owner engages in intentionally misleading representations concerning his abstention from suit, and the alleged infringer detrimentally relies on the copyright owner's deception, the doctrine of estoppel may bar the copyright owner's claims completely, eliminating all potential remedies. The test for estoppel is more exacting than the test for laches, and the two defenses are differently oriented. The gravamen of estoppel, a defense long recognized as available in actions at law, see *Wehrman v. Conklin*, 155 U.S. 314, 327 (1894), is misleading and consequent loss. Delay may be involved, but is not an element of the defense. For laches, timeliness is the essential element. In contrast to laches, urged by MGM entirely to override the statute of limitations Congress prescribed, estoppel does not undermine Congress' prescription, for it rests on misleading, whether engaged in early on, or later in time.

Stating that the Ninth Circuit "had taken a wrong turn in its formulation and application of laches in copyright cases," Judge Fletcher called for fresh consideration of the issue. 695 F.3d, at 959. "A recognition of the distinction between ... estoppel and laches," he suggested, "would be a good place to start." *Ibid.* We agree.

V

The courts below summarily disposed of Petrella's case based on laches, preventing adjudication of any of her claims on the merits and foreclosing the possibility of any form of relief. That disposition, we have explained, was erroneous. Congress' time provisions secured to authors a copyright term of long duration, and a right to sue for infringement occurring no more than three years back from the time of suit. That regime leaves "little place" for a doctrine that would further limit the timeliness of a copyright owner's suit. See 1 *Dobbs* § 2.6(1), at 152. In extraordinary circumstances, however, the consequences of a delay in commencing suit may be of sufficient magnitude to warrant, at the very outset of the litigation, curtailment of the relief equitably awardable.

Chirco v. Crosswinds Communities, Inc., 474 F.3d 227 (C.A.6 2007), is illustrative. In that case, the defendants were alleged to have used without permission, in planning and building a housing development, the plaintiffs' copyrighted architectural design. Long aware of the defendants' project, the plaintiffs took no steps to halt the housing development until more than 168 units were built, 109 of which were occupied. *Id.*, at 230. Although the action was filed within § 507(b)'s three-year statute of limitations, the District Court granted summary judgment to the defendants, dismissing the entire case on grounds of laches. The trial court's rejection of the entire suit could not stand, the Court of Appeals explained, for it was not within the Judiciary's ken to debate the wisdom of § 507(b)'s three-year look-back prescription. *Id.*, at 235. Nevertheless, the Court of Appeals affirmed the District Court's judgment to this extent: The plaintiffs, even if they might succeed in

proving infringement of their copyrighted design, would not be entitled to an order mandating destruction of the housing project. That relief would be inequitable, the Sixth Circuit held, for two reasons: the plaintiffs knew of the defendants' construction plans before the defendants broke ground, yet failed to take readily available measures to stop the project; and the requested relief would "work an unjust hardship" upon the defendants and innocent third parties. *Id.*, at 236. See also *New Era Publications Int'l v. Henry Holt & Co.*, 873 F.2d 576, 584-585 (C.A.2 1989) (despite awareness since 1986 that book containing allegedly infringing material would be published in the United States, copyright owner did not seek a restraining order until 1988, after the book had been printed, packed, and shipped; as injunctive relief would have resulted in the total destruction of the work, the court relegated plaintiff to its damages remedy).

In sum, the courts below erred in treating laches as a complete bar to Petrella's copyright infringement suit. The action was commenced within the bounds of § 507(b), the Act's time-to-sue prescription, and does not present extraordinary circumstances of the kind involved in *Chirco* and *New Era*. Petrella notified MGM of her copyright claims before MGM invested millions of dollars in creating a new edition of *Raging Bull*. And the equitable relief Petrella seeks — e.g., disgorgement of unjust gains and an injunction against future infringement — would not result in "total destruction" of the film, or anything close to it. MGM released *Raging Bull* more than three decades ago and has marketed it continuously since then. Allowing Petrella's suit to go forward will put at risk only a fraction of the income MGM has earned during that period and will work no unjust hardship on innocent third parties, such as consumers who have purchased copies of *Raging Bull*. Cf. *Chirco*, 474 F.3d, at 235-236 (destruction remedy would have ousted families from recently purchased homes). The circumstances here may or may not (we need not decide) warrant limiting relief at the remedial stage, but they are not sufficiently extraordinary to justify threshold dismissal.

Should Petrella ultimately prevail on the merits, the District Court, in determining appropriate injunctive relief and assessing profits, may take account of her delay in commencing suit. In doing so, however, that court should closely examine MGM's alleged reliance on Petrella's delay. This examination should take account of MGM's early knowledge of Petrella's claims, the protection MGM might have achieved through pursuit of a declaratory judgment action, the extent to which MGM's investment was protected by the separate-accrual rule, the court's authority to order injunctive relief "on such terms as it may deem reasonable," § 502(a), and any other considerations that would justify adjusting injunctive relief or profits. See *Haas v. Leo Feist, Inc.*, 234 F. 105, 107-108 (S.D.N.Y.1916) (adjudicating copyright infringement suit on the merits and decreeing injunctive relief, but observing that, in awarding profits, account may be taken of copyright owner's inaction until infringer had spent large sums exploiting the work at issue). See also Tr. of Oral Arg. 23 (Government observation that, in fashioning equitable remedies, court has considerable leeway; it could, for example, allow MGM to continue using *Raging Bull* as a derivative work upon payment of a reasonable royalty to Petrella). Whatever adjustments may be in order in awarding injunctive relief, and in accounting for MGM's gains and profits, on the facts thus far presented, there is no evident basis for immunizing MGM's

present and future uses of the copyrighted work, free from any obligation to pay royalties.

* * *

For the reasons stated, the judgment of the United States Court of Appeals for the Ninth Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

Notes and questions

(1) In *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1622 (2014), the Supreme Court held that laches may not be invoked as a bar to a copyright claim for damages brought within the three-year period set by the copyright statute of limitations, 17 U.S.C. § 504(d).

(2) When does a cause of action for copyright infringement accrue?

Section 507(b) requires that all civil actions under Title 17 be commenced within three years after the claim accrues. In *Petrella*, the Supreme Court held that a cause of action accrues, and therefore the limitation period begins, when a “plaintiff has a complete and present cause of action.” Some authorities suggest that accrual means the point at which plaintiff has a cognizable claim, i.e., the date on which the violation of an exclusive right occurs (“violation accrual”). But, “accrual” could also mean the point at which plaintiff is aware of facts supporting a cognizable claim or should have been aware of those facts, i.e., when plaintiff is deemed to have “discovered” the violation (“discovery accrual”).

Writing for the majority in *Petrella*, Justice Ginsburg held for the majority that laches is not a bar to actual damages for actions brought within the limitations period. Justice Ginsburg, noted that the majority of courts have adopted the discovery approach, but declined to endorse (or reject) it. She said:

Although we have not passed on the question, nine Courts of Appeals have adopted, as an alternative to the incident of injury rule, a “discovery rule,” which starts the limitations period when “the plaintiff discovers, or with due diligence should have discovered, the injury that forms the basis for the claim.”

The majority of courts continue to use the discovery approach. See e.g. *PK Music Performance, Inc. v. Timberlake*, No. 16-CV-1215 (VSB), 2018 WL 4759737, at *9-10 (S.D.N.Y. Sept. 30, 2018) (discussing and explaining damages under the discovery rule and discussing *Petrella*)

Sovereign Immunity

United States Constitution, Amendment XI

The judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by citizens of another state, or by citizens or subjects of any foreign state.

The Eleventh Amendment of the United States Constitution provides a state immunity from suit unless the state consents to be sued or Congress validly overrides the state’s immunity. In 1990, Congress attempted to do just that in the Copyright Remedies Clarification Act (“CRCA”). The CRCA introduced Section 511 which provides that States, instrumentalities of States, and State officials may be held liable for infringement of copyright.

Section 511 has been held unconstitutional under the Eleventh Amendment. See *Chaves v. Arte Publico Press* 204 F.3d 601, 608 (5th Cir. 2000); *National Association of Boards of Pharmacy v. Board of Regents of the University System of Georgia*, 633 F.3d 1297 (11th Cir. 2011). The reasoning here is complicated. Basically, in order to determine whether a state's immunity has been validly overridden by Congress, the court looks to two factors: (1) whether Congress expressed a clear intent to override the state's immunity and (2) whether Congress acted pursuant to a constitutional grant of authority. See *Seminole Tribe of Florida v. Florida*, 517 U.S. 44, 55, (1996). *Seminole Tribe* held that Article I of the Constitution does not grant Congress the power to abrogate state sovereign immunity. In *Florida Prepaid v. College Savings Bank*, 527 U.S. 627 (1999), the Court extended the reasoning in *Seminole Tribe* to patent and trademark law, holding that Congress lacked the power to abrogate state sovereign immunity from patent and trademark infringement suits seeking money damages for infringement. The logic of *Florida Prepaid* must apply just as much to copyright as to patent.

Nevertheless, the Eleventh Amendment is not an absolute bar to suits against the states and their instrumentalities. State sovereign immunity does prevent an action for injunctive relief against a continuing injury under the doctrine in *Ex Parte Young* 209 U.S. 123 (1908). This doctrine is illustrated by the ongoing *GSU Copyright Case*.

Copyright litigation between Georgia State University ("GSU") and the publishing houses of Cambridge University Press, SAGE Publications, and Oxford University Press, began in 2008 and is (as of 2018) ongoing. The heart of the case is whether GSU infringed the publishers' rights by making selections of published books available on electronic course reserve for GSU students. The fair use issues at the heart of the GSU case are addressed in another chapter of this book. The decision in *Cambridge University Press v. Becker* was reversed and remanded on other grounds in *Cambridge University Press v. Patton*, 769 F.3d 1232 (11th Cir. 2014). The extract below deals with the question of whether an institution like GSU can be sued at all for copyright infringement.

Cambridge University Press v. Becker, 863 F. Supp. 2d 1190 (N.D. Ga. 2012)

Opinion by District Judge Orinda D. Evans

II. Eleventh Amendment Immunity and the Ex Parte Young Doctrine

The Eleventh Amendment provides:

The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.

The Eleventh Amendment prohibits suits against a state or state actors by that state's citizens as well as by citizens of another state. *Hans v. Louisiana*, 134 U.S. 1, 10 (1890). Here, because Defendants are state officials sued in their official capacities, they are state actors protected by the Eleventh Amendment and therefore have immunity from suit. However, Plaintiffs seek an injunction under the doctrine of *Ex Parte Young*, a narrow exception to Eleventh Amendment immunity.

In *Ex Parte Young*, the United States Supreme Court held that when a state actor seeks to enforce an act which violates federal constitutional guarantees, the Eleventh Amendment does not bar suit seeking an injunction for prospective relief from a

continuing violation. *Ex Parte Young*, 209 U.S. 123, 159–60 (1908). The Supreme Court reasoned:

The use of the name of the state to enforce an unconstitutional act to the injury of complainants is a proceeding without the authority of, and one which does not affect, the state in its sovereign or governmental capacity. It is simply an illegal act upon the part of a state official in attempting, by the use of the name of the state, to enforce a legislative enactment which is void because unconstitutional.

Id. at 159. Over the past century, the *Ex Parte Young* doctrine has been interpreted by the Supreme Court and lower courts many times. The Supreme Court has held that *Ex Parte Young* applies in suits against state officials who violate federal laws, not just federal constitutional guarantees. *Verizon Md. Inc. v. Pub. Serv. Comm’n of Md.*, 535 U.S. 635, 645 (2002).

Defendants argue that the case should be dismissed because Plaintiffs’ claims are barred by the Eleventh Amendment and the *Ex Parte Young* doctrine does not apply. Citing *Pennington Seed, Inc. v. Produce Exchange No. 299*, 457 F.3d 1334 (Fed.Cir.2006) as persuasive authority, Defendants assert that the *Ex Parte Young* exception to Eleventh Amendment immunity does not apply to them because Defendants themselves are not violating federal law but instead only oversee Georgia State’s policies and personnel. Defendants argue that this is an insufficient connection between Defendants and any violations of the Copyright Act for *Ex Parte Young* to apply here.

In *Pennington Seed*, patent holders filed an original complaint against the University of Arkansas (a public state university), and a first amended complaint against the chairman of the board for the Arkansas university system, the president of the Arkansas university system, the chancellor of the University of Arkansas, and a University of Arkansas professor; the patent holders alleged infringement and conversion of their U.S. patent. Specifically, they alleged that the defendants were “actively growing, marketing, offering for sale, promoting and selling a product containing the patentees’ patented product.” The United States District Court for the Western District of Missouri dismissed the original complaint because the Eleventh Amendment barred the action against the University of Arkansas. The District Court then dismissed the first amended complaint against the chairman of the board, the president, and the chancellor (which had been alleged on the basis of the *Ex Parte Young* doctrine) based on Eleventh Amendment immunity because the first amended complaint “failed to allege a causal connection between those officials and the enforcement or threatened enforcement of an act.”

On appeal to the Federal Circuit, the patent holders argued that the District Court improperly dismissed the claims against the chairman of the board, the president, and the chancellor because *Ex Parte Young* applied as an exception to Eleventh Amendment immunity. However, the Federal Circuit held that the claims against the chairman of the board, the president, and the chancellor were properly dismissed. The Federal Circuit reasoned that *Ex Parte Young* does not apply in an action “against any random state official ... there must be a connection between the state officer and the enforcement of the act.” *Id.* at 1342. The Federal Circuit stated, “A nexus between the violation of federal law and the individual accused of violating that law

requires more than simply a broad general obligation to prevent a violation.” *Id.* Ultimately, the Federal Circuit held:

Allegations that a state official directs a University’s patent policy are insufficient to causally connect that state official to a violation of federal patent law—i.e., patent infringement. A nexus between the violation of federal law and the individual accused of violating that law requires more than simply a broad general obligation to prevent a violation; it requires an actual violation of federal law by that individual. The fact that a University Official has a general, state-law obligation to oversee a University’s patent policy does not give rise to a violation of federal patent law.

Id. at 1342–43. The Federal Circuit affirmed the dismissal of plaintiffs’ claims against the chairman of the board, the president, and the chancellor. *Id.* at 1343.

In reaching this conclusion, the Federal Circuit reasoned that the patent holders were asking the federal courts to enjoin the chairman of the board, the president, and the chancellor from neglecting their job duties established by state law; and according to *Pennhurst State School & Hospital v. Halderman*, 465 U.S. 89 (1984), “a federal court cannot enjoin a state official to perform his or her duty under state law” (emphasis in original). *Pennington Seed*, 457 F.3d at 1343.

Plaintiffs here argue that the *Ex Parte Young* exception to Eleventh Amendment immunity does apply because Defendants are state actors, acting in their official capacities, who are violating federal copyright law. Citing *Luckey v. Harris*, 860 F.2d 1012 (11th Cir.1988) as binding authority, Plaintiffs argue that the *Ex Parte Young* doctrine applies here because the Defendants have the right and ability to stop any alleged copyright violations. Plaintiffs assert that under *Luckey*, it is sufficient that the Defendants have “some connection” with the alleged copyright violations for *Ex Parte Young* to apply, and that each of the named Defendants has a connection to the alleged copyright violations at Georgia State.

In *Luckey*, plaintiff Horrace Luckey brought suit on behalf of a class consisting of “all indigent persons presently charged or who will be charged in the future with criminal offenses in the courts of Georgia and all attorneys who represent or will represent indigent defendants,” against the Governor of Georgia, the Chief Judge of the Douglas Judicial Circuit, the Chief Judge of the Clayton Judicial Circuit, and all Georgia judges responsible for providing assistance of counsel to indigents criminally accused in the Georgia courts. The case was brought under 42 U.S.C. § 1983, alleging that systemic deficiencies in the Georgia indigent criminal defense system denied indigent defendants their Sixth Amendment right to counsel, their due process rights under the Fourteenth Amendment, their right to bail under the Eighth and Fourteenth Amendments, and equal protection of the laws guaranteed by the Fourteenth Amendment.

The trial court granted defendants’ motion to dismiss, holding that the claims were barred under the Eleventh Amendment because *Ex Parte Young* did not apply, and that the suit failed to state a claim for which relief could be granted. On appeal, the United States Court of Appeals for the Eleventh Circuit reversed on both grounds and remanded.

The Court of Appeals concluded that because plaintiffs sought an order to compel defendants to provide indigent defense services that meet minimum constitutional

standards, the relief sought fell within the *Ex Parte Young* exception to the Eleventh Amendment. *Id.* at 1015. The Court of Appeals stated, “[w]hile the state ultimately may finance compliance with such an order, this fact is not determinative” of whether *Ex Parte Young* applies. *Id.* Next the Court addressed defendants’ argument that they did not take any actions personally that violated the Constitution. The Court of Appeals held:

Personal action by defendants individually is not a necessary condition of injunctive relief against state officers in their official capacity. All that is required is that the official be responsible for the challenged action. As the *Young* court held, it is sufficient that the state officer sued must, “by virtue of his office, have some connection” with the unconstitutional act or conduct complained of.

Id. at 1015–16 (internal quotation marks and citation omitted).

Thus, the Court of Appeals found that because the governor was responsible for law enforcement in Georgia and had the residual power to commence criminal prosecutions, and because the judges were responsible for administering the system of representation for criminally accused indigent defendants, defendants were “appropriate parties against whom prospective relief could be ordered” and *Ex Parte Young* applied. *Id.* at 1016.

While the fact pattern of *Pennington Seed* is similar in certain respects to the case here (there, state officials were sued for alleged patent infringements in which they were not personally involved; here, state officials were sued for copyright infringements when they did not personally participate in individual fair use decisions or make any copies), it is not quite the same. In the instant case some of the Defendants were responsible for the creation and implementation of the 2009 Copyright Policy, which applies to University System of Georgia schools, including Georgia State. The Court infers and finds that the 2009 Copyright Policy had at least the tacit approval of the Board of Regents. The violations which are alleged here may have occurred as a result of application of that policy. In addition, the Supreme Court has held that: “In determining whether the doctrine of *Ex Parte Young* avoids an Eleventh Amendment bar to suit, a court need only conduct a ‘straightforward inquiry into whether the complaint alleges an ongoing violation of federal law and seeks relief properly characterized as prospective.’” *Verizon Md. Inc. v. Pub. Serv. Comm’n of Md.*, 535 U.S. 635, 645 (2002) (citation omitted). Further, the Eleventh Circuit *Luckey* opinion is binding on this Court. While *Luckey* is a civil rights case, brought under 42 U.S.C. § 1983, its holding as to the permissible breadth of the *Ex Parte Young* doctrine has precedential effect in a suit involving claimed infringement of the federal Copyright Act. Finally, the Court notes that in *Virginia Office for Protection & Advocacy v. Stewart*, 131 S.Ct. 1632 (2011) the Supreme Court extended *Ex Parte Young* to cover a state agency’s suit against a state official who violated federal law by refusing the agency access to records which federal law mandated be turned over. The case’s holding signals the Supreme Court’s continuing commitment to protecting federally guaranteed rights under the *Ex Parte Young* doctrine.

This Court does have subject matter jurisdiction in this case by virtue of the fact that it is brought under the Copyright Act, 17 U.S.C. § 101 et seq., a federal law. *Ex Parte Young* does not create a cause of action; it enables a form of relief (in this case, equitable and declaratory relief under the Copyright Act) which otherwise would be

barred by the Eleventh Amendment or sovereign immunity. The Court holds that the *Ex Parte Young* doctrine applies in this case, such that the Court could issue injunctive relief without offending Eleventh Amendment or sovereign immunity.

Notes and questions

(1) *Allen v. Cooper*, 895 F. 3d 337 (4th Cir. 2018) recently held at 354:

In concluding that the Copyright Remedy Clarification Act does not validly abrogate Eleventh Amendment immunity, we join the numerous other courts to have considered this issue since *Florida Prepaid*, all of which have held the Act invalid.

Unlike the district court in *Cambridge University Press v. Becker*, the Fourth Circuit also held that the plaintiff's copyright claims against the state officials for injunctive and declaratory relief could not proceed under the exception to Eleventh Amendment immunity recognized in *Ex parte Young*.

(2) The Supreme Court granted cert to hear the appeal in *Allen v Cooper* in the 2019 Term and the case has been set for oral argument on Tuesday, November 5, 2019. The question presented is:

Whether Congress validly abrogated state sovereign immunity via the Copyright Remedy Clarification Act in providing remedies for authors of original expression whose federal copyrights are infringed by states.

Copyright and the preemption of state law causes of action

State law rights overlapping or adjacent to copyright include the following: right of publicity claims; contracts providing copyright-like rights in relation to uncopyrightable things (*Desney* claims, restricted use databases); and contracts changing the rights in relation to copyrightable things (no-reverse engineering clauses). The law determining when federal Copyright law preempts such causes of action is complicated.

The following case, *Maloney v. T3Media*, summarizes the current state of the law with respect to the interface between right of publicity claims and copyright preemption.

Maloney v. T3Media, Inc., 853 F. 3d 1004 (9th Cir. 2017)

Circuit Judge M. Smith

Former student-athletes Patrick Maloney and Tim Judge allege that defendant T3Media, Inc. (T3Media) exploited their likenesses commercially by selling non-exclusive licenses permitting consumers to download photographs from the National Collegiate Athletic Association's (NCAA) Photo Library for non-commercial art use. Maloney and Judge assert statutory and common law publicity-right claims and an unfair competition claim under California law. The district court held that the federal Copyright Act preempts plaintiffs' claims and granted T3Media's special motion to strike pursuant to California's anti-SLAPP statute. We affirm.

FACTUAL AND PROCEDURAL BACKGROUND

A. The Parties

Plaintiffs Patrick Maloney and Tim Judge are former NCAA student-athletes who played for the Catholic University (CU) men's basketball team between 1997 and 2001. In their final year at CU, they made it all the way to the Division III national championship game, and helped lead the underdog Cardinals to an upset 76-62 victory over the William Paterson University Pioneers. The game's drama was captured in a series of photographs depicting the plaintiffs in play, and later posing as members of the team with CU's first-ever national championship trophy. The NCAA owns or controls the copyright to these photographs. It accordingly placed them into its collection, the NCAA Photo Library.

T3Media provides storage, hosting, and licensing services for a wide variety of digital content. In 2012, it contracted with the NCAA to store, host, and license the images in the NCAA Photo Library. The NCAA Photo Library itself contains thousands of photographs chronicling seventy years of NCAA sports history. Until 2014, T3Media made the photographs available to the public through its website, Paya.com.

Consumers could view digital thumbnails of the images contained in the NCAA Photo Library on Paya.com, and obtain for \$20 to \$30 a non-exclusive license permitting them to download a copy of a chosen photograph. Brief descriptions of the events depicted in the images accompanied the digital thumbnails.¹

Footnote 1: For example, the caption accompanying a picture of Magic Johnson provided: "Michigan State's Earvin 'Magic' Johnson (33) looks pleased with his performance during the NCAA National Basketball Championships in Salt Lake City, UT, Special Events Center. Johnson was named Most Outstanding Player during the tournament with 17 rebounds and 53 points. Michigan State defeated Indiana State 75-64 to win the title."

Users were also required to assent to a "Content License Agreement" in order to download one of the photographs. Pursuant to that agreement, consumers could "use a single copy of the image for non-commercial art use." Consumers did not obtain "any right or license to use the name or likeness of any individual (including any athlete, announcer, or coach) appearing in the Content in connection with or as an express or implied endorsement of any product or service."

B. Procedural History

Plaintiffs commenced this action in the Central District of California in June 2014. They allege that T3Media exploited their names and likenesses commercially by selling photographs on Paya.com depicting their 2001 triumph. They purport to represent a putative class "of all current and former NCAA student-athletes whose names, images, and likenesses have been used without their consent by [T3Media] for the purpose of advertising, selling, or soliciting purchases of the photographs themselves." The complaint asserts claims for violation of California's statutory right of publicity, common law right of publicity, and Unfair Competition Law (UCL).

ANALYSIS

Preemption under Section 301 of the Copyright Act

The Copyright Act affords copyright owners the "exclusive rights" to display, perform, reproduce, or distribute copies of a copyrighted work, to authorize others to do those things, and to prepare derivative works based upon the copyrighted work. 17 U.S.C. § 106. The copyright, in other words, gives the owner "the right to control

the work,” including the decision whether or not to make the work available to the public. *Lams v. Sony Music Entertainment, Inc.*, 448 F.3d 1134, 1137 (9th Cir. 2006).²⁵⁰

Section 301 of the Act seeks “to preempt and abolish any rights under the common law or statutes of a State that are equivalent to copyright and that extend to works,” so long as the rights fall “within the scope of the Federal copyright law.” House Report at 130 (1976). “We have adopted a two-part test,” in accordance with section 301, “to determine whether a state law claim is preempted by the Act.” *Lams*, 448 F.3d at 1137. First, we decide “whether the ‘subject matter’ of the state law claim falls within the subject matter of copyright as described in 17 U.S.C. §§ 102 and 103.” *Id.* Second, assuming it does, we determine “whether the rights asserted under state law are equivalent to the rights contained in 17 U.S.C. § 106, which articulates the exclusive rights of copyright holders.” *Id.* at 1138.

Here, the parties joust solely with respect to step one and assert competing rules that seek to define the boundary between copyright preemption and state law rights of publicity. Plaintiffs maintain that photograph-based publicity-right claims categorically fall outside the subject matter of copyright because such claims protect an individual’s persona, which itself cannot be fixed in a tangible medium of expression. T3Media, by contrast, insists that the publicity right protects against the non-consensual use of one’s name or likeness on merchandise or in advertising. T3Media would permit publicity-right claims to proceed in those contexts, but find preemption where, as here, a likeness has been captured in an artistic work and the work itself is being distributed for personal use.

The right of publicity seeks to prevent commercial exploitation of an individual’s identity without that person’s consent. See *Hilton v. Hallmark Cards*, 599 F.3d 894, 910 (9th Cir. 2009) (stating that the “core” of the right of publicity is preventing “merchandising of a celebrity’s image without that person’s consent”); *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1031 (3rd Cir. 2008) (stating that the “core” of the publicity right “is the right not to have one’s identity used in advertising”); *Toney v. L’Oreal USA, Inc.*, 406 F.3d 905, 910 (7th Cir. 2005) (“The basis of a right of publicity claim concerns the message — whether the plaintiff endorses, or appears to endorse the product in question.”). Mindful of that premise, we conclude that a publicity-right claim is not preempted when it targets non-consensual use of one’s name or likeness on merchandise or in advertising. But when a likeness has been captured in a copyrighted artistic visual work and the work itself is being distributed for personal use, a publicity-right claim interferes with the exclusive rights of the copyright holder, and is preempted by section 301 of the Copyright Act.

Here, Maloney and Judge do not contend that their likenesses were ever used on merchandise or in advertising. They challenge instead the copyright holder’s decision to distribute the copyrighted images themselves by selling consumers a non-exclusive license to download a chosen photograph from the NCAA Photo Library for noncommercial art use. Under these circumstances, the publicity-right claims and the derivative UCL claim challenge “control of the artistic work itself.” *Lams*, 448 F.3d at 1142. Because plaintiffs seek to hold T3Media liable for exercising rights governed

²⁵⁰ Editorial comment: This is not the right way to paraphrase the rights of the copyright owner. It is neither accurate, nor helpful.

exclusively by copyright law, the claims are preempted by section 301 of the Copyright Act.

We derive these conclusions from the text of the Copyright Act, our precedents, the reasoning of other circuits, and a leading copyright treatise.

1. Step One — The subject matter of the state law claims falls within the subject matter of copyright.

a. The statutory text and our precedents.

The “subject matter of copyright” embodies “original works of authorship fixed in any tangible medium of expression ... from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” 17 U.S.C. § 102(a). “Works of authorship include,” among other things, “pictorial” works. *Id.* §§ 102(a)(5). Additionally, “a work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy ... is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of time of more than transitory duration.” *Id.* § 101.

Here, the publicity-right claims arise from the licensing of photographs, which plaintiffs concede are expressive “pictorial” works to which “[a] photographer contributes some original elements.”⁴

Footnote 4: Amici Associated Press et al. insist that “photographers use their tools and artistic judgment by manipulating lighting, angle, positioning, and timing.”

There is also no doubt that a photograph is “sufficiently permanent” to permit it to be perceived “for more than transitory duration.” 17 U.S.C. § 101. The “‘subject matter’ of the state law claims” — the photographs — therefore appears to fall within the subject matter of copyright. *Laws*, 448 F.3d at 1137.

Plaintiffs resist this conclusion by drilling down on the content of a publicity-right claim. Plaintiffs maintain that the right of publicity — as it pertains to photographs — protects against exploitation of an individual’s “likeness” or “persona.” Since those attributes “exist independent of any single photograph,” plaintiffs argue that photograph-based publicity-right claims categorically fall outside the “subject matter of copyright.” In other words, plaintiffs insist they do not assert any right in the particular photographic “works of authorship” at issue here. Instead, they claim that “the personal attributes protected by the right of publicity ... cannot be ‘fixed’ in copyrightable form in the same way as an actor’s performance or an author’s writings.”

Plaintiffs draw support for their position primarily from *Downing v. Abercrombie & Fitch*, 265 F.3d 994 (9th Cir. 2001). There, clothing retailer Abercrombie & Fitch developed a surfing theme for its catalog, which was the company’s “largest advertising vehicle.” *Id.* at 999. As part of the campaign, Abercrombie purchased photographs depicting the plaintiffs taking part in the 1965 Makaha International Surf Championship in Hawaii. Abercrombie used the photographs in a section of the catalog entitled “Surf Nekkid.” It also “decided to create t-shirts, exactly like those worn by the [plaintiffs] in the photograph, for sale in the upcoming issue.” These “Final Heat Tees” appeared in the catalog for sale two pages after the pictures of the

plaintiffs. Abercrombie did not obtain at any time the plaintiffs' permission to use the photographs in the catalog.

We held that section 301 of the Copyright Act did not preempt plaintiffs' publicity-right claims. *Id.* at 1005. We reasoned that "it is not the publication of the photograph itself, as a creative work of authorship, that is the basis for [plaintiffs'] claims, but rather, it is the use of the [plaintiffs'] likenesses and their names pictured in the published photograph." *Id.* at 1003. We observed that "a person's name or likeness is not a work of authorship within the meaning of 17 U.S.C. § 102." *Id.* at 1004. "This is true," we said, "notwithstanding the fact that [plaintiffs'] names and likenesses are embodied in a copyrightable photograph."⁶*Id.*

Footnote 6: *Downing* relied on two other decisions that plaintiffs likewise rely on here. In *Brown v. Ames*, 201 F.3d 654 (5th Cir. 2000), a record company misappropriated "the names and likenesses" of "individual blues musicians, songwriters, [and] music producers" on the company's CD's, tapes, catalogs, and posters. *Id.* at 656-57. The Fifth Circuit found that preemption does not apply because "the tort of misappropriation of a name or likeness protects a person's persona[.]" and "[a] persona does not fall within the subject matter of copyright." *Id.* at 658. In *KNB Enterprises v. Matthews*, 78 Cal.App.4th 362, 92 Cal.Rptr.2d 713 (2000), the defendant displayed some of the plaintiff's erotic photographs on its website to attract viewers to the site, where it charged customers a monthly fee to view similar photographs. The court declined to find that the plaintiffs' publicity-right claims were subject to preemption "because a human likeness is not copyrightable, even if captured in a photograph." Neither decision supports plaintiffs' argument here because both cases involve the use of an individual's likeness on unrelated merchandise or in advertising.

Contrary to plaintiffs' argument, *Downing* did not mint a categorical rule that publicity-right claims "relating to a likeness in a photograph" are not subject to preemption. Instead, we said that when the "use" of a likeness forms the "basis" of a publicity-right claim, the claim is not preempted. *Downing*, 265 F.3d at 1003-04. We did not state that a likeness is the "basis" of a publicity-right claim any time it is fixed in a photograph. The crux of the issue is thus deciding when a publicity-right claim seeks to vindicate misuse of an individual's likeness, as opposed to merely interfering with the distribution, display, or performance of a copyrighted work.

On that point, plaintiffs rely almost entirely on the idea that a theoretical line should separate publicity-right claims based on photographs from other works protected by the Copyright Act. They insist that "a different preemption rule applies to right-of-publicity claims arising from performances in film and sound recordings as opposed to those arising from a mere likeness in a photograph," and that the latter type of claim is not subject to preemption because "unlike a performance, a person's mere likeness is not a copyrightable contribution to a photograph."

The text of the Copyright Act does not support plaintiffs' construction. Section 301 draws no distinction among different types of copyrighted works when it comes to federal preemption.⁷

Footnote 7: Section 301(a) provides that

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

17 U.S.C. § 301(a) (emphasis added).

It directs attention to sections 102 and 103, which list the categories of works in which copyright protection subsists, suggesting that the same preemption rule

applies to all works that are contained within the “subject matter of copyright.” Id. § 102. Given that “pictorial” works appear on that list alongside “motion pictures” and “sound recordings,” id. § 102(a)(5)-(7), there is no textual basis to carve out a preemption rule that applies solely to photographs.

Moreover, our precedents clarify that the distinction pertinent to the preemption of a publicity-right claim is not the type of copyrightable work at issue, but rather the way in which one’s name or likeness is affected by the use of the copyrighted work.

For example, in *Downing*, the publicity-right claim was not permitted to proceed simply because an individual’s likeness was fixed in a photograph. Indeed, it was “not the publication of the photograph itself, as a creative work of authorship,” that formed the basis of the publicity-right claim. 265 F.3d at 1003. Instead, it was the unauthorized “use of the [plaintiffs’] likenesses” to advertise Abercrombie products, and the creation of “t-shirts, exactly like those worn by the [plaintiffs] in the photograph, for sale” in Abercrombie’s catalog. Id. The plaintiffs sustained injury to their individual “personas” because their likenesses were exploited commercially without their consent. The plaintiffs were not seeking to use the right of publicity simply to prevent “publication” of an artistic, visual work.

Laws bolsters the interpretation that preemption turns on how a copyrighted photograph is used. In particular, *Laws* distinguished *Downing* as a case “involving photographs used in advertising.” Id. at 1141 (emphasis added). We observed that “Abercrombie went well beyond the mere republication of the photograph.... Rather, it published the photo in connection with a broad surf-themed advertising campaign, identified the plaintiffs-surfers by name, and offered for sale the same t-shirts worn by the plaintiffs in the photo.” Id. Importantly, we said that “[Abercrombie] had suggested that the surfers had endorsed Abercrombie’s t-shirts. Accordingly, [Downing] concluded that ‘it is not the publication of the photograph itself ... that is the basis for [plaintiffs’] claims, but rather, it is the use of the [plaintiffs’] likenesses and their names pictured in the published photographs.’”⁸ Id. (quoting *Downing*, 265 F.3d at 1003) (emphasis added).

Footnote 8: *Laws* also distinguished *Brown* — a case plaintiffs rely on — as one where preemption was not appropriate because the likenesses were used on “compact disks, tapes, catalogs, and posters.” *Laws*, 448 F.3d at 1141 (citing *Brown*, 201 F.3d at 656-57).

Laws strongly implies that misuse of an individual’s likeness is the “basis” of a publicity-right claim when the name or image is exploited in advertising or on merchandise. It correspondingly implies that one’s likeness does not form the basis of a publicity-right claim when “the tort action challenges control of the artistic work itself,” id. at 1142, or involves “the mere republication of the photograph,” id. at 1141.

In further support of this interpretation, *Laws* appears to reject plaintiffs’ reading of *Fleet v. CBS Inc.*, 50 Cal.App. 4th 1911 (1996). In *Fleet*, the plaintiffs were actors in a film, *White Dragon*, to which the defendant, CBS, Inc., owned the copyright. Having been denied certain compensation, plaintiffs sued CBS alleging that CBS “did not have permission to utilize their names, pictures, or likenesses in conjunction with any exploitation of the film.” CBS released the film anyway and included a picture of one of the plaintiffs “on the packaging and [in] advertising materials.” The court held that section 301 of the Copyright Act preempted the plaintiffs’ publicity-right claims. It

“agreed that as a general proposition Civil Code section 3344 is intended to protect rights which cannot be copyrighted.” But it found that the “[plaintiffs] analysis crumbles in the face of one obvious fact: their individual performances in the film *White Dragon* were copyrightable.” Once the “performances were put on film, they became ‘dramatic work[s]’ ‘fixed in [a] tangible medium of expression.’” (quoting 17 U.S.C. § 102(a)). “At that point,” the court said, “the performances came within the scope or subject matter of copyright law protection.” Given that the publicity-right claims sought “only to prevent CBS from reproducing and distributing [plaintiffs]’ performances in the film,” the court concluded that “the claims must be preempted by federal copyright law.”

Maloney and Judge read *Fleet*’s holding to be limited to preemption of dramatic performances, and not to include photographs, because it observes that “the celebrity who has merely had his picture taken has not engaged in a ‘dramatic work’ or other ‘work of authorship,’ and would be afforded no protection under federal copyright law.” They believe *Fleet* supports their line between photographs and dramatic performances because *Fleet* adds “if not for state law, [the celebrity who had his picture taken] would have no remedy against those who would misappropriate his image for their own gain.” The “state law,” of course, is the right of publicity, so plaintiffs read *Fleet* to support a dichotomy between likenesses in photographs and likenesses in other copyrightable works.

Laws explains that in *Fleet*, however, “since CBS’s use of plaintiffs’ likenesses did not extend beyond the use of the copyrighted material it held, there was no right of publicity at issue, aside from the actors’ performances.” *Id.* at 1143 (emphasis added). *Laws* does not read *Fleet*, as plaintiffs contend, to draw a line between photographs and performances. Instead, it endorses the practice of looking at how one’s likeness is affected by “the use of the copyrighted material” — whether that material is a photograph or something else.

Laws itself illustrates the same point. There, Debra Laws recorded a song, “Very Special,” to which Elektra obtained the copyright. Sony then obtained a license from Elektra to sample Laws’ recording of “Very Special” in a song by Jennifer Lopez and L.L. Cool J. After the song became a hit, Laws brought publicity-right claims alleging that Sony’s use of “Very Special” misappropriated her name and voice. We held that section 301 of the Copyright Act preempted the publicity-right claims.

We distinguished cases where the defendant obtained a license to a song and then imitated the singer’s voice, which we said did not necessitate preemption because misappropriation of the voice itself was the subject of those publicity-right claims. *Id.* at 1140-41. By contrast, we concluded “it is clear that federal copyright law preempts a claim alleging misappropriation of one’s voice when the entirety of the allegedly misappropriated vocal performance is contained within a copyrighted medium.” *Id.* at 1141. Applying that rule, we concluded that Laws’ publicity-right claim “challenged control of the artistic work itself” and “could hardly be more closely related to the subject matter of the Copyright Act” because Sony had merely licensed copyrighted content and “did not use Laws’ image, name, or the voice recording in any promotional materials.” *Id.* at 1142.

Laws is significant in another respect — it considered the argument “that the subject matter of a copyright claim and a right of publicity claim are substantively different.” Like plaintiffs here, *Laws* argued “that a copyright claim protects ownership rights to a work of art, while a right of publicity claim concerns the right to protect one’s persona and likeness.” Sony responded that “the subject matter of a right of publicity [claim] in one’s voice is not different from a copyright claim when the voice is embodied within a copyrighted sound recording.” Sony added that “once a voice becomes part of a sound recording in a fixed tangible medium it comes within the subject matter of copyright.”

We sided with Sony. We acknowledged that “California law recognizes an assertable interest in the publicity associated with one’s voice.” *Id.* at 1141. But again, we held “that federal copyright law preempts a claim alleging misappropriation of one’s voice when the entirety of the allegedly misappropriated vocal performance is contained within a copyrighted medium.”

Finally, our most recent decision in this area further buttresses the concept that whether a right of publicity claim is preempted turns on the way in which one’s name or likeness is affected by the use of a copyrighted work. In *Jules Jordan Video, Inc. v. 144942 Canada Inc.*, 617 F.3d 1146 (9th Cir. 2010), an actor who retained the copyright to the adult films in which he performed sued a video company for “replicating and distributing a number of [his] copyrighted DVDs without license or authority.” The actor brought publicity-right claims alleging that the defendants “misappropriated his name and ‘persona,’ in addition to his ‘dramatic performance.’” The actor contended that his publicity rights were offended by the “unauthorized reproduction, counterfeiting, and sale” of his copyrighted works. Thus, he maintained, “the factual basis of his right of publicity claim was the unauthorized reproduction of his performance on the DVDs.”

We held that the Copyright Act preempted the publicity-right claims because the actor’s assertion that “defendants misappropriated his name and persona was based entirely on the misappropriation of the DVDs and [the actor’s] performance therein.” *Id.* at 1153. In other words, the actor was objecting to the unauthorized distribution and republication of a copyrighted work, not the exploitation of his likeness on an unrelated product or in advertising. We also considered the actor’s argument “that it is the use of his name and likeness on the covers of the counterfeit DVDs that violated his right of publicity.” *Id.* at 1154. We concluded that even under that theory, the publicity-right claims would still be preempted because “the pictures on the covers of the DVDs are ‘still shots’ of the copyrighted video performance.” *Id.*

In sum, our cases clarify that a publicity-right claim may proceed when a likeness is used non-consensually on merchandise or in advertising. But where a likeness has been captured in a copyrighted artistic visual work and the work itself is being distributed for personal use, a publicity-right claim is little more than a thinly disguised copyright claim because it seeks to hold a copyright holder liable for exercising his exclusive rights under the Copyright Act.

b. Persuasive authority.

A trio of cases out of the Third and Eighth Circuits lends further support to this conclusion. In *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007 (3rd Cir. 2008), the Third

Circuit considered a clash between “the right of publicity” and “the exploitation of a defendant’s copyright.” Id. at 1028. The plaintiff had narrated several NFL films, and the defendant repurposed some of those copyrighted clips for use “in a cable-television production about the football video game ‘Madden NFL 06.’” Id. at 1011. Consistent with our holding that there is no categorical preemption rule separating photographs from everything else, the court stated that “where a defendant in a right-of-publicity claim obtained a copyright in a work featuring the plaintiff, courts must separate legitimate exploitations of what Congress intended to be a copyright holder’s exclusive rights from particular uses that infringe the right of publicity.” Id. at 1028 (emphasis added).

Turning to that task, the court observed that “when defendants use the work ‘for the purposes of trade,’ such as in an advertisement, plaintiffs’ right-of-publicity claims have not been held to be preempted.” Conversely, “when defendants’ uses constitute ‘expressive works,’ right-of-publicity claims have been preempted.”

Applying that distinction, the Third Circuit concluded that preemption was not appropriate because “the NFL used the sound recordings of [the plaintiff’s] voice in a television production promoting the video game.” Id. at 1030. This was “akin to advertising,” and the “core” of the publicity right, according to the court, “is the right not to have one’s identity used in advertising.”¹⁰ Id. at 1031.

Footnote 10: The Third Circuit also “emphasized that courts must circumscribe the right of publicity so that musicians, actors, and other voice artists do not get a right that extends beyond commercial advertisements to other works of artistic expression.” *Facenda*, 542 F.3d at 1032. Should courts neglect that task, then “in addition to copyrights, entertainment companies would need additional licenses for artists’ rights of publicity in every case.” Id. *Facenda* proceeded with the above analysis under the banner of “conflict preemption,” but it treated the framework as similarly applicable to the context of express preemption under section 301. See id. at 1029 n.13. As to express preemption, *Facenda* found the publicity-right claim was directed to the plaintiff’s actual voice, and thus fell outside the subject matter of copyright. Id. at 1027-28.

In *Ray v. ESPN, Inc.*, 783 F.3d 1140 (8th Cir. 2015), the Eighth Circuit applied the same distinction that guided the Third Circuit in *Facenda*. The plaintiff in *Ray* was a professional wrestler whose matches were filmed. Defendant ESPN re-telecast those films without obtaining the plaintiff’s consent. The court found that the filming of the plaintiff’s wrestling performances “clearly generated” an original work of authorship fixed in a tangible medium of expression. It thus concluded that the subject matter of the publicity-right claim fell within the subject matter of copyright because the claim was based on the distribution of copyrighted material. In response to the plaintiff’s argument that misuse of his likeness was the “true focal point” of the case, the court maintained that the publicity-right claim was preempted because “ESPN did not use [the plaintiff’s] likeness or name in an advertisement without his permission to promote its commercial products.”

A year later, the Eighth Circuit revisited the issue in *Dryer v. National Football League*, 814 F.3d 938 (8th Cir. 2016). There, three NFL players argued that their publicity rights were violated by use of their game footage in various NFL films, which subsequently were licensed and broadcast to the public. They maintained that their “performances in football games” were “part of their identities rather than ‘fixed’ works eligible for copyright protection.” The court acknowledged that athletic performances are not copyrightable, but found “the Copyright Act specifically includes within its purview fixed recordings of such live performances.”¹¹

Footnote 11: This holding belies plaintiffs’ assertion that their claims should not be preempted because one’s likeness is not a “copyrightable contribution to photograph.” In *Dryer*, the athletic performances were likewise not copyrightable contributions, but the claims still fell within the purview of copyright because the performances were fixed in a film — a tangible medium of expression.

Continuing, the court observed that “a right-of-publicity suit challenging the use of a copyrighted work in a commercial advertisement could have purposes unrelated to the aims of copyright law.” But it said that “when a right-of-publicity suit challenges the expressive, non-commercial use of a copyrighted work, ... that suit seeks to subordinate the copyright holder’s right to exploit the value of that work to the plaintiff’s interest in controlling the work’s dissemination.” Because the plaintiffs “did not challenge the NFL’s use of their likenesses or identities in any context other than the publication of the game footage,” the court held that the right-of-publicity claims fell within the subject matter of copyright.

A leading copyright treatise invoked by the Third and Eighth Circuits further bolsters our conclusion. Nimmer on Copyright suggests that the right of publicity should be construed in accordance with the Restatement of Unfair Competition, “which limits liability to misappropriation for the purposes of trade.” See Nimmer § 1.01[B][3][b][iv]. According to the Restatement, “the name, likeness, and other indicia of a person’s identity are used ‘for purposes of trade’” if they are used “in advertising the user’s goods or services, or are placed on merchandise marketed by the user, or are used in connection with services rendered by the user.” Restatement (Third) of Unfair Competition § 47. Use for “purposes of trade” would not ordinarily include “the use of a person’s identity in news reporting, commentary, entertainment, works of fiction or nonfiction, or in advertising that is incidental to such uses.”

The “use for trade” considerations can almost perfectly distinguish between the cases finding preemption¹² and those permitting publicity-right claims to proceed.¹³ As our precedents reflect, the crucial distinction is not between categories of copyrightable works, but how those copyrighted works are used.

Footnote 12: The cases finding preemption concern the display or reproduction of copyrighted expressive works. See, e.g., *Jules Jordan*, 617 F.3d at 1150-51 (distribution of film in which plaintiff acted); *Laws*, 448 F.3d at 1136 (licensing of song in which plaintiff sang); *Fleet*, 50 Cal.App.4th at 1914, 58 Cal.Rptr.2d 645 (distribution of movie in which plaintiff acted).

Footnote 13: These cases involved an imitation of Bette Midler’s voice to advertise Ford Cars, *Midler v. Ford Motor Co.*, 849 F.2d 460, 461 (9th Cir. 1988), an imitation of Tom Waits’ voice to advertise Doritos, *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1096 (9th Cir. 1992), a robot resembling Vanna White to advertise televisions, *White v. Samsung Elec. Am., Inc.*, 971 F.2d 1395, 1396 (9th Cir. 1992), robots resembling characters from Cheers used to draw customers to a bar, *Wendt v. Host Int’l, Inc.*, 125 F.3d 806, 809 (9th Cir. 1997), a photograph of a model used to advertise hair products, *Toney v. L’Oreal USA, Inc.*, 406 F.3d 905, 907 (7th Cir. 2005), a photograph of surfers used to advertise and sell Abercrombie clothes, *Downing*, 265 F.3d at 999-1000, images of The Three Stooges used to sell t-shirts, *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 25 Cal.4th 387, 393, 106 Cal.Rptr.2d 126, 21 P.3d 797 (2001), use of an announcer’s voice to promote a video game, *Favenda*, 542 F.3d at 1011, and use of student-athlete likenesses to sell a video game, *Keller v. Elec. Arts Inc. (In re NCAA Student-Athlete Name & Likeness Licensing Litigation)*, 724 F.3d 1268, 1271 (9th Cir. 2013).

c. Application

As noted, Maloney and Judge do not allege that their names and likenesses were ever used in connection with the sale of any merchandise. Nor do they contend that their likenesses were ever used in any advertising. Instead, the copyrighted images themselves were licensed to individuals for “non-commercial art use.” Moreover, the

licensees of the Maloney and Judge photos did not obtain “any right or license to use the name or likeness of any individual ... in connection with or as an express or implied endorsement of any product or service.”

Plaintiffs’ publicity-right claims and the derivative UCL claim challenge “control of the artistic work itself.” *Laws*, 448 F.3d at 1142. Pursuant to *Laws*, the subject matter of the state law claims therefore falls within the subject matter of copyright.

We believe that our holding strikes the right balance by permitting athletes to control the use of their names or likenesses on merchandise or in advertising, while permitting photographers, the visual content licensing industry, art print services, the media, and the public, to use these culturally important images for expressive purposes. Plaintiffs’ position, by contrast, would give the subject of every photograph a de facto veto over the artist’s rights under the Copyright Act, and destroy the exclusivity of rights that Congress sought to protect by enacting the Copyright Act.¹⁵

Footnote 15: Notably, *Laws* expressed a similar concern when describing *Fleet*. It said that “the plaintiffs’ right of publicity claim was a question of control over the distribution ... of a movie CBS owned.” 448 F.3d at 1143. Thus, “had the court [not found preemption], each actor could claim that any showing of the film violated his right to control his image and persona.” *Id.* We are similarly mindful of the potential for that outcome here.

2. Step Two — The rights plaintiffs assert are equivalent to rights within the general scope of copyright.

At the second step, we determine whether the rights plaintiffs assert under state law are “equivalent to rights within the general scope of copyright as specified by section 106 of the Copyright Act.” *Laws*, 448 F.3d at 1143. Section 106 affords copyright owners the “exclusive rights” to display, perform, reproduce, or distribute copies of a copyrighted work, to authorize others to do those things, and to prepare derivative works based upon the copyrighted work. 17 U.S.C. § 106. “To survive preemption, the state cause of action must protect rights which are qualitatively different from the copyright rights. The state claim must have an extra element which changes the nature of the action.” *Laws*, 448 F.3d at 1143.

As a threshold matter, plaintiffs waived any argument that the rights they assert are not equivalent to rights within the general scope of copyright. They did not argue the issue in their briefs, and we do not review issues raised only by amicus curiae. *Russian River Watershed Prot. Comm. v. City of Santa Rosa*, 142 F.3d 1136, 1141 (9th Cir. 1998). Even had they made the argument, the district court nonetheless was correct to conclude that the rights plaintiffs assert are no different than the rights contained within the general scope of the Copyright Act.

The complaint asserts statutory and common law publicity-right claims, and a claim for a violation of the UCL. Plaintiffs, however, do not identify any use of their likenesses independent of the display, reproduction, and distribution of the copyrighted material in which they are depicted. We have held that under those circumstances, none of plaintiffs’ claims is qualitatively different from a copyright claim. See *Laws*, 448 F.3d at 1144 (holding that “the mere presence of an additional element (“commercial use”) in section 3344 is not enough to qualitatively distinguish [a] right of publicity claim from a claim in copyright”); see also *id.* at 1143-44

(“squarely rejecting” the argument that a UCL claim is qualitatively different than a copyright claim under circumstances analogous to here).

CONCLUSION

Under the circumstances presented here, the “‘subject matter’ of the state law claim[s] falls within the subject matter of copyright” and “the rights asserted under state law are equivalent to the rights contained in 17 U.S.C. § 106.” *Lans*, 448 F.3d at 1137, 1138. The federal Copyright Act therefore preempts the plaintiffs’ publicity-right claims and the derivative UCL claim. In light of that holding, plaintiffs’ cannot demonstrate a reasonable probability of prevailing on their challenged claims. The district court did not err in granting T3Media’s special motion to strike.

We AFFIRM the district court’s order granting T3Media’s special motion to strike and dismissing plaintiffs’ claims without leave to amend.

Notes and questions:

(1) In *Maloney v. T3Media, Inc.*, 853 F. 3d 1004 (9th Cir. 2017), the Ninth Circuit held that the right of publicity claims of two college athletes with respect to the distribution of photos celebrating their exploits were preempted by copyright law. The Ninth Circuit explained (at 1016) that although a publicity-right claim may proceed when a likeness is used non-consensually on merchandise or in advertising. Nonetheless,

where a likeness has been captured in a copyrighted artistic visual work and the work itself is being distributed for personal use, a publicity-right claim is little more than a thinly disguised copyright claim because it seeks to hold a copyright holder liable for exercising his exclusive rights under the Copyright Act.

[Placeholder for procedural issues in practice before the U.S. Copyright Office]