

INTELLECTUAL PROPERTY
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PROFESSOR GRIMMELMANN

READING PACKET 2

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CLASS 8: COPYRIGHTABLE MATERIAL

Casebook Readings

Please read pages 305–13 (*Bleistein* and notes, including discussion of *Burrow-Giles*) and 372–81 (*Brandir*).

Please read §§ 101 (“pictorial, graphic, and sculptural works,” “sound recordings,” “useful article”), 102(a) of the Copyright Act.

Problem 6-1

Please do Problem 6-1 from the casebook, at page 314. In addition to determining copyrightability, please also give your opinion about infringement. Who, if anyone, made a mistake here? What should they have done differently?

Here is the Harris photograph:



And here is the Duff billboard ad:



Problem 6-5

Please do Problem 6-5 from the casebook, at page 381. The following is an illustration of the “Tara” mannequin, with hair. (I have not supplied you with a picture of the “Melanie” mannequin. Should I have?)



John Muller Problem

In *John Muller & Co., Inc. v. New York Arrows Soccer Team, Inc. et al.*, 802 F.2d 989 (8th Cir. 1986), the court considered this logo, designed by Muller for the Arrows. The court summarized the caselaw thusly:

If, as here, the creator seeks to register the item as a "work of art" or "pictorial, graphic or sculptural work, the work must embody some creative authorship in its delineation or form." 37 C.F.R. § 202.10(a) (1985). There is no simple way to draw the line between "some creative authorship" and not enough creative authorship, and there are no cases involving "works" exactly like this one.



Is the logo sufficiently creative to be copyrightable? Is there anything else you would want to know in order to decide? Is it plausible that there really are *no* “cases involving ‘works’ exactly like this one?”

McSteamy Sex Tape Problem

Gawker Media has called up Hungadinger and McCormick for advice over another video. This one features Eric Dane, best known for playing Dr. Mark “McSteamy” Sloan on *Grey’s Anatomy*. Dane set up a stationary camcorder in the corner of his bedroom; the 17-minute video features Dane and his wife having sex and then starting to smoke a joint of marijuana. It runs continuously, with no cuts or other editing.¹

Somehow, someone else got a copy of the video and uploaded it to YouTube. Gawker then posted excerpts from it as part of a blog post describing the rest. Dane has now sent Gawker a cease-and-desist letter demanding that the video be removed immediately. Charles Hungadinger, recalling your work on the Tom Cruise video case, has asked for your opinion about this one. He is planning on handling the privacy issues himself, so you can restrict your analysis to the intellectual property issues raised by Gawker’s use of the video. What are they, and how should Gawker respond to the letter?

CLASS 9: UNCOPYRIGHTABLE MATERIAL

Casebook Readings

Please read pages 315–26 (*Feist*).

Please read §§ 101 (“compilation”), 103 of the Copyright Act.

¹ NB: I am not going to link to the actual video this time. Also, just in case you are familiar with the case and video, please note that I have modified the facts slightly to make the IP issues more interesting (as I have been doing throughout these packets).

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

IRVING R. KAUFMAN, Chief Judge:

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

I.

This litigation arises from three separate accounts of the triumphant introduction, last voyage, and tragic destruction of the Hindenburg, the colossal dirigible constructed in Germany during Hitler's reign. The zeppelin, the last and most sophisticated in a fleet of luxury airships, which punctually floated its wealthy passengers from the Third Reich to the United States, exploded into flames and disintegrated in 35 seconds as it hovered above the Lakehurst, New Jersey Naval Air Station at 7:25 p. m. on May 6, 1937. Thirty-six passengers and crew were killed but, fortunately, 52 persons survived. Official investigations conducted by both American and German authorities could ascertain no definitive cause of the disaster, but both suggested the plausibility of static electricity or St. Elmo's Fire, which could have ignited the highly explosive hydrogen that filled the airship. Throughout, the investigators refused to rule out the possibility of sabotage. . . .

Appellant A. A. Hoehling published *Who Destroyed the Hindenburg?*, a full-length book based on his exhaustive research in 1962. Mr. Hoehling studied the investigative reports, consulted previously published articles and books, and conducted interviews with survivors of the crash as well as others who possessed information about the Hindenburg. His book is presented as a factual account, written in an objective, reportorial style.

The first half recounts the final crossing of the Hindenburg, from Sunday, May 2, when it left Frankfurt, to Thursday, May 6, when it exploded at Lakehurst. Hoehling describes the airship, its role as an instrument of propaganda in Nazi Germany, its passengers and crew, the danger of hydrogen, and the ominous threats received by German officials, warning that the Hindenburg would be destroyed. The second portion, headed *The Quest*, sets forth the progress of the official investigations, followed by an account of Hoehling's own research. In the final chapter, spanning eleven pages, Hoehling suggests that all proffered explanations of the explosion, save deliberate destruction, are unconvincing. He concludes that the most likely saboteur is one Eric Spehl, a "rigger" on the Hindenburg crew who was killed at Lakehurst.

According to Hoehling, Spehl had motive, expertise, and opportunity to plant an explosive device, constructed of dry-cell batteries and a flashbulb, in "Gas Cell 4," the location of the initial explosion. An amateur photographer with access to flashbulbs, Spehl could have destroyed the

Hindenburg to please his ladyfriend, a suspected communist dedicated to exploding the myth of Nazi invincibility.

Ten years later appellee Michael MacDonald Mooney published his book, *The Hindenburg*. Mooney's endeavor might be characterized as more literary than historical in its attempt to weave a number of symbolic themes through the actual events surrounding the tragedy. His dominant theme contrasts the natural beauty of the month of May, when the disaster occurred, with the cold, deliberate progress of "technology." The May theme is expressed not simply by the season, but also by the character of Spehl, portrayed as a sensitive artisan with needle and thread. The Hindenburg, in contrast, is the symbol of technology, as are its German creators and the Reich itself. The destruction is depicted as the ultimate triumph of nature over technology, as Spehl plants the bomb that ignites the hydrogen. Developing this theme from the outset, Mooney begins with an extended review of man's efforts to defy nature through flight, focusing on the evolution of the zeppelin. This story culminates in the construction of the Hindenburg, and the Nazis' claims of its indestructibility. Mooney then traces the fateful voyage, advising the reader almost immediately of Spehl's scheme. The book concludes with the airship's explosion.

Mooney acknowledges, in this case, that he consulted Hoehling's book, and that he relied on it for some details. He asserts that he first discovered the "Spehl-as-saboteur" theory when he read Titler's *Wings of Mystery*. Indeed, Titler concludes that Spehl was the saboteur, for essentially the reasons stated by Hoehling. Mooney also claims to have studied the complete National Archives and New York Times files concerning the Hindenburg, as well as all previously published material. Moreover, he traveled to Germany, visited Spehl's birthplace, and conducted a number of interviews with survivors.

After Mooney prepared an outline of his anticipated book, his publisher succeeded in negotiations to sell the motion picture rights to appellee Universal City Studios. Universal then commissioned a screen story by writers Levinson and Link, best known for their television series, *Columbo*, in which a somewhat disheveled, but wise detective unravels artfully conceived murder mysteries. In their screen story, Levinson and Link created a Columbo-like character who endeavored to identify the saboteur on board the Hindenburg. Director Robert Wise, however, was not satisfied with this version, and called upon Nelson Gidding to write a final screenplay. . . .

The Gidding screenplay follows what is known in the motion picture industry as a "Grand Hotel" formula, developing a number of fictional characters and subplots involving them. This formula has become standard fare in so-called "disaster" movies, which have enjoyed a certain popularity in recent years. In the film, which was released in late 1975, a rigger named "Boerth," who has an anti-Nazi ladyfriend, plans to destroy the airship in an effort to embarrass the Reich. Nazi officials, vaguely aware of sabotage threats, station a Luftwaffe intelligence officer on the zeppelin, loosely resembling a Colonel Erdmann who was aboard the Hindenburg. This character is portrayed as a likable fellow who soon discovers that Boerth is the saboteur. Boerth, however, convinces him that the Hindenburg should be destroyed and the two join forces, planning the explosion for several hours after the landing at Lakehurst, when no people would be on board. In Gidding's version, the airship is delayed by a storm, frantic efforts to defuse the bomb fail, and the Hindenburg is destroyed. The film's subplots involve other possible suspects, including a fictional countess who has had her estate expropriated by the Reich, two fictional

confidence men wanted by New York City police, and an advertising executive rushing to close a business deal in America. . . .

II.

A

Hoehling's principal claim is that both Mooney and Universal copied the essential plot of his book — *i. e.*, Eric Spehl, influenced by his girlfriend, sabotaged the Hindenburg by placing a crude bomb in Gas Cell 4. I. . . .

[Defendants] argue that Hoehling's plot is an "idea," and ideas are not copyrightable as a matter of law.

Hoehling, however, correctly rejoins that while ideas themselves are not subject to copyright, his "expression" of *his* idea is copyrightable. . . . But, where, as here, the idea at issue is an interpretation of an historical event, our cases hold that such interpretations are not copyrightable as a matter of law. In *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), we held that the defendant's biography of Howard Hughes did not infringe an earlier biography of the reclusive alleged billionaire. Although the plots of the two works were necessarily similar, there could be no infringement because of the "public benefit in encouraging the development of historical and biographical works and their public distribution." *Id.* at 307; To avoid a chilling effect on authors who contemplate tackling an historical issue or event, broad latitude must be granted to subsequent authors who make use of historical subject matter, including theories or plots. Learned Hand counseled in *Myers v. Mail & Express Co.*, 36 C.O.Bull. 478, 479 (S.D.N.Y. 1919), "[t]here cannot be any such thing as copyright in the order of presentation of the facts, nor, indeed, in their selection."

In the instant case, the hypothesis that Eric Spehl destroyed the Hindenburg is based entirely on the interpretation of historical facts, including Spehl's life, his girlfriend's anti-Nazi connections, the explosion's origin in Gas Cell 4, Spehl's duty station, discovery of a dry-cell battery among the wreckage, and rumors about Spehl's involvement dating from a 1938 Gestapo investigation. Such an historical interpretation, whether or not it originated with Mr. Hoehling, is not protected by his copyright and can be freely used by subsequent authors.

B

The same reasoning governs Hoehling's claim that a number of specific facts, ascertained through his personal research, were copied by appellees.² The cases in this circuit, however, make clear that factual information is in the public domain. Each appellee had the right to "avail himself of the facts contained" in Hoehling's book and to "use such information, whether correct

² In detailed comparisons of his book with Mooney's work and Universal's motion picture, Hoehling isolates 266 and 75 alleged instances of copying, respectively. Judge Metzner correctly pointed out that many of these allegations are patently frivolous. The vast majority of the remainder deals with alleged copying of historical facts. It would serve no purpose to review Hoehling's specific allegations in detail in this opinion. The following ten examples, however, are illustrative: (1) Eric Spehl's age and birthplace; (2) Crew members had smuggled monkeys on board the Graf Zeppelin; (3) Germany's ambassador to the United States dismissed threats of sabotage; (4) A warning letter had been received from a Mrs. Rauch; (5) The Hindenburg's captain was constructing a new home in Zeppelinheim; (6) Eric Spehl was a photographer; (7) The airship flew over Boston; (8) The Hindenburg was "tail heavy" before landing; (9) A member of the ground crew had etched his name in the zeppelin's hull; and (10) The navigator set the Hindenburg's course by reference to various North Atlantic islands.

or incorrect, in his own literary work." *Greenbie v. Noble*, 151 F.Supp. 45, 67 (S.D.N.Y.1957). . . . In *Rosemont Enterprises, Inc., supra*, 366 F.2d at 310, we refused to "subscribe to the view that an author is absolutely precluded from saving time and effort by referring to and relying upon prior published material. . . . It is just such wasted effort that the proscription against the copyright of ideas and facts are designed to prevent."

C

The remainder of Hoehling's claimed similarities relate to random duplications of phrases and sequences of events. For example, all three works contain a scene in a German beer hall, in which the airship's crew engages in revelry prior to the voyage. Other claimed similarities concern common German greetings of the period, such as "Heil Hitler," or songs, such as the German National anthem. These elements, however, are merely *scenes a faire*, that is, "incidents, characters or settings which are as a practical matter indispensable, or at least standard, in the treatment of a given topic." , *Alexander v. Haley*, 460 F. Supp. 40, 45 (S.D.N.Y. 1978). Because it is virtually impossible to write about a particular historical era or fictional theme without employing certain "stock" or standard literary devices, we have held that *scenes a faire* are not copyrightable as a matter of law.

D

All of Hoehling's allegations of copying, therefore, encompass material that is non-copyrightable as a matter of law, rendering summary judgment entirely appropriate. . . .

Problem 6–2

Please do Problem 6-2 from the casebook, at page 326.

Yellow Pages Problem

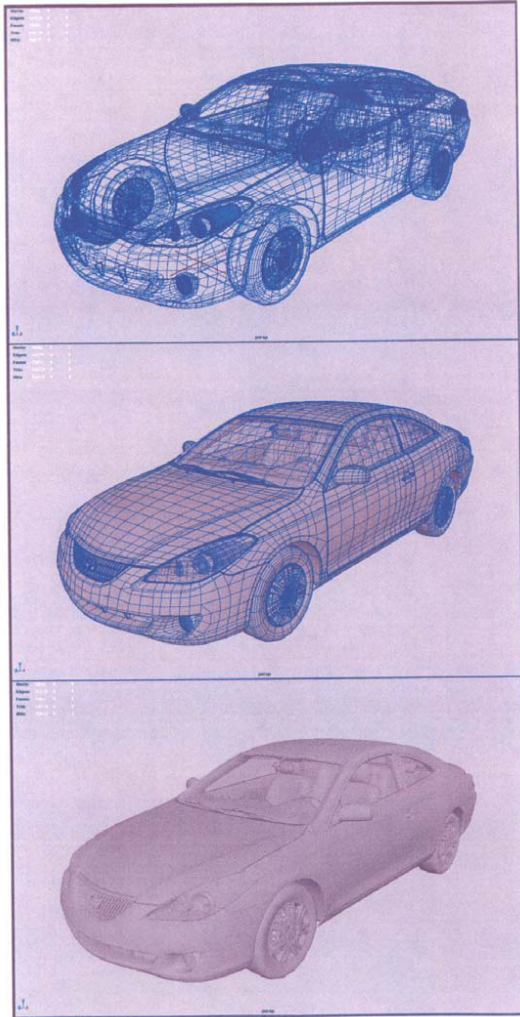
Midwest Telephone is a local phone company serving thirty counties in Indiana and Ohio. It publishes a yellow-pages business telephone directory for its service area. Only businesses that pay appear in the directory. Prices range from \$250 for a one-line listing with the company's name and telephone number to \$10,000 for a full-page ad. Businesses that take out display ads are required to provide the image and to sign a contract giving Midwest a nonexclusive license to include the ad in the directory and indemnifying Midwest against any third-party claims of copyright or trademark infringement. Midwest then arranges the ads into a printed directory, broken down by business categories and alphabetically within each category.

Donaldson Publishing is in the process of compiling its own competing directory. It is systematically calling every business listed in Midwest's directory, asking whether they would also like to be included in Donaldson's. Its prices range from \$100 for a one-line listing to \$2000 for a full-page ad. If businesses are interested, Donaldson offers to allow them to supply a new name or image for a display ad, or, if the business prefers, simply to recycle the information or image from the ad in Midwest's directory.

Midwest has sued Donaldson for copyright infringement, and moved for a preliminary injunction prohibiting Donaldson from soliciting Midwest's customers and publishing its

directory. On the facts given, should the injunction be granted? If so, what should its scope be? Are there facts that either party should have made more of an effort to develop in producing the record on which the court's decision will be based?

Model Car Problem



Draper Consulting is a computer modeling firm; it works with advertising agencies to produce realistic-looking models of cars for use in car commercials. The idea is that with a sufficiently realistic model, it's possible to animate the car in a variety of driving conditions for less than it would cost to film it driving in all of those places. Draper makes its models by combining the car's engineering diagrams with super-high-resolution photographs of the car; it then creates a "wireframe" (pictured to the left) which represents the car as a large number of polygons. The wireframe can then be animated for use in a commercial.

You represent Sterling Software, creator of the hit *Out of Control* series of racing video games. A development lead has approached you about the possibility of using existing wireframes for the cars in *Out of Control 2011: New Jersey Turnpike*. According to him, Draper's wireframes have been widely posted to car-enthusiast websites and it would be easy to download them for most of the cars in the game. Is this a good plan? Why or why not?

CLASS 10: FIXATION, IDEA/EXPRESSION

Casebook Readings

Please read pages 327–39 (*Williams, Baker*) in the casebook.

Please read §§ 101 ("copies," "fixed"), 102(b) 105 of the Copyright Act.

Problem 6-3

Please do Problem 6-3 from the casebook, at page 334.

Game Questions

Is chess copyrightable? Tic-tac-toe? *Tetris*? *Red Dead Redemption*? (More precisely, which aspects, if any, of these games are copyrightable?)

Sweepstakes Rules Problem

You are interning for the summer in the cleaning-supplies division of Procter and Gamble, doing advertising and regulatory compliance work. One of your tasks has been to write the rules for a giveaway contest: “Free Laundry Forever!” The winner will receive a lifetime supply of Tide, Downy, and Bounce. You found the following text as part of a set of contest rules on the web, as part of a contest for Chocolate Frosted Sugar Bombs:

Entrants should print name and address 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 Chocolate Frosted Sugar Bombs packages or leaflets obtained from weekly coupon circular. Only the person named on the entry will be deemed an entrant and may qualify for prize.

You used this text as a model, and ended up writing the following as part of the contest rules for Free Laundry Forever:

Entrants should print name and address a Tide boxtop, or on a piece of plain paper. Entries must be accompanied by a Tide boxtop (any size) or by a piece of 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 ‘Free Laundry Forever’ Sweepstakes, P.O. Box 4459, Chicago 77, Illinois. Only the person named on the entry will be deemed an entrant and may qualify for a prize.

That was two months ago. Your supervisor has just received a call from an attorney in the legal department of Watterson Grains, the maker of Chocolate Frosted Sugar Bombs, who claimed that the Free Laundry Forever rules violate Watterson’s copyright. Your supervisor has called you into her office, and wants an explanation *now* of whether you have just landed Procter and Gamble in legal hot water. What will you say?

Case Briefs Problem

Westlaw has a large database of briefs filed by attorneys in federal Court of Appeals cases. It obtains the briefs, at the official price of 8 cents a page, from the PACER court-records service operated by the federal courts. It then resells access to the briefs to its subscribers, for much more than that. A group of attorneys are considering filing a class-action suit against Thomson Reuters (West’s parent company), claiming that this use infringes the copyright in their legal

briefs. They have asked your firm to represent them on a 25% contingency basis. Do you recommend taking the case?

CLASS 11: OWNERSHIP

Casebook Readings

Please read pages 382–87 (*Gracen*), 399–418 (*Aalmuhammed*, *CCNV*) in the casebook.

Please read §§ 101 (“derivative work,” “joint work,” “work made for hire”), 103, 201, 202, 302 of the Copyright Act.

Photoshoot Problem

You represent Shelbyville Stages, a concert promoter. You have booked the eccentric pop musician Plastica for a twelve-city tour in the Northeast. The marketing staff at Shelbyville have recently discovered an image online that they think would be perfect for using on the concert posters. It features Plastica stepping down the landing ramp of a flying saucer, backlit, carrying a pair of cheerleader’s pompoms, with a guitar slung over her back, and wearing her trademark disinterested scowl.

A similar photograph was the cover of this month’s *Them*, a celebrity fashion magazine. An unknown party or party unknown, however, extensively Photoshopped it to make it look like a faded, weather-beaten Old West “WANTED” poster. The marketing staff tell you that this was a stroke of genius; the combination of the antique look with the kitschy futuristic technology gives the whole thing what they call a “neo-horsepunk flying-car feel” and the outlaw theme plays off Plastica’s expression. Their research has determined that the following people were in some way connected with the image:

- Plastica herself, who has spent years crafting her stage persona, which might be described as “heroin-ravaged all-American girl from outer space.”
- Plastica’s hair-stylist, Alicia Abt, who produced the complicated multi-layer updo in which she appears in the photograph, with a single side ponytail and a Statute-of-Liberty-style ring of spikes.
- Plastica’s personal trainer, Ben Boardwell, who has spent years working with her to develop her musculature to combine strength with a suggestion of wasted potential.
- A celebrity photographer, Charles Carmack, who decided on the flying-saucer theme, chose the placement of props, and instructed Plastica on how to pose.
- Carmack’s salaried assistant, Denyse Dozier, who operated the camera and pushed the button that took the photographs.
- A fashion designer, Edgar Eames, whom Carmack paid \$1000 in cash for the day, who designed, sewed, and altered the tartan jumpsuit Plastica wears in the photograph.

- A toy designer, Frederick Fong, who created the 12” flying saucer toy that served as the backdrop for the photograph., and which Carmack purchased at a toy store the day before the shoot.
- A Photoshop expert, Gennifer Graham, on the staff of *Them* magazine for six years, who made the 12” toy look like it was 25’ tall, instead, and who digitally smoothed out the wrinkles in Plastica’s face, extended her neck by two inches, and made a hundred other similar tweaks.
- *Them* magazine, where the modified photograph ran.
- Some unknown person with the username SeePeteyPhotoshop, who added the Old West theme and uploaded the modified photo to the photosharing site AwfulThings.com.

Based on these facts, advise Shelbyville Stages on whether it will be possible to obtain sufficient permissions to use the Old West version of the photo for the concert posters, and, if so how to go about it.

Problems 6-6 and 6-7

Please do problems 6-6 and 6-7 from the casebook, at pages 387 and 406, respectively. If you think you need more facts to give an informed opinion about either, what more would you want to know, and how would it affect your opinion?

CLASS 12: INFRINGEMENT

Casebook Readings

Please read pages 466–73 (*Redd Horne*) in the casebook.

Please read § 106, 109 of the Copyright Act.

MAI Sys. Corp. v. Peak Computer, Inc. 991 F. 2d 511 (9th Cir. 1993)

MAI Systems Corp., until recently, manufactured computers and designed software to run those computers. The company continues to service its computers and the software necessary to operate the computers. MAI software includes operating system software, which is necessary to run any other program on the computer.

Peak Computer, Inc. is a company organized in 1990 that maintains computer systems for its clients. Peak maintains MAI computers for more than one hundred clients in Southern California. This accounts for between fifty and seventy percent of Peak’s business.

Peak’s service of MAI computers includes routine maintenance and emergency repairs. Malfunctions often are related to the failure of circuit boards inside the computers, and it may be necessary for a Peak technician to operate the computer and its operating system software in order to service the machine. ...

IV. COPYRIGHT INFRINGEMENT

The district court granted summary judgment in favor of MAI on its claims of copyright infringement and issued a permanent injunction against Peak on these claims. . . .

To prevail on a claim of copyright infringement, a plaintiff must prove ownership of a copyright and a “copying” of protectable expression” beyond the scope of a license. *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1085 (9th Cir.1989).

MAI software licenses allow MAI customers to use the software for their own internal information processing. This allowed use necessarily includes the loading of the software into the computer’s random access memory (“RAM”) by a MAI customer. However, MAI software licenses do not allow for the use or copying of MAI software by third parties such as Peak. Therefore, any “copying” done by Peak is “beyond the scope” of the license.

It is not disputed that MAI owns the copyright to the software at issue here, however, Peak vigorously disputes the district court’s conclusion that a “copying” occurred under the Copyright Act.

The Copyright Act 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.

17 U.S.C. § 101.

The Copyright Act then explains:

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.

17 U.S.C. § 101.

The district court’s grant of summary judgment on MAI’s claims of copyright infringement reflects its conclusion that a “copying” for purposes of copyright law occurs when a computer program is transferred from a permanent storage device to a computer’s RAM. This conclusion is consistent with its finding, in granting the preliminary injunction, that: “the loading of copyrighted computer software from a storage medium (hard disk, floppy disk, or read only memory) into the memory of a central processing unit (“CPU”) causes a copy to be made. In the absence of ownership of the copyright or express permission by license, such acts constitute copyright infringement.” We find that this conclusion is supported by the record and by the law.

Peak concedes that in maintaining its customer’s computers, it uses MAI operating software “to the extent that the repair and maintenance process necessarily involves turning on the computer to make sure it is functional and thereby running the operating system.” It is also uncontroverted that when the computer is turned on the operating system is loaded into the computer’s RAM. As part of diagnosing a computer problem at the customer site, the Peak technician runs the computer’s operating system software, allowing the technician to view the systems error log, which is part of the operating system, thereby enabling the technician to diagnose the problem.

Peak argues that this loading of copyrighted software does not constitute a copyright violation because the “copy” created in RAM is not “fixed.” However, by showing that Peak loads the software into the RAM and is then able to view the system error log and diagnose the problem with the computer, MAI has adequately shown that the representation created in the RAM is “sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”

After reviewing the record, we find no specific facts (and Peak points to none) which indicate that the copy created in the RAM is not fixed. ...

The law also supports the conclusion that Peak’s loading of copyrighted software into RAM creates a “copy” of that software in violation of the Copyright Act. In *Apple Computer, Inc. v. Formula Int’l, Inc.*, 594 F. Supp. 617, 621 (C.D.Cal.1984), the district court ... stated:

RAM can be simply defined as a computer component in which data and computer programs can be temporarily recorded. Thus, the purchaser of [software] desiring to utilize all of the programs on the diskette could arrange to copy [the software] into RAM. This would only be a temporary fixation. It is a property of RAM that when the computer is turned off, the copy of the program recorded in RAM is lost.

Apple Computer at 622.

While we recognize that this language is not dispositive, it supports the view that the copy made in RAM is “fixed” and qualifies as a copy under the Copyright Act.

We have found no case which specifically holds that the copying of software into RAM creates a “copy” under the Copyright Act. However, it is generally accepted that the loading of software into a computer constitutes the creation of a copy under the Copyright Act. *See e.g. Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 260 (5th Cir.1988) (“the act of loading a program from a medium of storage into a computer’s memory creates a copy of the program”); 2 Nimmer on Copyright, § 8.08 at 8-105 (1983) (“Inputting a computer program entails the preparation of a copy.”); Final Report of the National Commission on the New Technological Uses of Copyrighted Works, at 13 (1978) (“the placement of a work into a computer is the preparation of a copy”). We recognize that these authorities are somewhat troubling since they do not specify that a copy is created regardless of whether the software is loaded into the RAM, the hard disk or the read only memory (“ROM”). However, since we find that the copy created in the RAM can be “perceived, reproduced, or otherwise communicated,” we hold that the loading of software into the RAM creates a copy under the Copyright Act. 17 U.S.C. § 101. We affirm the district court’s grant of summary judgment as well as the permanent injunction as it relates to this issue. ...

UMG Recordings, Inc. v. Troy Augusto
558 F. Supp. 2d 1055 (C.D. Cal. 2008)

S. James Otero, United States District Judge.

I. BACKGROUND

Most of the facts in this case are undisputed. UMG owns the copyright to numerous songs and produces CDs containing those songs. A majority of those CDs are created for sale to the public. Before a new CD is released for sale to the public, UMG often creates and distributes a "promotional CD" for purposes of promoting and advertising the release of the new CD. The promotional CD is similar to the new CD, although a promotional CD may contain fewer songs and may not include the artwork included with the new CD. In addition, all promotional CDs are labeled with the following language:

This CD is the property of the record company and is licensed to the intended recipient for personal use only. Acceptance of this CD shall constitute an agreement to comply with the terms of the license. Resale or transfer of possession is not allowed and may be punishable under federal and state laws.

UMG sends these promotional CDs to music industry insiders who are in a position to provide publicity and exposure for the upcoming commercial release of the new CD.

Augusto is not one of these insiders. Yet, he obtained numerous promotion CDs from music shops and online auctions. Augusto then sold many of UMG's promotional CDs through online auctions on eBay, advertising these promotional CDs as rare collectibles not available in stores. . . .

II. DISCUSSION

Summary judgment is proper only if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." A "material" fact is one that could affect the outcome of the case, and an issue of material fact is "genuine" if "the evidence is such that a reasonable jury could return a verdict for the nonmoving party." In deciding a motion for summary judgment, the Court "construes the evidence in the light most favorable to the nonmoving party."

A. UMG's Claim for Copyright Infringement

UMG and Augusto both seek summary judgment on UMG's copyright infringement claim. To establish a prima facie case of copyright infringement, UMG must show: (1) UMG owns a copyright; and (2) Augusto violated one of the exclusive rights granted to UMG as owner of that copyright under 17 U.S.C. § 106.

Here, Augusto does not dispute that UMG has met its initial burden. UMG established that it owns the copyright to sound recordings embodied in the Promo CDs and that Augusto sold these Promo CDs through eBay in violation of UMG's exclusive right to sell copies of those sound recordings to the public, see 17 U.S.C. § 106(3).

Augusto argues, however, that his conduct is protected by the "first sale doctrine."

1. The First Sale Doctrine Permits the Owner of a Copy to Resell that Copy.

The first sale doctrine limits a copyright owner's exclusive right to distribute copies of a copyrighted work to the public: "[T]he owner of a particular copy or phonorecord lawfully made under [Title 17 of the United States Code] . . . 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); see also 2 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 8.12[B][1][a] (2008) [hereinafter Nimmer] ("Section 109(a) provides that the distribution right may be exercised solely with respect to the initial disposition of copies of a work, not to prevent or restrict the resale or other further transfer of possession of such copies.").

Although this statutory limitation is commonly referred to as the first sale doctrine, its protection does not require a "sale." The doctrine applies after the "first authorized disposition by which title passes." 2 Nimmer § 8.12[B][1][a]. This passing of title may occur through a transfer by gift

To invoke the first sale defense for his sale of UMG Promo CDs, Augusto must show: (1) the CDs were lawfully manufactured with UMG's authorization; (2) UMG transferred title to the CDs; (3) Augusto was the lawful owner of the CDs; and (4) Augusto disposed of, but did not reproduce, the CDs.

Here, two of these elements are undisputed. The parties agree that the Promo CDs were lawfully manufactured and Augusto is accused only of selling the Promo CDs, not of reproducing them.

The remaining two elements hinge on one question: Did UMG transfer title to the music industry insiders when it mailed them the Promo CDs? If the answer is yes, then UMG transferred ownership of the CDs and Augusto lawfully owned the CDs at the time he sold them,³ which permitted Augusto to sell the CDs under the first sale doctrine. If the answer is no, then UMG retained title to, and ownership of, the CDs and Augusto was not the lawful owner of those CDs at the time he sold them, which excludes Augusto's actions from the protection of the first sale doctrine.

2. Because UMG Transferred Title to the Music Industry Insiders, Augusto Was the Owner of the Promo CDs at the Time He Sold Them.

Augusto argues that he owned title to the particular copies of the Promo CDs that he sold under three theories: (1) the licenses on the Promo CDs are not valid; (2) the music industry insiders may treat the Promo CDs as a gift under federal law; and (3) UMG abandoned the Promo CDs under California law. If Augusto succeeds on any of these three arguments, the first sale doctrine protects his actions. The Court addresses each argument in turn.

a. The Licensing Language on the Promo CDs Does Not Create a License.

Each of the Promo CDs bore a label with words that purportedly "license" use of that Promo CD to the music industry insider receiving it. (Kossowicz Decl. Ex. 11.) UMG argues that these words create a license between UMG and any recipient who accepts the Promo CD and that under this license UMG retains title to the Promo CD. Augusto argues that these words do not create a license and that UMG's distribution of the Promo CDs qualifies as a gift or sale.

In determining whether a transaction is a sale or a license, courts must analyze the "economic realities" of the transaction. "[T]he fact that the agreement labels itself a 'license' . . . does not control our analysis."

³ UMG argues that Augusto should have to trace the chain of title from him back to UMG. This is incorrect. By showing that UMG transferred ownership of the Promo CDs to the music industry insiders, Augusto would show that UMG no longer has a copyright interest in the Promo CDs, which is sufficient under the first sale doctrine.

i One Hallmark of a License Is the Owner's Intent to Regain Possession.

The right to perpetual possession is a critical incident of ownership. See *Krause v. Titleserv, Inc.*, 402 F.3d 119, 123 (2d Cir. 2005) (describing a person's "degree of ownership of a copy" as "complete" when "he may lawfully use it and keep it forever, or if so disposed, throw it in the trash").⁴ Accordingly, the distributor of a copyrighted product's intent to regain possession is strong evidence that the product was licensed, not sold, to the recipient. The absence of this intent is strong evidence that the product was sold.

The Ninth Circuit's decision in *United States v. Wise* demonstrates the importance of regaining possession of the licensed product. 550 F.2d 1180 (9th Cir. 1977). In *Wise*, the court evaluated several contracts under which movie studios transferred movie prints. Most of the contracts required that the recipients return the movie prints after a fixed term. *Id.* at 1185 ("The license agreements with respect to the films involved in this case generally . . . required their return at the expiration of the license period."). The Ninth Circuit determined that these contracts were licenses.

However, some of the contracts permitted the recipient to keep the film print. In particular, one contract allowed an actress to keep possession of the film print "at all times" for her "personal use and enjoyment," but prevented her from transferring the print to anyone else. *Id.* at 1192. The Ninth Circuit determined that this contract was a sale, not a license.

Here, UMG gives the Promo CDs to music industry insiders, never to be returned. The recipients are free to keep the Promo CDs forever. Nothing on the packaging of the Promo CDs or in the licensing label requires that the recipient return the Promo CDs to UMG. There are no consequences for the recipient should she lose or destroy the Promo CDs — which UMG allegedly considers its property. UMG does not request that any recipients return the Promo CDs and does not otherwise make any affirmative effort to recover possession of the Promo CDs.⁵ Further, it appears that UMG could not take these actions; UMG does not keep permanent records identifying who received which Promo CDs.

Accordingly, the music industry insiders' ability to indefinitely possess the Promo CDs is a strong incident of ownership through a gift or sale.

ii. The Absence of a Recurring Benefit to UMG Suggests the Transfer to Music Industry Insiders Is a Gift or Sale.

Generally, licenses provide recurring benefits for the copyright owner. *Microsoft*, 66 F.3d at 1096 (determining that Microsoft sold its software to DAK in part because Microsoft received a set payment independent of DAK's length of use of the software); see also *SoftMan Prods. Co. v. Adobe Sys.*, 171 F. Supp. 2d 1075 (C.D. Cal. 2001) (determining that Adobe sold its software in part because "the license runs for an indefinite term without provisions for renewal").

Here, UMG receives no recurring benefit from the recipients' continued possession. As an initial matter, UMG has no guarantee that it will receive any benefit from the distribution of a Promo CD. The licensing label does not require that the recipient promote or expose the

⁴ While the licensing label would not permit the music industry insiders to throw the Promo CDs "in the trash," the economic reality of the transfer entirely permits them to do so "if so disposed." See *Krause*, 402 F.3d at 123.

⁵ UMG does passively receive Promo CDs returned by the postal service as undeliverable or returned by recipients as unwanted. Rather than keep these Promo CDs as an asset, UMG destroys them.

material on the Promo CD. (To the contrary, most of the Promo CDs at issue contain a label with the phrase "for personal use only," indicating that any license would prohibit the recipient from making professional use of the Promo CD.) Nor does the licensing label require the recipient to provide UMG with any benefit to retain possession. At the time UMG distributes the Promo CDs, it is not guaranteed to get anything in return. . . .

Because title to the Promo CDs transferred from UMG to the music industry insiders, Augusto's resale of those CDs is protected by the first sale doctrine. Augusto is entitled to summary judgment on UMG's claim for copyright infringement.

Casebook Sample Problem

Four companies supply most of the casebooks used in American law schools: Wolters/Kluwer (which sells books under the "Aspen" brand), Thomson Reuters (which sells books under the "West" and "Foundation Press" brands), LexisNexis, and Carolina Academic Press. These companies maintain lists of which law professors teach which courses; any time a new book appropriate for that course is published, the company mails the professor an examination copy of the book. In addition, any law professor can contact one of the companies and ask for a copy of any book, no matter the subject, and will typically receive a copy, no questions asked. Some, but not all, of the books are marked "Professor Review Copy: Not for Resale." A few are shrinkwrapped together with a small piece of paper that says the book is being licensed to the professor, not given, and is for examination purposes only, in order to decide whether or not to adopt the book for the professor's course.

You are the Associate Dean for Academic Affairs at an independent, urban law school. One of your faculty members has just come to you asking what she can and should do with the huge stacks of casebooks she's accumulated over the past decade. Among other things, she's recently received an email from Atlantic Textbook Recycling, a company interested in buying surplus books from professors, and would like to know how to respond. What's your advice to her? While you're at it, is this something you should send an email to the entire faculty about? If so, what do you tell them?

DVR in the Cloud Problem

Your excellent work on previous matters for Hungadinger and McCormick has been helping the firm land important new clients. One of the most important is The Knowledge Channel (NYSE: KNOW), a cable channel that airs a wide range of award-winning documentaries and reality programming. They have retained your firm as litigation counsel for a suit against Cableopolis, a cable television operator in eight states in the Midwest.

Approximately eight months ago, Cableopolis announced a new feature. For \$19.99 a month, its cable customers could subscribe to Re:Watch, a new "virtual VCR." The way it works from the customer's point of view is that at any point while watching live TV (or by setting a time in advance), the customer can push a "record" button on her remote control. When she does, Cableopolis immediately begins storing the video and audio of the specified channel to a hard drive in one of its regional offices. (Each customer is assigned a personal hard drive, which no

one else has access to. If six customers, say, want to record the same program, Cableopolis will record it to all six of the hard drives assigned to them.)

Later, the customer can use the Re:Watch menus to select a previously recorded program. When she does, Cableopolis immediately begins streaming the video from the hard drive assigned to her, to the cable box on top of her TV set, which plays the program she previously asked to record. The set-top box stores ten seconds of the video at a time in a “buffer”; as the video is played for the customer, that portion of the buffer is emptied and made available for more video to be added to the buffer. (The buffer ensures that playback will continue to be smooth even if the connection is temporarily interrupted.)

When it heard about Re:Watch, The Knowledge Channel took the position that it would lead to copyright infringement of its original programming. While The Knowledge Channel was open to negotiating permission, for an additional fee to be agreed upon, Cableopolis flatly refused. Negotiations have broken down, and The Knowledge Channel intends to file suit against Cableopolis. You have been asked to draft the complaint. Which theories of infringement will you include?

CLASS 13: PROVING INFRINGEMENT

Casebook Readings

Please read pages 424–33 (*Three Boys*) in the casebook. Please also listen to the clips from the two songs at http://cip.law.ucla.edu/cases/case_threeboysbolton.html.

Arnstein v. Porter **154 F. 2d 464 (2d Cir. 1946)**

. . . 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. 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.

Surely, then, we have an issue of fact which a jury is peculiarly fitted to determine. . . .

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 Shostakovitch's "Fifth Symphony" were alleged to infringe "When Irish Eyes Are Smiling. 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.

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; for the views of such persons are caviar to the general — and plaintiff's and defendant's compositions are not caviar.

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

L. HAND, Circuit Judge.

The plaintiff is the author of a play, "Abie's Irish Rose" 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" . . . ; 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.

. . . 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 obbligator 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.

. . . . 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*. . . .

Decree affirmed.

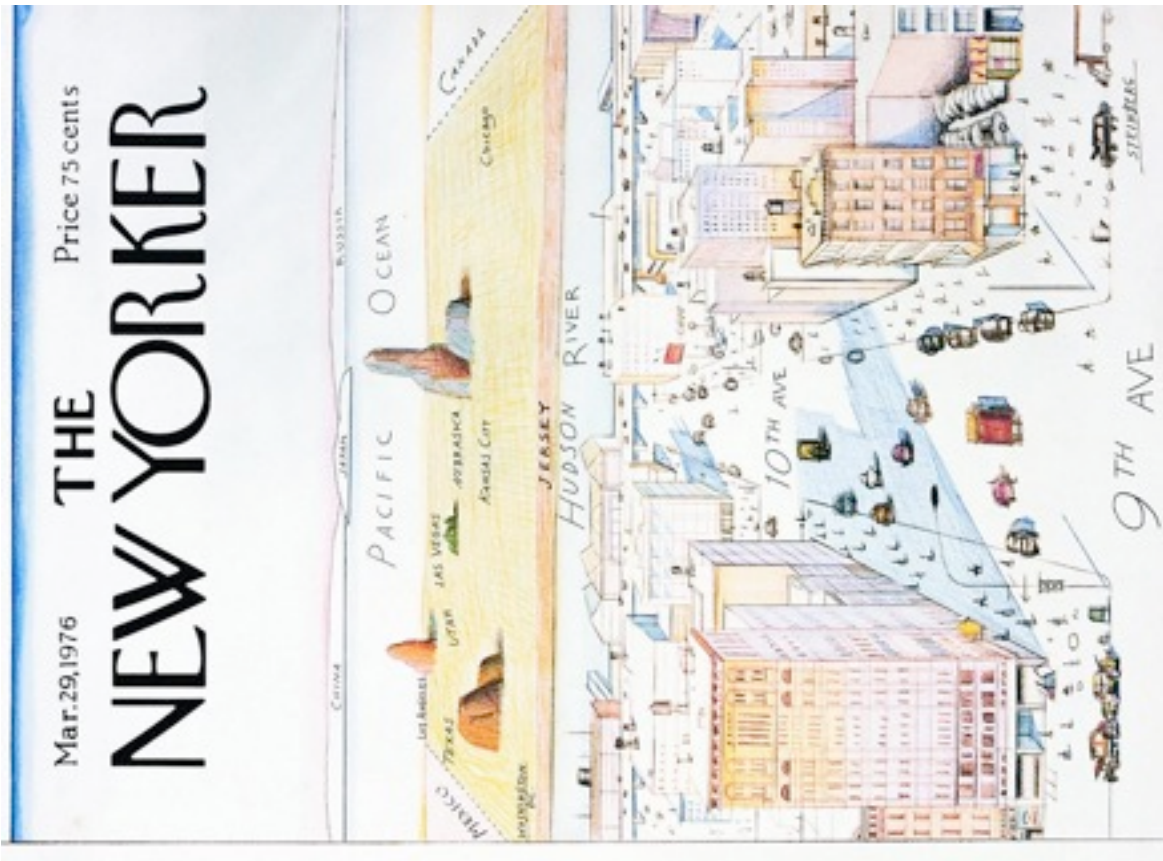
New Yorker's View of the World Problem

Consider the following two images: a *New Yorker* cover and a poster for the Robin Williams movie *Moscow on the Hudson*. The defendant concedes access to the cover, but argues that there is not substantial similarity. You are the judge in the case.

(1) Assume the case is set for a bench trial. Does the movie poster infringe the *New Yorker* cover? Write the section of your opinion explaining this holding.

(2) Assume the case is set for a jury trial. How should the jury decide whether the poster infringes? Write out your jury instruction on the issue of infringement. [Hint: There are two ways to answer this question. You could attempt to draft a jury instruction based on the readings for today, or you could find a reference source that provides standard jury

instructions. You will learn something either way; you will learn the most if you first try to draft your own and then try to figure out where to find jury instruction forms.]



Seinfeld Aptitude Test Problem

In *Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc.*, 150 F.3d 132 (2d Cir. 1998), the court gave the following statement of facts:

The material facts in this case are undisputed. Plaintiff Castle Rock is the producer and copyright owner of each episode of the *Seinfeld* television series. The series revolves around the petty tribulations in the lives of four single, adult friends in New York: Jerry Seinfeld, George Costanza, Elaine Benes, and Cosmo Kramer. Defendants are Beth Golub, the author, and Carol Publishing Group, Inc., the publisher, of *The SAT*, a 132-page book containing 643 trivia questions and answers about the events and characters depicted in *Seinfeld*. These include 211 multiple choice questions, in which only one out of three to five answers is correct; 93 matching questions; and a number of short-answer questions. The questions are divided into five levels of difficulty, labeled (in increasing order of difficulty) "Wuss Questions," "This, That, and the Other Questions," "Tough Monkey Questions," "Atomic Wedgie Questions," and "Master of Your Domain Questions." Selected examples from level 1 are indicative of the questions throughout *The SAT*:

1. To impress a woman, George passes himself off as
 - a) a gynecologist
 - b) a geologist
 - c) a marine biologist
 - d) a meteorologist

11. What candy does Kramer snack on while observing a surgical procedure from an operating-room balcony?

12. Who said, "I don't go for those nonrefundable deals ... I can't commit to a woman ... I'm not committing to an airline."?

- a) Jerry
- b) George
- c) Kramer

The book draws from 84 of the 86 *Seinfeld* episodes that had been broadcast as of the time *The SAT* was published. Although Golub created the incorrect answers to the multiple choice questions, every question and correct answer has as its source a fictional moment in a *Seinfeld* episode. Forty-one questions and/or answers contain dialogue from *Seinfeld*. The single episode most drawn upon by *The SAT*, "The Cigar Store Indian," is the source of 20 questions that directly quote between 3.6% and 5.6% of that episode (defendants' and plaintiffs calculations, respectively).

The name "Seinfeld" appears prominently on the front and back covers of *The SAT*, and pictures of the principal actors in *Seinfeld* appear on the cover and on several

pages of the book. On the back cover, a disclaimer states that "This book has not been approved or licensed by any entity involved in creating or producing *Seinfeld*. The front cover bears the title "The Seinfeld Aptitude Test" and describes the book as containing "[h]undreds of spectacular questions of minute details from TV's greatest show about absolutely nothing." . . .

The parties have filed cross motions for summary judgment on the issue of infringement. Should the court grant the plaintiff's motion, the defendant's, or neither?

***Selle v. Gibb* Problem**

The following is the court's statement of facts in *Selle v. Gibb*, 567 F. Supp. 1173 (N.D. Ill 1983):

The plaintiff in this case, Ronald H. Selle, lives in Hazelcrest, Illinois and is an antiques dealer, a part-time musician, a composer of popular songs and religious music. In the fall of 1975, he was a clothing salesman for Carson, Pirie, Scott in Chicago. One morning, as he was shaving, getting ready to go to work, a melody came to his mind; he reduced what had occurred to him to writing. While at work that day, he developed the melody further; and that night, at home, he sat at a piano and completed the song, adding chords to it. By the end of the night, Selle had the song written in notation; thus, its composition was completed within one day. After writing the music, during the following week, he composed the lyrics and reduced the song to its final form. No one assisted him either in composing the music, or in writing the words, or in phrasing the lyrics. He did not copy from any prior musical work or composition. He named his song "Let It End"; and after preparing a lead sheet, he obtained a copyright for it, issued to him by the Copyright Office on November 17, 1975.

At the time Selle composed this song, he had a small band of musicians with whom he played at local engagements. On two or three occasions the band performed "Let It End". Shortly after receiving the copyright, Selle invited his fellow musicians to a studio where the song was tape recorded, with Selle singing the words. Sometime thereafter, within a year or so, Selle caused eleven copies of the tapes and the lead sheet of the music to be sent to eleven music recording and publishing companies. Eight of these returned Selle's materials to him; three did not respond. Selle's song "Let It End" was never reproduced by any music company; it never was recorded by any recording company or artist; the lead sheet to "Let It End" was never published, purchased by or sold to anyone. The only time Selle's song was ever publicly performed was on the two or three occasions his own band played it at a local engagement in the Chicago area.

One day, in May 1978, Selle was working in the yard of his home when he heard a teenager next door playing a stereo cassette rather loudly. Selle thought it was his song "Let It End" that he heard playing, except there "were different words to it and it was a different rendition." When Selle asked the teenager, he was told the song that had attracted his attention was "How Deep Is Your Love", soundtrack music from the well known movie, a box office hit, "Saturday Night Fever." Later, he examined the jacket or container of the cassette and noticed that credit for creating the music he thought was

his was claimed by the Bee Gees. A short time afterwards, Selle saw "Saturday Night Fever"; again he heard portions of music he thought was his song "Let It End", but without his lyrics. Paramount Pictures Corporation made and distributed the movie; the other corporate defendant, Phonodisc, Inc., now known as Polygram Distribution, Inc., made and distributed the cassette tape of "How Deep Is Your Love", the accused song.

The Bee Gees are three brothers, Maurice, Robin, and Barry Gibb, who began as a group in 1955 and have become internationally known as musical artists, originators and singers of popular songs. Although they do not read or write music, they have composed more than 160 songs which because of their unique singing and playing style have become popular through public performances, in the sale and distribution of music sheets, cassette tapes, records, and albums, some of which have sold in excess of 30 million copies. Most of the albums and other musical products of their singing style have been distributed worldwide.

The Bee Gees have performed concerts throughout the United States and in many foreign countries. They have received awards nationally and internationally in recognition of their talent as artists and for the quality of the music they have created and played. Throughout their career of more than 25 years, no one, before this suit was filed, has ever accused them, any one of them, or anyone associated with them, of having appropriated, copied, or plagiarized anyone else's song or composition. And because they do not write music, the Bee Gees employ others who do. When they conceive a song, they use a tape recorder; and after they have put a song on tape, members of their staff prepare from it scores and reduce the composition to a form that can be duplicated for sale, used in obtaining a copyright, and performed publicly by the Bee Gees and others.

In January 1977, the Bee Gees, their wives, and certain members of their staff, together with representatives of music publishing companies, went to a recording studio located in the Chateau d'Herouville near Pontoise, a remote village in France about 25 miles northwest of Paris. They were there "to mix a live album and to write a few songs." Among those with them were Albhy Galuten, Carl Richardson, Derek Blue Weaver, Dennis Brian, Allen Candle, Bee Gees manager Dick Ashby, and Tom Kennedy. The Bee Gees did the album; and they composed six or more new songs. Barry Gibb has described, under oath, the recording session in the French chateau; in most details of his testimony, he has been supported by the testimony of his brothers, Dick Ashby, Albhy Galuten, and Blue Weaver.

Weaver, at the time of the recording session, was employed by the Bee Gees as a musician, a keyboard player, and at times, in production. Late one afternoon in January 1977, just before dinner at the chateau, he was seated at a piano when, he has told the jury, Barry Gibb said to him, "Play me a beautiful chord." Weaver claims, under oath, that he thought "It was our intention to write a ballad." He has sworn that he and Barry Gibb began to throw, back and forth, ideas about a song, with him playing a few chords. He has testified that Barry "would say, 'What was that you just played' and I would play it again. He [Barry Gibb] would say — he would sing a melody note, and I would try and find a corresponding chord to that, until he said, 'Yes, that's a nice one.

We will use that." In this way, Weaver has said, without anyone in this trial contradicting him, the song "How Deep Is Your Love" was created. Everyone connected with the defendants in this case has sworn, and no contradictory testimony has been offered, that at no time before this musical creation did either Weaver or any of the Bee Gees have access to plaintiff's song "Let It End." The work tape that Weaver and Barry Gibb used to record the initial creation of the accused song has been admitted in evidence. Barry Gibb has testified to the circumstances under which the work tape was made, how his brothers later joined in finishing the accused song; and Weaver has explained how he found the tape among cassettes he took to London with him early in February 1977 from the recording session at the chateau. By listening to the tape, one can actually hear the voices of Blue Weaver and Barry Gibb; one is admitted into the creative process by which the accused song, according to defendants, was composed.

After completing the accused tape, the Bee Gees, through their staff, caused to be made what in the jargon of their profession is called "a demo tape". This tape, although containing a rendition of "How Deep Is Your Love", has different notes and a melody different from a March 6, 1977 lead sheet of the same song. The demo tape is in the key of E flat, as is the work tape; the lead sheet is in the key of E. A vocal-piano version taken from the demo tape is also in the key of E flat.

On March 7, 1977, a lead sheet of "How Deep Is Your Love" was filed for issuance of a United States copyright. Later in November 1977, a piano-vocal arrangement of the song was filed in the Copyright Office. Other than pointing to the fact that the work tape has an unexplained gap in the beginning, and to differences in the keys of the demo tape, the lead sheet, and the piano-vocal arrangement, plaintiff does not dispute nor contradict any of defendants' evidence concerning their nonaccess to his song or their evidence that in January 1977 in the Chateau d'Herouville in France they independently created "How Deep Is Your Love".

However, to prove his claim that the Bee Gees copied his song, Selle obtained an analytical and comparative study of "Let It End" and defendants' "How Deep Is Your Love" from an expert, Arrand Parsons, a professor of music at Northwestern University and a doctor of philosophy in music theory from that institution. Mr. Parsons has been at Northwestern since 1946; he has held academic positions at that school and others. He is a music theorist; his professional work has been concentrated in classical music. The emphasis of his study has been in harmony, counterpoint, form and analysis, orchestration, and fugue. For some 25 or more years, Mr. Parsons has been a program annotator for the Chicago Symphony Orchestra. He has done the same kind of work at Ravinia, an international musical festival at Highland Park, Illinois. He has also prepared program notes for the New Orleans Symphony Orchestra; he was co-author of a two-volume work on music theory. Mr. Parsons has written articles published in foreign quarterlies whose subjects are contemporary music. He has been an interview commentator for a local fine arts radio station in Chicago concerned with classical music. Prior to his involvement in this case, he has never made a comparative analysis of two popular songs. In this case, he was asked to compare "Let It End" with "How Deep Is Your Love" in order to see what similarities exist between them; his analysis and comparison were based on materials furnished him by plaintiff and his counsel.

Under Mr. Parsons' guidance, graphs and charts were prepared which visually show the notes of the two songs and how they appear when compared with each other. A musical producer in Hollywood, California was employed by the plaintiff, and under Mr. Parsons' directions, the producer and four session musicians made a comparative recording of the two songs. From the materials furnished by the plaintiff, supplemented by the graphs, charts and the recording, Mr. Parsons gave the jury a detailed explanation of "Let It End" and "How Deep Is Your Love", their similarities in both pitch and rhythm.

According to this expert, the first eight bars of each song (Theme A) have twenty-four notes out of thirty-four and forty notes in plaintiff's and defendants' compositions, respectively, that are identical in pitch and symmetrical positions. Out of thirty-five rhythmic impulses in plaintiff's composition and forty in defendants', thirty are identical. In the last four bars of both songs (Theme B), fourteen notes in each are identical in pitch. Of the fourteen rhythmic impulses in Theme B of both songs, eleven are identical. Finally, both Theme A (the first eight bars) and Theme B (the last four bars) occur in the same position in each composition.

Based on his structural analysis of the two songs, coupled with his detailed analysis of the melodies of Themes A and B in both of them, Mr. Parsons gave his opinion that the two songs could not have been independently created; that they were "strikingly similar." When asked whether he knew of any two musical compositions by two different composers, "that contain as many striking similarities as exist between Ronald Selle's song 'Let It End' and the Bee Gees song, 'How Deep Is Your Love'", Mr. Parsons answered, "I do not." But on several occasions he refused the opportunity to say that the similarities between plaintiff's and the accused song could only have come from copying. No expert testified for defendants.

Maurice Gibb was then called by the plaintiff as an adverse party witness. He was asked whether he had given a deposition in this case during which a tape containing an example of music had been played. Gibb acknowledged that there had been such an occasion. The same tape was then played; Gibb was asked could he "identify that example as being from any piece of music that you are familiar with?" He said he could. When asked, "And what is that?" Gibb answered, "I believe that's 'How Deep Is Your Love.' Yes, I'm sure its 'How Deep Is Your Love.'" Counsel for the plaintiff then read a stipulation of the parties that the music which had been played to Maurice Gibb was "the melody of Theme B, the first two phrases of Ronald Selle's 'Let It End.'" Plaintiff rested his case in chief. Defendants put on their defense. They did not call an expert witness to testify.

The jury returned a general verdict of infringement in favor of the plaintiff, Selle. The defendants have moved for judgment notwithstanding the verdict. Should the court grant their motion?

CLASS 14: SECONDARY LIABILITY

Shapiro, Bernstein & Co. v. H.L. Green Co. & Jalen Amusement Co.

316 F.2d 304 (2d Cir. 1963)

Kaufman, Circuit Judge:

. . . The plaintiffs in the court below, appellants here, are the copyright proprietors of several musical compositions, recordings of which have met with considerable popularity, especially amongst the younger set. The defendant Jalen Amusement Company, Inc. was charged in the complaint with having infringed the copyrights on these songs by manufacturing records, close copies of the 'hit-type' authorized records of major record manufacturers ...

Jalen operated the phonograph record department as concessionaire in twenty-three stores of defendant H. L. Green Co., Inc., pursuant to written licenses from the Green Company. The complaint alleged that Green was liable for copyrights infringement because it 'sold, or contributed to and participated actively in the sale of the so-called 'bootleg' records manufactured by Jalen and sold by Jalen in the Green stores.

The District Judge, after trial, found Jalen liable as manufacturer of the 'bootleg' records He concluded, however, that Green had not sold any of the phonograph records and was not liable for any sales made by Jalen; he accordingly dismissed the complaint as to Green. Jalen takes no appeal, but plaintiffs come before us to challenge the dismissal of the claims asserted against Green. The validity of those claims depends upon a detailed examination of the relationship between Green and the conceded infringer Jalen.

At the time of suit, Jalen had been operating under license from Green the phonograph record department in twenty-three of its stores, in some for as long as thirteen years. The licensing agreements provided that Jalen and its employees were to 'abide by, observe and obey all rules and regulations promulgated from time to time by H. L. Green Company, Inc. * * *' Green, in its 'unreviewable discretion', had the authority to discharge any employee believed to be conducting himself improperly. Jalen, in turn, agreed to save Green harmless from any claims arising in connection with the conduct of the phonograph record concession. Significantly, the licenses provided that Green was to receive a percentage — in some cases 10%, in others 12% — of Jalen's gross receipts from the sale of records, as its full compensation as licensor.

In the actual day-to-day functioning of the record department, Jalen ordered and purchased all records, was billed for them, and paid for them. All sales were made by Jalen employees, who, as the District Court found, were under the effective control and supervision of Jalen. All of the daily proceeds from record sales went into Green's cash registers and were removed therefrom by the cashier of the store. At regular accounting periods, Green deducted its 10% Or 12% Commission and deducted the salaries of the Jalen employees, which salaries were handed over by the Green cashier to one of Jalen's employees to be distributed to the others. Social security and withholding taxes were withheld from the salaries of the employees by Green, and the withholdings then turned over to Jalen. Only then was the balance of the gross receipts of the record department given to Jalen. Customers purchasing records were given a receipt on a printed form marked 'H. L. Green Company, Inc.'; Jalen's name was wholly absent from the premises. ...

On the facts before us, therefore, we hold that appellee Green is liable for the sale of the infringing 'bootleg' records, and we therefore reverse the judgment dismissing the complaint and remand for a determination of damages.

Section 101(e) of the Copyright Act [of 1909] makes unlawful the 'unauthorized manufacture, use, or sale' of phonograph records. Because of the open-ended terminology of the section, and the related section 1(e), courts have had to trace, case by case, a pattern of business relationships which would render one person liable for the infringing conduct of another. . . . When the right and ability to supervise coalesce with an obvious and direct financial interest in the exploitation of copyrighted materials — even in the absence of actual knowledge that the copyright monopoly is being impaired — the purposes of copyright law may be best effectuated by the imposition of liability upon the beneficiary of that exploitation.

The two lines of precedent most nearly relevant to the case before us are those which deal, on the one hand, with the landlord leasing his property at a fixed rental to a tenant who engages in copyright-infringing conduct on the leased premises and, on the other hand, the proprietor or manager of a dance hall or music hall leasing his premises to or hiring a dance band, which brings in customers and profits to the proprietor by performing copyrighted music but without complying with the terms of the Copyright Act. If the landlord lets his premises without knowledge of the impending infringement by his tenant, exercises no supervision over him, charges a fixed rental and receives no other benefit from the infringement, and contributes in no way to it, it has been held that the landlord is not liable for his tenant's wrongdoing. *See* *Deutsch v. Arnold*, 98 F.2d 686 (2d Cir. 1938); *cf.* *Fromont v. Aeolian Co.*, 254 F. 592 (S.D.N.Y.1918). But, the cases are legion which hold the dance hall proprietor liable for the infringement of copyright resulting from the performance of a musical composition by a band or orchestra whose activities provide the proprietor with a source of customers and enhanced income. He is liable whether the bandleader is considered, as a technical matter, an employee or an independent contractor, and whether or not the proprietor has knowledge of the compositions to be played or any control over their selection. *See* *Buck v. Jewell-LaSalle Realty Co.*, 283 U.S. 191, 198-199, 51 S.Ct. 410, 75 L.Ed. 971 (1931); [remainder of string citation omitted]

We believe that the principle which can be extracted from the dance hall cases is a sound one and, under the facts of the cases before us, is here applicable. Those cases and this one lie closer on the spectrum to the employer-employee model than to the landlord-tenant model. Green licensed one facet of its variegated business enterprise, for some thirteen years, to the Jalen Amusement Company. Green retained the ultimate right of supervision over the conduct of the record concession and its employees. By reserving for itself a proportionate share of the gross receipts from Jalen's sales of phonograph records, Green had a most definite financial interest in the success of Jalen's concession; 10% or 12% of the sales price of every record sold by Jalen, whether 'bootleg' or legitimate, found its way — both literally and figuratively — into the coffers of the Green Company. We therefore conclude, on the particular facts before us, that 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. . . .

For much the same reasons, 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 Jalen; our judgment will simply encourage it to do so, thus placing responsibility where it can and should be effectively exercised. Green's burden will not be unlike that quite commonly imposed upon publishers, printers, and vendors of copyrighted materials. Indeed, the record in this case reveals that the 'bootleg' recordings were somewhat suspicious on their face; they bore no name of any manufacturer upon the labels or on the record jackets, as is customary

in the trade. Moreover, plaintiffs' agent and attorneys wrote to Green in March and April 1958, requesting information regarding certain of the 'bootleg' records and finally, upon receiving no reply from Green, threatening to institute suit for copyright infringement. The suit was in fact commenced the following month. Although these last-recited facts are not essential to our holding of copyright infringement by Green, they reinforce our conclusion that in many cases, the party found strictly liable is in a position to police the conduct of the 'primary' infringer. . . .

Sony Corp. of America v. Universal City Studios, Inc.
464 U.S. 417 (1984)

JUSTICE STEVENS delivered the opinion of the Court.

I

The two respondents in this action, Universal City Studios, Inc., and Walt Disney Productions, produce and hold the copyrights on a substantial number of motion pictures and other audiovisual works. In the current marketplace, they can exploit their rights in these works in a number of ways: by authorizing theatrical exhibitions, by licensing limited showings on cable and network television, by selling syndication rights for repeated airings on local television stations, and by marketing programs on prerecorded videotapes or videodiscs. . . .

Petitioner Sony manufactures millions of Betamax video tape recorders and markets these devices through numerous retail establishments . . .

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. Sony's survey indicated that over 80% of the interviewees watched at least as much regular television as they had before owning a Betamax. Respondents offered no evidence of decreased television viewing by Betamax owners.

Sony introduced considerable evidence describing television programs that could be copied without objection from any copyright holder, with special emphasis on sports, religious, and educational programming. For example, their survey indicated that 7.3% of all Betamax use is to record sports events, and representatives of professional baseball, football, basketball, and hockey testified that they had no objection to the recording of their televised events for home use. . . .

III

The Copyright Act does not expressly render anyone liable for infringement committed by another. . . . 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. . . .

If 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.

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." . Unless a commodity "has no use except through practice of the patented method," *id.*, at 199, the patentee has no right to claim that its distribution constitutes contributory infringement. "To form the basis for contributory infringement the item must almost be uniquely suited as a component of the patented invention." P. Rosenberg, *Patent Law Fundamentals* § 17.02[2] (2d ed. 1982). "[A] sale of an article which though adapted to an infringing use is also adapted to other and lawful uses, is not enough to make the seller a contributory infringer. Such a rule would block the wheels of commerce."

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.

IV

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.

A. Authorized Time-Shifting

. . . In addition to the religious and sports officials identified explicitly by the District Court, two items in the record deserve specific mention. . . .

Second is the testimony of Fred Rogers, president of the corporation that produces and owns the copyright on Mister Rogers' Neighborhood. The program is carried by more public television stations than any other program. Its audience numbers over 3,000,000 families a day. He testified that he had absolutely no objection to home taping for noncommercial use and expressed the opinion that it is a real service to families to be able to record children's programs and to show them at appropriate times.⁶

If there are millions of owners of VTR's who make copies of televised sports events, religious broadcasts, and educational programs such as Mister Rogers' Neighborhood, and if the proprietors of those programs welcome the practice, the business of supplying the equipment that makes such copying feasible should not be stifled simply because the equipment is used by some individuals to make unauthorized reproductions of respondents' works. The respondents do not represent a class composed of all copyright holders. Yet a finding of contributory infringement would inevitably frustrate the interests of broadcasters in reaching the portion of their audience that is available only through time-shifting.

Of course, the fact that other copyright holders may welcome the practice of time-shifting does not mean that respondents should be deemed to have granted a license to copy their programs. Third-party conduct would be wholly irrelevant in an action for direct infringement of respondents' copyrights. But in an action for *contributory* infringement against the seller of copying equipment, the copyright holder may not prevail unless the relief that he seeks affects only his programs, or unless he speaks for virtually all copyright holders with an interest in the outcome. In this case, the record makes it perfectly clear that there are many important producers of national and local television programs who find nothing objectionable about the enlargement in the size of the television audience that results from the practice of time-shifting for private home use. The seller of the equipment that expands those producers' audiences

⁶ "Some public stations, as well as commercial stations, program the 'Neighborhood' at hours when some children cannot use it. I think that it's a real service to families to be able to record such programs and show them at appropriate times. I have always felt that with the advent of all of this new technology that allows people to tape the 'Neighborhood' off-the-air, and I'm speaking for the 'Neighborhood' because that's what I produce, that they then become much more active in the programming of their family's television life. Very frankly, I am opposed to people being programmed by others. My whole approach in broadcasting has always been 'You are an important person just the way you are. You can make healthy decisions.' Maybe I'm going on too long, but I just feel that anything that allows a person to be more active in the control of his or her life, in a healthy way, is important."

cannot be a contributory infringer if, as is true in this case, it has had no direct involvement with any infringing activity.

B. Unauthorized Time-Shifting

[The Court held that videotaping a program at home for the purposes of watching it later was a fair use, and thus not an infringement of copyright.]

JUSTICE BLACKMUN, with whom JUSTICE MARSHALL, JUSTICE POWELL, and JUSTICE REHNQUIST join, dissenting.

. . . I therefore conclude that if a *significant* portion of the product's use is *noninfringing*, the manufacturers and sellers cannot be held contributorily liable for the product's infringing uses. See *ante*, at 440-441. If virtually all of the product's use, however, is to infringe, contributory liability may be imposed; if no one would buy the product for noninfringing purposes alone, it is clear that the manufacturer is purposely profiting from the infringement, and that liability is appropriately imposed. In such a case, the copyright owner's monopoly would not be extended beyond its proper bounds; the manufacturer of such a product contributes to the infringing activities of others and profits directly thereby, while providing no benefit to the public sufficient to justify the infringement.

The Court of Appeals concluded that Sony should be held liable for contributory infringement, reasoning that "[videotape] recorders are manufactured, advertised, and sold for the primary purpose of reproducing television programming," and "[virtually] all television programming is copyrighted material." 659 F.2d, at 975. While I agree with the first of these propositions,⁴² the second, for me, is problematic. The key question is not the amount of television programming that is copyrighted, but rather the amount of VTR usage that is infringing.⁴³ Moreover, the parties and their *amici* have argued vigorously about both the amount of television programming that is covered by copyright and the amount for which permission to copy has been given. The proportion of VTR recording that is infringing is ultimately a question of fact,⁴⁴ and the District Court specifically declined to make findings on the "percentage of legal versus illegal home-use recording." 480 F. Supp., at 468. In light of my view of the law, resolution of this factual question is essential. I therefore would remand the case for further consideration of this by the District Court.

...

The Court has adopted an approach very different from the one I have outlined. It is my view that the Court's approach alters dramatically the doctrines of fair use and contributory infringement as they have been developed by Congress and the courts. Should Congress choose to respond to the Court's decision, the old doctrines can be resurrected. As it stands, however, the decision today erodes much of the coherence that these doctrines have struggled to achieve.

Casebook Readings

Please read pages 491–502 (*Perfect 10*) in the casebook.

No Problem

Be warned: there will be a problem in class, which you will work on in groups together.

CLASS 15: FAIR USE

Casebook Readings

Please read pages 529–61 (*Sony*, *Harper & Row*, *Campbell*) in the casebook. I know this is a long assignment, but there's no way around it: these cases are the Supreme Court fair use canon.

Please read § 107 of the Copyright Act.

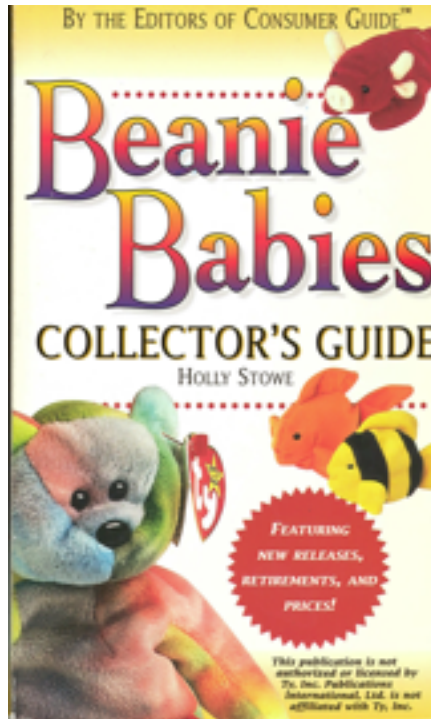
Infringement Problems Revisited

Please reconsider the *New Yorker* cover and *Seinfeld Aptitude Test* problems from our class on infringement. Are these fair uses? Explain how the four factors apply.

Fair Use Lightning Round

Fair use? Why or why not?

Total Eclipse of the Heart, at <http://youtu.be/840B27zYfOk>, vs. Total Eclipse of the Heart: Literal Video Version, at <http://youtu.be/lj-x9ygQEGA>.





Fair warning: there will be more in class ...

CLASS 16: LICENSING AND REMEDIES

Casebook Readings

Please read pages 392–93 (on registration), 518–29 (*Rosetta Books, Effects Associates*) and 610–18 (*Engel, Krypton*) in the casebook.

Please read §§ 411, 502, 504 of the Copyright Act.

Righthaven Problem

For years, bloggers have copied excerpts from newspaper articles posted online to their blogs; sometimes, they have copied entire articles. The *Las Vegas Review Journal* was one such newspaper, and didn't think much about it until it was approached by a group, Righthaven LLC, with an interesting business model. Righthaven searches the web and identifies blog posts that copied from *Review Journal* articles. It then purchases the copyrights to those articles from the *Review Journal* and registers them with the Copyright Office. Then, without first sending cease-and-desist letters or otherwise contacting the bloggers, Righthaven files suit. It is willing to settle the suits for amounts between \$2,000 and \$5,000, but if the bloggers resist, Righthaven threatens to take the cases to trial and to seek the maximum possible remedies available to it. So far, Righthaven has approximately 150 lawsuits pending against bloggers, and has settled another ten or so.

Two bloggers have come to Hungadinger & McCormick for help. One of them, E.E. “Doc” Johnson, reposted a single, complete *Review Journal* article about his army-navy surplus store; the other, Effie Cohn, has posted excerpts from ten articles, ranging from 50 to 150 words each. Johnson says he could afford to pay up to about \$15,000 towards defending himself but doesn’t want Righthaven to get a penny of that because he considers himself a loyal reader and is furious at being sued. Cohn, whose blog posts are typically mildly critical of the *Review Journal* (which she considers too close to what she calls the “Vegas establishment”), has been circumspect about how much she is willing to pay or put at risk, but has suggested that she would like to make the problem go away.

What is your advice to them? What defenses to the lawsuits can you think of? Any procedural moves you could make? Overall, should they try to fight or try to settle, and, either way, how will you respond to Righthaven?

Rite of Spring Problem

In 1913, Igor Stravinsky’s radically modernist ballet, *Le Sacre du Printemps* (“The Rite of Spring,” or, in Russian, *Весна Священная*), premiered in Paris. (Although there were shouts from the audience, the legend that the premier touched off a riot is overblown.) In 1939, Walt Disney licensed the music for use in *Fantasia*. The complex rhythms and dissonant harmonies that had been written for a ballet about a pagan ritual of human sacrifice were to be adapted to accompany a fourteen-minute segment about dinosaurs. Here are the relevant segments from the license agreement:

In consideration of the sum of Six Thousand (\$6,000.) Dollars, receipt of which is hereby acknowledged, [Stravinsky] does hereby give and grant unto Walt Disney Enterprises, a California corporation ... the nonexclusive, irrevocable right, license, privilege and authority to record in any manner, medium or form, and to license the performance of, the musical composition hereinbelow set out ...

3. The music of said musical composition may be used in one motion picture throughout the length thereof or through such portion or portions thereof as the Purchaser shall desire. The said music may be used in whole or in part and may be adapted, changed, added to or subtracted from, all as shall appear desirable to the Purchaser in its uncontrolled discretion.... The title "Rites of Spring" or "Le Sacre de Printemps", or any other title, may be used as the title of said motion picture and the name of [Stravinsky] may be announced in or in connection with said motion picture.

4. [The license] “is limited to the use of the musical composition in synchronism or timed-relation with the motion picture.” ...

7. [T]he licensor reserves to himself all rights and uses in and to the said musical composition not herein specifically granted.

Fantasia was released in theaters in 1940, and rereleased theatrically a number of times in the decades since. In 1947, Stravinsky executed an assignment of “all right, title, and interest” in his copyrights in *The Rite of Spring* to Boosey and Hawkes, a music publisher.

It is now 1993. Two years ago, in 1991, Disney released *Fantasia* on VHS tape and laserdisc. It has since sold 21 million copies. Boosey and Hawkes has approached Disney about a licensing fee, but Disney has taken the position that the 1939 assignment gave it all the rights necessary to release *Fantasia* on videotape and laserdisc. You represent Boosey and Hawkes, and are considering whether to sue Disney. Evaluate the strength of your client's case, and what you stand to gain or lose by going to court.