

# Copyright

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## 4

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# Copyright

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Copyright protects creative expression. In some respects it is structurally analogous to patent law: both reward someone who creates valuable information with exclusive rights over it. But in many other respects – including subject matter, novelty, registration, term, and similarity – copyright is almost completely the opposite of patent.

The standard justification for copyright law is a familiar and utilitarian: to maximize public access to the fruits of human creativity. Thus, copyright law provides an economic **incentive to create** new expressive works, and provides protections to encourage the **distribution** of those works. Another rationale, with more of a natural-law flavor, is to protect **authors' non-economic rights** by giving them creative control. One sometimes also sees arguments that link copyright and **freedom of speech** in a shared goal of creating a diverse society with a healthy culture and healthy democracy.

## A Subject Matter

### Copyright Act

Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;

The standard copyright treatises are Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* (Matthew Bender, on Lexis); William F. Patry, *Patry on Copyright* (Thomson Reuters, on Westlaw); Paul Goldstein, *Goldstein on Copyright* (Wolters Kluwer); Howard B. Abrams, *The Law of Copyright* (Thomson Reuters, on Westlaw); and Bruce P. Keller & Jeffrey P. Cunard, *Copyright Law: A Practitioner's Guide* (PLI).

17 U.S.C. § 102(a)  
*Subject matter of copyright: In general*

- (6) motion pictures and other audiovisual works;
- (7) sound recordings; and
- (8) architectural works.

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

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

We will return to independent creation in the Ownership section.

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Elsewhere, *Feist* helpfully expresses the elements of originality as “independent creation plus a modicum of creativity.” The second prong is the subject (pun intended) of this section. First, we look at it as a threshold test: when are works uncopyrightable because they are uncreative? Then, we ask whether it expresses any exclusions from copyrightability. In one sense, no: courts are not to inquire into a work’s quality or morality. In another sense, yes: “ideas” are regarded as uncopyrightable, even if they are original.

## 1 Creativity: How Much Is a Modicum?

### Code of Federal Regulations

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

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

#### 37 C.F.R. § 202.1

##### *Material not subject to copyright*

"The chief similarity between the two works is identity of title [*We Who Are Young*], but it is well settled that the copyright of a book or play does not give the copyright owner the exclusive right to the use of the title." *Becker v. Loew's, Inc.*, 133 F.2d 889 (7th Cir. 1943)

- (d) Works consisting entirely of information that is common property containing no original authorship, such as, for example: Standard calendars, height and weight charts, tape measures and rulers, schedules of sporting events, and lists or tables taken from public documents or other common sources.

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

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

I

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

[Feist published a telephone directory, containing both white and yellow pages, covering a much larger geographic area. It contained 46,878 white-pages listings. Feist requested a license to Rural's listings; Rural refused.]

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

Rural sued for copyright infringement in the District Court for the District of Kansas taking the position that Feist, in compiling its own directory, could not use the information contained in Rural's white pages. Rural asserted that Feist's employees were obliged to travel

door-to-door or conduct a telephone survey to discover the same information for themselves. Feist responded that such efforts were economically impractical and, in any event, unnecessary because the information copied was beyond the scope of copyright protection. The District Court granted summary judgment to Rural.

## II

### A

This case concerns the interaction of two well-established propositions. The first is that facts are not copyrightable; the other, that compilations of facts generally are. Each of these propositions possesses an impeccable pedigree.

The key to resolving the tension lies in understanding why facts are not copyrightable. No one may claim originality as to facts. This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: The first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence.

Factual compilations, on the other hand, may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original that Congress may protect such compilations through the copyright laws.

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

### B

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

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



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

Without a doubt, the “sweat of the brow” doctrine flouted basic copyright principles. Throughout history, copyright law has recognized a greater need to disseminate factual works than works of fiction or fantasy. But “sweat of the brow” courts took a contrary view; they handed out proprietary interests in facts and declared that authors are absolutely precluded from saving time and effort by relying upon the facts contained in prior works.

### C

The definition of “compilation” is found in § 101 of the 1976 Act. It defines a “compilation” in the copyright sense as “a work formed by the collection and assembling of preexisting materials or of data *that* are selected, coordinated, or arranged *in such a way that* the resulting work as a whole constitutes an original work of authorship.”

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

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

does not extend to the facts it contains, § 103(b); and that a compilation is copyrightable only to the extent that it features an original selection, coordination, or arrangement, § 101.

### III

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

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

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

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

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

in publishing this paper, yet the law does not contemplate their being rewarded in this way.” *Baker*

### Arrows Problem

Is this logo (for a professional sports team) sufficiently creative to be copyrightable?

### Baseball Card Price Report Problem

The Baseball Card Price Report is a comprehensive printed list of collectible baseball cards sold between 1909 and 2011. It lists 32,000 baseball cards and a market price for each of them. The market price is determined by obtaining transaction lists from several dozen large dealers and averaging the sales prices for the card over the past year.

The Report is organized by year: it has a section for 1909, a section for 1910, and so on. Each section is subdivided into a list of manufacturers (Topps, Upper Deck, and so on). Each manufacturer’s list is then divided by teams, and players are listed alphabetically by last name within a team section. For each card, the Report gives prices for mint, excellent, very good, good, and fair condition cards. In addition, about 9,000 of the cards are noted with a star to indicate that they are “premium” cards. These cards are considered especially valuable because the player is in the Hall of Fame, played for a famous team, or some other reason that makes the card especially scarce or especially prized by collectors.

An entrepreneur calling himself Tyrone Tyrannosaurus has started a website called the “Collector’s Cheat Sheet.” The front of the site consists of three drop-down menus: year, team, and player name. Once a user selects all three, he is taken to a page that lists all of the companies that made cards of that player in that year. If a card is considered “premium” by the Report, the Cheat Sheet lists the card in bold.

You represent Mr. Tyrannosaurus, who has received a cease-and-desist letter from the publisher of the Report claiming that the Cheat Sheet is infringing on a copyright in the Report. What is your advice to your client?

## 2 Aesthetic Nondiscrimination

### Bleistein v. Donaldson Lithographing Co.

188 U.S. 239 (1903)

[The plaintiffs produced three large color posters (“chromolithographs”) to be used as advertisements for Wallace’s circus. Later, the defendant reproduced the posters in smaller black-and-white versions, as advertisements for the same circus.

Based on *John Muller & Co. v. New York Arrows Soccer Team*, 802 F.2d 989 (8th Cir.)



Arrows logo

Based on *Eckes v. Card Prices Update*, 736 F.2d 859 (2d Cir. 1984), and similar cases



Wallace circus poster

When sued, the defendants argued that the chromolithographs were not copyrightable.]

(Holmes, J.)

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

If there is a restriction it is not to be found in the limited pretensions of these particular works. The least pretentious picture has more originality in it than directories and the like, which may be copyrighted.

[The copyright act in force at the time protected only defined categories of works, one of which was "pictorial illustrations or works connected with the fine arts."] These chromolithographs are "pictorial illustrations." The word "illustrations" does not mean that they must illustrate the text of a book, and that the etchings of Rembrandt or Steinla's engraving of the Madonna di San Sisto could not be protected to-day if any man were able to produce them. Again, the act however construed, does not mean that ordinary posters are not good enough to be considered within its scope. The antithesis to "illustrations or works connected with the fine arts" is not works of tittle merit or of humble degree, or illustrations addressed to the less educated classes; it is "prints or labels designed to be used for any other articles of manufacture." Certainly works are not the less connected with the fine arts because their pictorial quality attracts the crowd and therefore gives them a real use – if use means to increase trade and to help to make money. A picture is none the less a picture and none the less a subject of copyright that it is used for an advertisement. And if pictures may be used to advertise soap, or the theatre, or monthly magazines, as they are, they may be used to advertise a circus. Of course, the ballet is as legitimate a subject for illustration as any other.

A rule cannot be laid down that would excommunicate the paintings of Degas.

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

### **Compendium of U.S. Copyright Office Practices (3d ed. 2014)**

As a general rule, the Copyright Office will not consider factors that have no bearing on whether the originality requirement has been met. The fact that a work may be novel, distinctive, innovative, or even unique is irrelevant to this analysis. The Copyright Office does not consider the aesthetic value, artistic merit, or intrinsic quality of a work. For example, the Office will not look for any particular style of creative expression. Likewise, the Office will not consider whether a work is visually appealing or written in elegant prose. For the same reasons, the Office will not consider the truth or falsity of the facts set forth in a work of authorship. Nor will the Office consider the soundness of the views expressed in the work.

The Office will focus only on the actual appearance or sound of the work that has been submitted for registration, but will not consider any meaning or significance that the work may evoke. The Office will not consider the author's inspiration for the work, creative intent, or intended meaning. The U.S. Copyright Office will not consider the author's creative skill and experience, because the author's personal or professional history is irrelevant to the determination of copyrightability.

The Office will not consider the amount of time, effort, or expense required to create the work. As a general rule, the Office will not con-

"Aesthetic judgments are far more common, and in more areas of law, than is generally acknowledged. These aesthetic judgments include an endless stream of first-order, 'retail' decisions about whether particular objects count as works of art or as aesthetically valuable. These are the kind of decisions made by the IRS every time it assesses the value of a donated or inherited artwork; by courts when they decide whether a work has serious enough artistic value to escape an obscenity charge; by customs officials when they decide whether a certain piece of metal is a sculpture; by the National Endowment for the Arts when it chooses what projects to fund; and by municipal historic preservation committees when they decide whether proposed renovations will disrupt the character of a neighborhood." Brian Soucek, *Aesthetic Judgments in Law*, 69 Ala. L. Rev. 381 (2017)

Compare: "The ultimate good desired is better reached by free trade in ideas. The best test of truth is the power of the thought to get itself accepted in the competition of the market." *Abrams v. United States*, 250 U.S. 616 (1919) (Holmes, J., dissenting).

### **§ 310**

#### ***Factors That Will Not Be Considered in the Examination of Originality***

sider possible design alternatives that the author may have considered when he or she created the work. Likewise, the Office will not consider potential variations in the use of the work, such as the fact that the work could be presented in a different color, in a different size, or with a different orientation. As a general rule, the materials used to create a work have no bearing on the originality analysis. For example, the U.S. Copyright Office will not consider the fact that a jewelry design was constructed with precious metals or gemstones, or the fact that a silk screen was printed on a particular paper stock. The U.S. Copyright Office will not consider the marketability or commercial success of the work, because these issues are irrelevant to the originality analysis.

### **Mitchell Bros. Film Group v. Cinema Adult Theater**

604 F.2d 852 (5th Cir. 1979)

Plaintiffs-appellants owned a properly registered copyright on a motion picture titled "Behind the Green Door." Two groups of defendants, each group consisting of a theater and several individuals, obtained copies of the movie without plaintiffs' permission and infringed the copyright by exhibiting the film at the theaters. We hold that the district court erred in permitting the assertion of obscenity as an affirmative defense to the claim of infringement, and, accordingly, reverse without reaching the question whether the film is obscene.

The district court did not base its decision on standards found within the [1909 Copyright] Act, which it described as "silent as to works which are subject to registration and copyright." The Act is not "silent." Rather, the statutory language "all the writings of an author" is facially all-inclusive, within itself admitting of no exceptions. There is not even a hint in the language of § 4 that the obscene nature of a work renders it any less a copyrightable "writing."

Society's view of what is moral and immoral continually changes. To give one example, in *Martinetti v. Maguire*, the play "The Black Crook," because it featured women clad in flesh-colored tights, was held to be "grossly indecent, and calculated to corrupt the morals of the people" and hence uncopyrightable. By the early part of this century, it had become clear that this judgment reflected the moral standards of a bygone era.

Denying copyright protection to works adjudged obscene by the standards of one era would frequently result in lack of copyright protection (and thus lack of financial incentive to create) for works that later generations might consider to be not only non-obscene but even of great literary merit. Many works that are today held in high regard have been adjudged obscene in previous eras. English courts of the nineteenth century found the works of Byron, Southey and Shelley to be immoral. American courts have found these books, among

"Copyright law is even more pornography-friendly than the First Amendment. The First Amendment will only protect pornography if it is not obscene or illegal for other reasons; for example, if it contains depictions of children. Copyright law offers protections to pornography no matter what material it contains. The First Amendment merely prevents the government from interfering in the creation, distribution and consumption of pornography that is not obscene or otherwise illegal. With the current practice of indiscriminately according pornographic works copyright protection, the government encourages and incentivizes the production of pornography that is non-progressive and non-useful and therefore beyond the scope of the Intellectual Property Clause of the U.S. Constitution. This must cease." Ann Bartow, *Copyright Law and Pornography*, 91 Or. L. Rev. 1 (2012).

*Martinetti*: 16 Fed. Cas. 920 (C.C. Cal. 1867)

others, obscene: Edmund Wilson, MEMORIES OF HECATE COUNTY; Henry Miller, TROPIC OF CANCER and TROPIC OF CAPRICORN; Erskine Caldwell, GOD'S LITTLE ACRE; Lillian Smith, STRANGE FRUIT; D. H. Lawrence, LADY CHATTERLY'S LOVER; Theodore Dreiser, AN AMERICAN TRAGEDY.

### **Belcher v. Tarbox**

486 F.2d 1087 (9th Cir. 1973)

Defendant's primary contention is that the works were not entitled to copyright protection since they, and the advertising material associated with them, fraudulently represented to the public that users of the system described could beat the horses.

There is nothing in the Copyright Act to suggest that the courts are to pass upon the truth or falsity, the soundness or unsoundness, of the views embodied in a copyrighted work. The gravity and immensity of the problems, theological, philosophical, economic and scientific, that would confront a court if this view were adopted are staggering to contemplate. It is surely not a task lightly to be assumed, and we decline the invitation to assume it.

## **3 Idea and Expression**

### **Copyright Act**

In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

17 U.S.C. § 102

*Subject matter of copyright: In general*

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It is hornbook law that ideas are not copyrightable, only an author's individual expression of those ideas. But what qualifies as an "idea" can only be learned by seeing what courts treat as one. Sometimes "idea" refers to the *general creative concept* for a work, as distinguished from its more specific details. Sometimes "idea" is used as a synecdoche for other § 102(b) exclusions – "procedure, process, system, method of operation" – that describe *functional matter* in a work. In addition, two closely related doctrines – merger and *scènes à faire* – help implement these exclusions.

### **Blehm v. Jacobs**

702 F.3d 1193 (10th Cir. 2012)

Appellant Gary Blehm brought this copyright infringement action against brothers Albert and John Jacobs and the Life is Good Company (collectively "Life is Good"). Mr. Blehm is the creator of copyrighted posters featuring cartoon characters called "Penmen." He contends that numerous Life is Good depictions of a cartoon character called "Jake" infringe on his copyrighted works. The district court granted Life is Good's motion for summary judgment, holding that no infringement occurred because the copyrighted and accused works are not substantially similar.

#### I. BACKGROUND

Mr. Blehm is a commercial artist who lives in Colorado Springs, Colorado. In the late 1980s, he developed characters called "Penmen." According to Mr. Blehm, each Penman is "a deceptively-simple looking figure" that "engages in a variety of activities pulled directly from his colorful life experiences." The Penmen have "round heads, disproportionately large half-moon smiles, four fingers, large feet, disproportionately long legs, and a message of unbridled optimism."

The Penmen are a product of Mr. Blehm's commercial art training. Through his training, Mr. Blehm learned how to "add a slight bend to a figure's limb to show weight bearing into it" and how, as he puts it, to apply negative space. Eventually, Mr. Blehm developed rules and guidelines for drawing each Penman. These rules and guidelines include a specific shape for each Penman's head, specific length and height requirements for each character, rules on fluidity and perspective, and the "Penmen parallel curve," which Mr. Blehm employs to "create eye-pleasing shapes within the negative space."

In 1990, Mr. Blehm began selling his posters to distributors. From 1990 to 2004, Prints Plus sold his posters nationally.

Starting in 1989, the Jacobs brothers designed and sold t-shirts "infused with a positive undertone as a reflection of their beliefs." The brothers sold t-shirts in areas around Boston, including Harvard Square, not far from the Harvard Coop. During the 1993 holiday season, the Jacobses sold t-shirts from carts in the Cambridge-side Galleria and the Emerald Square Mall, both of which had Prints Plus stores that sold Mr. Blehm's posters.

According to the Jacobses, around April 1994 John Jacobs drew a sketch of a figure with a red face, wide smile, sunglasses, and a beret. The figure was enclosed in two circles. John hung the sketch on the wall of the brothers' apartment.

The Jacobses recall hosting a party in August 1994 at their apartment and soliciting feedback on the sketch from their friends. After a friend stated that the figure in the sketch "really has life figured out," John Jacobs wrote "Life is good" under the image. They named the image "Jake," a spinoff of their last name.



The Jacobses soon made and sold t-shirts featuring Jake at street fairs and to retailers. As demand for the shirts increased, John Jacobs added a torso, arms, and feet to the Jake head. Jake was portrayed engaging in simple activities, such as biking, hiking, golfing, and playing soccer.

The Jacobses incorporated Life is Good in 1997 with the “overarching themes of optimism, simplicity, humor, and humility.”

## II. DISCUSSION

### A. Substantial Similarity

#### 1. Legal Framework

In order to prove copying of legally protectable material, a plaintiff must typically show substantial similarity between legally [protectable] elements of the original work and the allegedly infringing work. This commonly stated rule raises two questions: First, what elements of a copyrighted work are legally protectable? Second, how do courts determine whether a copyrighted work’s legally protectable elements are “substantially similar” to an accused work?

Section 102(a) of the Copyright Act states that a copyright protects the “original works of authorship fixed in any tangible medium of expression,” including pictorial and graphic works. 17 U.S.C. S 102(a). To gain protection, the work must demonstrate at least some minimal degree of creativity, but even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, no matter how crude, humble or obvious it might be.

But legal protection does not extend to all aspects of a copyrighted work. Section 102(b) provides, “In no case does copyright protection ... extend to any idea ... [or] concept ... regardless of the form in which it is described, explained, illustrated, or embodied in such work.” 17 U.S.C. S 102(b). This provision enshrines the fundamental tenet that copyright protection extends only to the author’s original expression and not to the ideas embodied in that expression.

Thus, courts comparing works must first distill the protectable elements of the copyrighted work – i.e., determine what aspects constitute protectable expression. But this process, although sound in theory, is difficult to apply in practice. More than 50 years ago, Judge Learned Hand recognized that “[t]he test for infringement of a copyright is of necessity vague.” *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*. Because “no principle can be stated as to when an imitator has gone beyond copying the ‘idea,’ and has borrowed its ‘expression[,]’ [d]ecisions must therefore inevitably be ad hoc.” *Id.* We follow this case-by-case approach, and are mindful that copyright law seeks to achieve a proper balance between competition based on public ideas

*Peter Pan Fabrics*: 274 F.2d 487 (2nd Cir. 1960)

and incentive to produce original work.

*Country Kids*: 77 F.3d 1280 (10th Cir. 1996)

Because the idea/expression distinction is the most complex part of the substantial similarity inquiry, we discuss a few examples where courts have separated the two. In *Country Kids 'N City Slicks, Inc. v. Sheen*, this court held that copyright protection did not "extend to the size, shape and medium" of wooden dolls. We explained that the Copyright Act is concerned with artistic innovation and excludes protection for a work's "utilitarian qualities." The idea of a wooden doll is not copyrightable, nor are "any basic and utilitarian aspects of the dolls, such as the shape of a human body and standard doll poses which are both friendly and inviting and also utilitarian in their ease of manufacture and adaptability to the attachment of various wardrobes."

Similarly, a copyright owner has no monopoly over the idea of fashion dolls with a bratty look or attitude, or dolls sporting trendy clothing. Nor does copyright protection extend to the idea of creating a doll with an upturned nose, bow lips, and widely spaced eyes, even if the allegedly infringing work has explicitly taken this idea from the copyrighted work.

*Aliotti*: 831 F.2d 898 (9th Cir. 1987)

Copyright instead protects the particularized expression of the idea of a doll with such features. For example, although a copyright owner has no monopoly over the idea of a muscular doll in a standard pose, the owner may have a valid infringement claim for copying of the particularized expression of that idea, such as the decision to accentuate certain muscle groups relative to others. A copyright owner's original stylistic choices qualify as protectable expression if the choices are not dictated by the underlying idea. See *Aliotti v. R. Dakin & Co.* (stuffed dinosaur toys cannot be substantially similar because of shared physiognomy, but a distinctive "eye style and stitching" could qualify as protectable expression if they are "not dictated by the idea of stuffed dinosaur dolls").

*Sturdza*: 281 F.3d 1287 (D.C. Cir. 2002)

In architecture, there is no copyright protection for the idea of using domes, wind-towers, parapets and arches." *Sturdza v. United Arab Emirates*. "To hold otherwise would render basic architectural elements unavailable to architects generally, thus running afoul of the very purpose of the idea/expression distinction: promoting incentives for authors to produce original work while protecting society's interest in the free flow of ideas." On the other hand, the combination of common architectural elements and use of specific designs may constitute original expression that is protected. An architectural design may infringe if its use of public-domain elements gives off a similar unique effect in decoration and design as the copyrighted work.

Thus, a sweater designer can have copyright protection over an original way of using squirrels as a design element in conjunction

with fall colors, stripes, and panels, even though those elements individually constitute ideas in the public domain. See *Knitwaves, Inc. v. Lollytogs Ltd.*. A plaintiff's "selective and particularized" alterations of a public-domain carpet pattern also can constitute protectable expression. *Tufenkian Imp./Exp. Ventures, Inc. v. Einstein Moomjy, Inc.*

*Lollytogs*: 71 F.3d 996, 1004 (2d Cir.1995)

*Tufenkian*: 338 F.3d 127 (2nd Cir. 2003)

## 2. Comparing the Penmen and Jake Images

The district court was correct that Mr. Blehm has no copyright over the idea of a cartoon figure holding a birthday cake, catching a Frisbee, skateboarding, or engaging in various other everyday activities. Nor can the Jake images infringe on the Penmen because the figures share the idea of using common anatomical features such as arms, legs, faces, and fingers, which are not protectable elements. See *Baby Buddies, Inc. v. Toys "R" Us, Inc.* (no copyright protection over common anatomical features of teddy bear). Mr. Blehm's copyright also does not protect Penmen poses that are attributable to an associated activity, such as reclining while taking a bath or lounging in an inner tube. These everyday activities, common anatomical features, and natural poses are ideas that belong to the public domain; Mr. Blehm does not own these elements.

*Baby Buddies*: 611 F.3d 1308 (11th Cir. 2010)

Although we do not consider these unprotected elements in our substantial similarity analysis, we acknowledge that Mr. Blehm's works do contain some protectable expression. The Penmen at first glance might be considered simple stick figures, but they are more nuanced than a child's rudimentary doodling. For example, the prototypical Penman has a rounded, half-moon smile that takes up a substantial portion of the face. Mr. Blehm has chosen to omit any other facial features on the Penmen. Each figure is filled in black, except for the white half-moon smile, and each Penman's head is detached, hovering above the body. Many of the Penmen stand facing the viewer, flashing the half-moon smile.

Mr. Blehm also drew the Penmen according to his own rules and guidelines. The figure's head might be perceived as slightly disproportionate to the body. Its arms and legs are thin, long, and disproportionate to the torso, which is relatively short. Mr. Blehm also chose to give the Penmen four fingers – each about as thick as their arms and legs – on each hand, as well as feet that are disproportionately long and thick compared with the rest of the body.

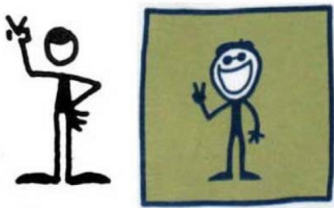
Having identified protectable expression in Mr. Blehm's drawings, we must determine whether that expression is substantially similar to the allegedly infringing Life is Good images. Life is Good is not entitled to summary judgment unless its Jake figures are so dissimilar from the protectable elements of the Penmen that no reasonable jury could find for Mr. Blehm on the question of substantial similarity.

To show substantial similarity, Mr. Blehm provided the district

court with an exhibit juxtaposing 67 individual Penmen with a corresponding, allegedly infringing Jake image. We have reviewed these images and agree with the district court's grant of summary judgment in favor of Life is Good. We now address two of Mr. Blehm's proposed comparisons, which he highlights in his appellate brief, and explain why the Life is Good images are so dissimilar from the protectable elements of Mr. Blehm's images that no reasonable jury could find in his favor.

*a. The Peace Sign Images*

The first example in Mr. Blehm's exhibit juxtaposes a Penman and Jake image standing and displaying the peace sign. Because we must separate unprotected ideas from expression, our analysis does not consider that both drawings share the idea of a cartoon figure making a common hand gesture. But we do consider whether the Jake image is substantially similar to Mr. Blehm's expression of this idea.



Peace sign images

Mr. Blehm urges us to find certain similarities between the images. He notes that both have round heads. But Mr. Blehm has no copyright protection in general human features. Further, the figures' heads are not similarly round. Jake's head is more oval and somewhat misshapen, whereas the Penman's head is circular and uniform.

Mr. Blehm suggests that the figures have similar proportions, such as the size of the figures' heads, arms, legs, and feet compared with their bodies. A close review of the figures, however, yields the opposite conclusion. Jake's head is very large compared with the body, while the Penman's head is relatively proportional. The Penman's arms and legs are long and disproportionate to its truncated torso. Jake, on the other hand, has more proportional limbs compared with his torso. The figures' feet are distinctly different: the Penman's are thick, long, and roll-shaped, but Jake's are shorter and triangular.

Nevertheless, there are some similarities between the Penman and Jake. Both have black-line bodies, four fingers, and large half-moon smiles, and their feet are pointed outward. But even these similarities have important differences, or are not protectable expression. For example, Jake's fingers appear stubbier. The choice to display the figures' feet outward also naturally flows from the common idea of drawing a two-dimensional stick figure and is thus unprotected.

The figures' smiles thus seem to be the crux of this litigation. The Penman and Jake both face the viewer with disproportionately large half-moon smiles. A smile can be drawn in various ways. Here, they share a crescent shape, but the idea of a crescent-shaped smile is unprotected. Rather, the expression of the smiles must be substantially similar and important to the overall work.

The Penman's smile is all white, as is Jake's. The smiles on both

figures take up a large portion of the head. But the Penman's smile is rounded on the tips, whereas the tips of Jake's smile are sharper angled. Jake's smile, by virtue of the size of his head, is much larger compared with his body than is the Penman's. And although both smiles are white, the Penman's is set on an all-black head, making it appear different from Jake's, which is the outline of a smile on a white head with black sunglasses.

Indeed, Mr. Blehm's decision to omit eyes and other facial features on the Penman makes the figure susceptible to an interpretation that the Penman is not smiling at all. One interpretation is that the white space on the head is not a smile, but is the Penman's face with no features. The black above the half-moon shape can be perceived as hair swooping down over the Penman's forehead. Thus, the Penman's lack of facial features make it susceptible to different interpretations. The Jake figure is not susceptible to similar confusion.

Any similarity between smiles also is insubstantial in light of other differences between the figures. Jake's head is attached to the body, and his head is white and has black sunglasses. The Penman's head is detached and is black with no eyes. Jake sports a beret, and his whole figure is displayed on a color background, whereas the Penman has no headwear and is portrayed against a plain white background.

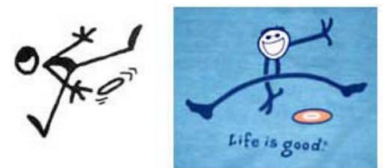
The Jake image's arms are positioned differently from the Penman, with Jake's left arm curved, rather than sharp and angular. Mr. Blehm also chose a unique feature for the Penman's peace-sign expression – white space in the figure's hand – that the Jake image does not share.

We conclude that no reasonable juror could determine that the Jake figure is substantially similar to the protected, expressive choices Mr. Blehm used for the Penman figure.

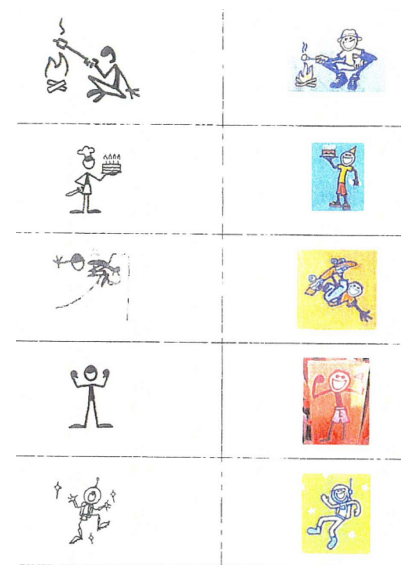
#### *b. The Frisbee Images*

In another example, a Penman and Jake attempt to catch Frisbees between their legs. The two figures' poses are similar – suspended in the air with legs outstretched and a hand descending to catch the disc – but we do not consider the pose in our analysis. Such a pose is common to this activity and is not protected expression. Again, the figures have large, half-moon smiles. And unlike the "peace sign" Jake, this Jake image has legs that are disproportionate to a truncated torso. The Penman's legs also are long with respect to the torso, but not as disproportionate as Jake's.

Jake's legs are curved, but the Penman's are straightened. The Jake image's head differs in the same important ways as in the "peace sign" images. Jake's arms appear to extend from his head, but the Penman's arms attach to the top of the torso. Jake's torso is much thinner (and disproportionately shorter) than the Penman's; Jake has



Frisbee images



Selected other images

three fingers on each hand (not four); and the Jake image, unlike the Penman image, incorporates color on the canvas and disc. Jake's feet are defined – toes and arches are visible – but the Penman's are not. Although the images share a similar idea of catching a Frisbee between the legs, the protectable expression in the Penman is not substantially similar to the Jake image.

*c. Other Images*

Mr. Blehm highlights 65 other Penmen as having been copied. Attached to this opinion is the "Penmen-Jake Chart" Mr. Blehm submitted to the district court in an effort to demonstrate substantial similarity.

We have reviewed these images, and an analysis similar to the discussion above applies.

Copying alone is not infringement. The infringement determination depends on what is copied. Assuming Life is Good copied Penmen images when it produced Jake images, our substantial similarity analysis shows it copied ideas rather than expression, which would make Life is Good a copier but not an infringer under copyright law.

**Walker v. Time Life Films, Inc.**

784 F.2d 44 (2d Cir. 1986)

In the district court, appellant proffered lists of specific alleged similarities in an attempt to prove fragmented literal similarity between the book and the film. None of these claims alters our conclusion that the district court properly held that as a matter of law no substantial similarity exists between the protectible elements of the works. For example, appellant notes that both the book and the film depict cock-fights, drunks, stripped cars, prostitutes and rats; both feature as central characters third- or fourth-generation Irish policemen who live in Queens and frequently drink; both show disgruntled, demoralized police officers and unsuccessful foot chases of fleeing criminals.

These similarities, however, relate to uncopyrightable material. Elements such as drunks, prostitutes, vermin and derelict cars would appear in any realistic work about the work of policemen in the South Bronx. These similarities therefore are unprotectible as "scènes à faire," that is, scenes that necessarily result from the choice of a setting or situation. Neither does copyright protection extend to copyright or "stock" themes commonly linked to a particular genre. Foot chases and the morale problems of policemen, not to mention the familiar figure of the Irish cop, are venerable and often-recurring themes of police fiction. As such, they are not copyrightable except to the extent they are given unique – and therefore protectible – expression in an original creation.

### Hula Problem

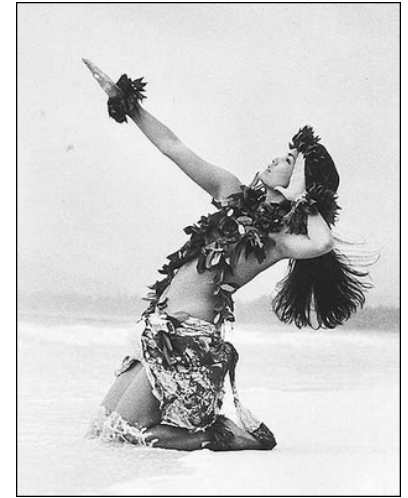
Consider this photograph and stained glass image of hula dancers. The dancers' pose (kneeling, with right arm extended, etc.) is traditional. So is their dress (including the lei, etc.). Does the stained glass infringe on the photograph? Are there further facts it would be helpful to know?

### Baker v. Selden 101 U.S. 99 (1880)

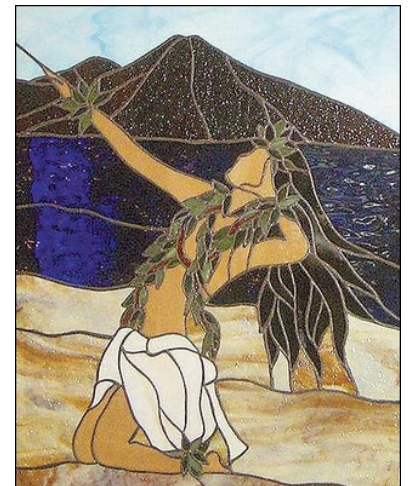
Charles Selden, the testator of the complainant in this case, in the year 1859 took the requisite steps for obtaining the copyright of a book, entitled "Selden's Condensed Ledger, or Book-keeping Simplified," the object of which was to exhibit and explain a peculiar system of book-keeping. In 1860 and 1861, he took the copyright of several other books, containing additions to and improvements upon the said system. The bill of complaint was filed against the defendant, Baker, for an alleged infringement of these copyrights.

The book or series of books of which the complainant claims the copyright consists of an introductory essay explaining the system of book-keeping referred to, to which are annexed certain forms or blanks, consisting of ruled lines, and headings, illustrating the system and showing how it is to be used and carried out in practice. This system effects the same results as book-keeping by double entry; but, by a peculiar arrangement of columns and headings, presents the entire operation, of a day, a week, or a month, on a single page, or on two pages facing each other, in an account-book. The defendant uses a similar plan so far as results are concerned; but makes a different arrangement of the columns, and uses different headings. If the complainant's testator had the exclusive right to the use of the system explained in his book, it would be difficult to contend that the defendant does not infringe it, notwithstanding the difference in his form of arrangement; but if it be assumed that the system is open to public use, it seems to be equally difficult to contend that the books made and sold by the defendant are a violation of the copyright of the complainant's book considered merely as a book explanatory of the system. Where the truths of a science or the methods of an art are the common property of the whole world, any author has the right to express the one, or explain and use the other, in his own way. As an author, Selden explained the system in a particular way. It may be conceded that Baker makes and uses account-books arranged on substantially the same system; but the proof fails to show that he has violated the copyright of Selden's book, regarding the latter merely as an explanatory work; or that he has infringed Selden's right in any way, unless the latter became entitled to an exclusive right in the system.

Based on *Reece v. Island Treasures Art Gallery, Inc.*, 468 F. Supp. 2d 1197 (D. Haw. 2006)



Kim Taylor Reece, *Makanani*



Marylee Colucci, *Nohe*

The image shows a page from a book titled "CONDENSED LEDGER". The page is divided into several columns and sections. At the top, it says "CONDENSED LEDGER." Below that, there are columns for "DEBITED", "BALANCES OF ACCOUNTS", and "TOTALS". The "BALANCES OF ACCOUNTS" section is further divided into "MONDAY MORNING, DECEMBER 1, 1863" and "DEBITED TO DECEMBER 1, 1863". There is a "CASE" section with a list of items and their corresponding amounts. At the bottom, there is a signature "A. B. Auditor" and some small text.

Selden's Condensed Ledger

It is contended that he has secured such exclusive right, because no one can use the system without using substantially the same ruled lines and headings which he has appended to his books in illustration of it. In other words, it is contended that the ruled lines and headings, given to illustrate the system, are a part of the book, and, as such, are secured by the copyright; and that no one can make or use similar ruled lines and headings, or ruled lines and headings made and arranged on substantially the same system, without violating the copyright.

There is no doubt that a work on the subject of book-keeping, though only explanatory of well-known systems, may be the subject of a copyright; but, then, it is claimed only as a book. Such a book may be explanatory either of old systems, or of an entirely new system; and, considered as a book, as the work of an author, conveying information on the subject of book-keeping, and containing detailed explanations of the art, it may be a very valuable acquisition to the practical knowledge of the community. But there is a clear distinction between the book, as such, and the art which it is intended to illustrate. The mere statement of the proposition is so evident, that it requires hardly any argument to support it. The same distinction may be predicated of every other art as well as that of book-keeping. A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective, – would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein. The copyright of the book, if not pirated from other works, would be valid without regard to the novelty, or want of novelty, of its subject-matter. The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters-patent, not of copyright. The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government.

The copyright of a work on mathematical science cannot give to the author an exclusive right to the methods of operation which he propounds, or to the diagrams which he employs to explain them, so as to prevent an engineer from using them whenever occasion requires. The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it



contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book. And where the art it teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are similar to them, such methods and diagrams are to be considered as necessary incidents to the art, and given therewith to the public; not given for the purpose of publication in other works explanatory of the art, but for the purpose of practical application.

Of course, these observations are not intended to apply to ornamental designs, or pictorial illustrations addressed to the taste. Of these it may be said, that their form is their essence, and their object, the production of pleasure in their contemplation. This is their final end. They are as much the product of genius and the result of composition, as are the lines of the poet or the historian's periods. On the other hand, the teachings of science and the rules and methods of useful art have their final end in application and use; and this application and use are what the public derive from the publication of a book which teaches them. But as embodied and taught in a literary composition or book, their essence consists only in their statement. This alone is what is secured by the copyright. The use by another of the same methods of statement, whether in words or illustrations, in a book published for teaching the art, would undoubtedly be an infringement of the copyright.

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

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

## 803 F.3d 1032 (9th Cir. 2015)

We must decide whether a sequence of twenty-six yoga poses and two breathing exercises developed by Bikram Choudhury and described in his 1979 book, *BIKRAM'S BEGINNING YOGA CLASS*, is entitled to copyright protection.

In 1971, Bikram Choudhury, the self-proclaimed "Yogi to the stars," arrived in Beverly Hills, California. He soon became a central figure in the growing popularity of yoga in the United States. Choudhury developed a sequence of twenty-six asanas and two breathing exercises, arranged in a particular order, which he calls the "Sequence." Choudhury opened his own studio, where he began offering "Bikram Yoga" classes. In a Bikram Yoga class, the Sequence is practiced over the course of ninety minutes, to a series of instructions (the "Dialogue"), in a room heated to 105 degrees Fahrenheit to simulate Choudhury's native Indian climate.

Evolution Yoga offers several types and styles of yoga, including "hot yoga," which is similar to "Bikram's Basic Yoga System." Evolution acknowledges that hot yoga "includes 26 postures and two breathing exercises and is done for 90 minutes, accompanied by a series of oral instructions, in a room heated to approximately 105 degrees Fahrenheit." [Choudhury sued.]

Though Choudhury emphasizes the aesthetic attributes of the Sequence's "graceful flow," at bottom, the Sequence is an idea, process, or system designed to improve health. Copyright protects only the expression of this idea – the words and pictures used to describe the Sequence – and not the idea of the Sequence itself.

*A. The Sequence Is an Unprotectable Idea.*

Following *Baker*, and recognizing this vital distinction between ideas and expression, courts have routinely held that the copyright for a work describing how to perform a process does not extend to the process itself. In *Palmer v. Braun*, for example, the Eleventh Circuit held that meditation exercises described in a copyrighted manual on exploring the consciousness were "a process" unentitled to copyright protection. The court explained that the "exercises, while undoubtedly the product of much time and effort, are, at bottom, simply a process for achieving increased consciousness. Such processes, even if original, cannot be protected by copyright."

*Palmer*: 287 F.3d 1325 (11th Cir. 2002)

As Choudhury describes it, the Sequence is a "system" or a "method" designed to "systematically work every part of the body, to give all internal organs, all the veins, all the ligaments, and all the muscles everything they need to maintain optimum health and maximum function. An essential element of this "system" is the order in which the yoga poses and breathing exercises are arranged. *BIKRAM'S*

BEGINNING YOGA CLASS instructs readers, "Do the poses in the strict order given in this book. Nothing about Bikram's Beginning Yoga Class is haphazard. It is designed to scientifically warm and stretch muscles, ligaments, and tendons in the order in which they should be stretched." For instance, Choudhury explains, "Camel Pose (Ustrasana) stretches the abdomen and compresses the spine; so for the next posture, I chose the Rabbit Pose (Sasangasana), which does the converse: stretches the back and compresses the abdomen."

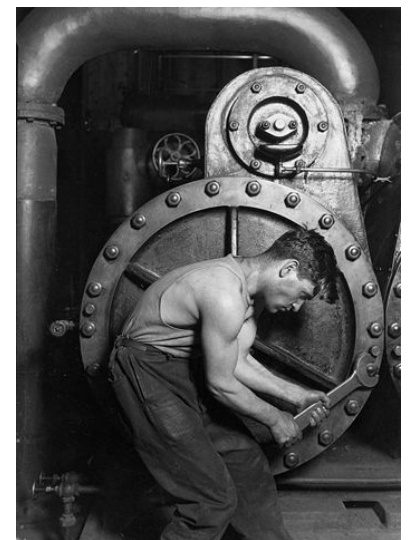
Choudhury contends that the Sequence's arrangement of postures is "particularly beautiful and graceful." But beauty is not a basis for copyright protection. The performance of many ideas, systems, or processes may be beautiful: a surgeon's intricate movements, a book-keeper's careful notations, or a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

#### *B. The Sequence Is Not a Copyrightable Compilation.*

By claiming copyright protection for the Sequence as a compilation, Choudhury misconstrues the scope of copyright protection for compilations. As we have explained, the Sequence is an idea, process, or system; therefore, it is not eligible for copyright protection. That the Sequence may possess many constituent parts does not transform it into a proper subject of copyright protection. Virtually any process or system could be dissected in a similar fashion. Baker's examples of "how-to" treatises are instructive: "A treatise on the construction and use of ploughs, or watches, or churns, or on the mode of drawing lines to produce the effect of perspective" would likely list the steps necessary to perform the process it describes. The watchmaking treatise's author could not claim a copyright in the process of making a watch, however, by breaking down the process into multiple steps and labeling it a "compilation." Likewise, Choudhury cannot obtain copyright protection for the Sequence as a compilation by separately identifying the poses and breathing exercises it contains.



Johannes Vermeer, *The Milkmaid*



Lewis Hine, *Power house mechanic working on steam pump*

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

It makes no difference that similar results could be achieved through a different organization of yoga poses and breathing exercises. Choudhury argues that he could have chosen from "hundreds of postures" and "countless arrangements of these postures" in developing the Sequence. But the possibility of attaining a particular end through multiple different methods does not render the uncopyrightable a proper subject of copyright. See *ATC Distribution Group, Inc. v. Whatever It Takes Transmissions & Parts, Inc.* ("To be sure, the publisher of a catalog describing a transmission parts numbering system could have arranged the parts information in other ways that were potentially less clear or useful, but this fact alone is insufficient to demonstrate the creativity necessary for copyright protection."). Though it may be one of many possible yoga sequences capable of attaining similar results, the Sequence is nevertheless a process and is therefore ineligible for copyright protection.

*Whatever It Takes*: 402 F.3d 700, 711-12 (6th Cir. 2005)

#### C. *The Sequence Is Not a Copyrightable Choreographic Work.*

The Sequence is not copyrightable as a choreographic work for the same reason that it is not copyrightable as a compilation: it is an idea, process, or system to which copyright protection may "in no case" extend. We recognize that the Sequence may involve "static and kinetic successions of bodily movement in certain rhythmic and spatial relationships.". So too would a method to churn butter or drill for oil. That is no accident: "successions of bodily movement" often serve basic functional purposes. Such movements do not become copyrightable as "choreographic works" when they are part and parcel of a process. Even if the Sequence could fit within some colloquial definitions of dance or choreography, it remains a process ineligible for copyright protection.

Compendium II, S 450.01

Our day-to-day lives consist of many routinized physical movements, from brushing one's teeth to pushing a lawnmower to shaking

a Polaroid picture, that could be (and, in two of the preceding examples, have been) characterized as forms of dance. Without a proper understanding of the idea/expression dichotomy, one might obtain monopoly rights over these functional physical sequences by describing them in a tangible medium of expression and labeling them choreographic works.

#### IV. CONCLUSION

Although there is no cause to dispute the many health, fitness, spiritual, and aesthetic benefits of yoga, and Bikram Yoga in particular, they do not bring the Sequence into the realm of copyright protection.

### Concrete Machinery Co. v. Classic Lawn Ornaments 843 F.2d 600 (1st Cir. 1988)

Some ideas admit of only a limited number of expressions. When there is essentially only one way to express an idea, the idea and its expression are inseparable and copyright is no bar to copying that expression. See, e.g., *Herbert Rosenthal Jewelry Corp. v. Kalpakian* (idea and expression of copyrighted “jeweled bee pin” inseparable and thus copying not prohibited); *Morrissey v. Proctor & Gamble Co.* (since few ways to express rules for “sweepstakes,” no infringement although defendant’s rules only slightly different from plaintiff’s rules).<sup>7</sup> When the idea and its expression are not completely inseparable, there may still be only a limited number of ways of expressing the idea. In such a case, the burden of proof is heavy on the plaintiff who may have to show “near identity” between the works at issue. This showing is necessary because, as idea and expression merge, fewer and fewer aspects of a work embody a unique and creative expression of the idea; a copyright holder must then prove substantial similarity to those few aspects of the work that are expression not required by the idea. ...

### Cooking for Kids Problem

Missy Lapine is the author of *THE SNEAKY CHEF: SIMPLE STRATEGIES FOR HIDING HEALTHY FOODS IN KIDS’ FAVORITE MEALS* (published 2007), which “presents over 75 recipes that ingeniously disguise the most important superfoods inside kids’ favorite meals.” Jessica Seinfeld is the author of *DECEPTIVELY DELICIOUS: SIMPLE SECRETS TO GET YOUR KIDS EATING GOOD FOOD* (published 2008), which “is filled with

<sup>7</sup>The rationale for this rule, as Judge Aldrich stated, is that “to permit copyrighting [in that case] would mean that a party or parties, by copyrighting a mere handful of forms [of expression], could exhaust all possibilities of future use of the substance ... [and thus] the subject matter would be appropriated by permitting the copyrighting of its expression. We cannot recognize copyright as a game of chess in which the public can be checkmated.”

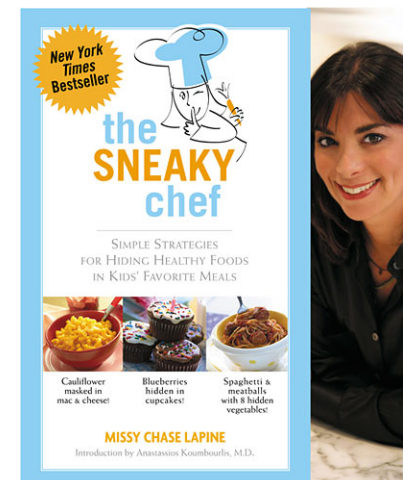
“Shake it, shake it like a Polaroid picture.”

—OutKast, *Hey Ya* (LaFace Records 2003)

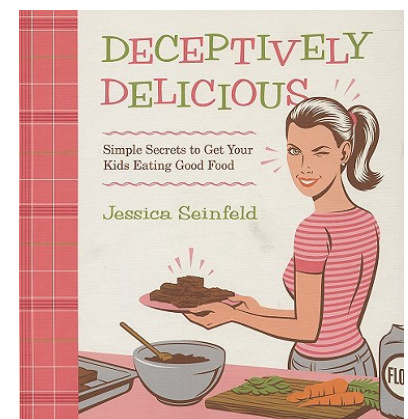
*Herbert Rosenthal*: 446 F.2d 738 (9th Cir.1971)

*Morrissey*: 379 F.2d 675 (1st Cir. 1967)

Based on *Lapine v. Seinfeld*, No. 08-cv-128, 2009 WL 2902584 (S.D.N.Y Sept. 10, 2009)



The Sneaky Chef



Deceptively Delicious

traditional recipes that kids love, except they're stealthily packed with veggies hidden in them so kids don't even know!" Infringement? Are there further facts it would be helpful to know?

## B Ownership

### Sheldon v. Metro-Goldwyn Pictures Corp.

81 F.2d 49 (2d Cir. 1936)

(Hand, J.)

Compare: "Pierre Menard did not want to compose *another* Quixote, which surely is easy enough -- he wanted to compose *the* Quixote. Nor, surely, need one have to say that his goal was never a mechanical transcription of the original; he had no intention of *copying* it. His admirable ambition was to produce a number of pages which coincided -- word for word and line for line -- with those of Miguel de Cervantes." Jorge Luis Borges, *Pierre Menard, Author of the Quixote* (1941) (Andrew Hurley trans.).



Oscar Wilde No. 18

Napoleon Sarony, 1821–96, was a celebrity photographer: i.e., both a photographer of celebrities and a celebrity in his own right.

Borrowed the work must indeed not be, for a plagiarist is not himself pro tanto an "author"; but if by some magic a man who had never known it were to compose anew Keats's Ode on a Grecian Urn, he would be an "author," and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats's.

Because of this rule permitting multiple independent creation, copyright (like trade secret) does not need complicated priority doctrines, as patent and trademark do. The price paid for simplicity here, though, is that copyright (like trade secret) must include proof of copying *from the plaintiff* as part of its infringement analysis.

Two kinds of issues about initial copyright ownership do arise with some regularity. First, there is the problem of whether certain kinds of allegedly "creative" processes should be regarded as resulting in copyrightable authorship at all. Second, there is the problem of dividing up ownership among multiple parties who do contribute authorship. Copyright slices this problem up along two dimensions: contemporaneous collaborations are addressed as joint works or works made for hire, whereas sequential creation is analyzed in terms of derivative works.

### 1 Authorship

#### Burrow-Giles Lithographic Co. v. Sarony

111 U.S. 53 (1884)

The suit was commenced by an action at law in which Sarony was plaintiff and the lithographic company was defendant, the plaintiff charging the defendant with violating his copyright in regard to a photograph, the title of which is "Oscar Wilde No. 18." A jury being waived, the court made a finding of facts on which a judgment in favor of the plaintiff was rendered for the sum of \$600 for the plates and 85,000 copies sold and exposed to sale, and \$10 for copies found in his possession.

The constitutional question is not free from difficulty.

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

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

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

[The Court reviewed early copyright statutes conferring copyright protection on maps, charts, designs, engravings, etchings, cuts, and other prints.]

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

But it is said that an engraving, a painting, a print, does embody the intellectual conception of its author, in which there is novelty, invention, originality, and therefore comes within the purpose of the Constitution in securing its exclusive use or sale to its author, while the photograph is the mere mechanical reproduction of the physical features or outlines of some object animate or inanimate, and involves no originality of thought or any novelty in the intellectual operation connected with its visible reproduction in shape of a picture.

The third finding of facts says, in regard to the photograph in question, that it is a "useful, new, harmonious, characteristic, and graceful picture, and that plaintiff made the same ... entirely from his own original mental conception, to which he gave visible form by posing the said Oscar Wilde in front of the camera, selecting and ar-

Joseph Emerson Worcester, 1784–1865, was the number-two lexicographer of his day, after Noah Webster.

Does this passage adequately explain why Napoleon Sarony rather than Oscar Wile owned the copyright? What about Sarony's camera operator, Benjamin Richardson?

ranging the costume, draperies, and other various accessories in said photograph, arranging the subject so as to present graceful outlines, arranging and disposing the light and shade, suggesting and evoking the desired expression, and from such disposition, arrangement, or representation, made entirely by plaintiff, he produced the picture in suit.”

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

Based on *Naruto v. Slater*, No. 15-cv-04324, 2016 WL 362231 (N.D. Cal. Jan. 28, 2016)



Monkey selfie

#### 17 U.S.C. § 105

**Subject matter of copyright: United States Government works**

Compare: "There has always been a judicial consensus that no copyright could be secured in the products of the labor done by judicial officers in the discharge of their judicial duties. The whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all." *Banks v. Manchester*, 128 U.S. 244 (1888).

#### 17 U.S.C. § 201

**Ownership of copyright**

### Monkey Selfie Problem

Nature photographer David Slater was traveling in Indonesia when a monkey picked up his camera and pushed the shutter button, resulting in this photograph. Is it copyrightable? If so, who owns the copyright?

Does it matter whether Slater had chosen his camera’s settings (e.g., shutter speed, aperture, autofocus) for taking close-up daytime outdoor wildlife photographs? If he was specifically trying to get monkeys to pick up the camera and take selfies? If he took the photograph himself and then falsely passed it off as a monkey selfie?

### Copyright Act

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

## 2 Collaborations

### Copyright Act

- (a) *Initial Ownership*. – Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are coowners of copyright in the work.
- (b) *Works made for hire*. – In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copy-



right.

A “joint work” is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.

A “work made for hire” is

- (1) a work prepared by an employee within the scope of his or her employment; or
- (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

17 U.S.C. § 101  
*Definitions*

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

17 U.S.C. § 202  
*Ownership of copyright as distinct from ownership of material object*

### **Thomson v. Larson**

147 F.3d 195 (2d Cir. 1998)

Plaintiff-appellant Lynn Thomson claims that, along with principal playwright Jonathan Larson, she co-authored a “new version” of the critically acclaimed Broadway musical *Rent*.

#### BACKGROUND

*Rent*, the Pulitzer Prize and Tony Award-winning Broadway modern musical based on Puccini’s opera *La Bohème*, began in 1989 as the joint project of Billy Aronson and composer Jonathan Larson. Aronson and Larson collaborated on the work until their amicable separation in 1991. At that time, Larson obtained Aronson’s permission to develop the play on his own.

In the summer of 1992, Larson’s *Rent* script was favorably received by James Nicola, Artistic Director of the New York Theatre Workshop (“NYTW”), a non-profit theater company in the East Village. Larson continued to develop and revise the “workshop version” of his *Rent* script. In the spring of 1993, Nicola urged Larson to allow the NYTW to hire a playwright or a bookwriter to help revamp the

storyline and narrative structure of the play.

In May 1995, in preparation for *Rent*'s off-Broadway opening scheduled for early 1996, Larson agreed to the NYTW's hiring of Lynn Thomson, a professor of advanced playwriting at New York University, as a dramaturg<sup>5</sup> to assist him in clarifying the storyline of the musical. Thomson signed a contract with the NYTW, in which she agreed to provide her services with the workshop production from May 1, 1995, through the press opening, scheduled for early February of 1996. The agreement stated that Thomson's "responsibilities shall include, but not be limited to: Providing dramaturgical assistance and research to the playwright and director." In exchange, the NYTW agreed to pay "a fee" of \$2000, "[i]n full consideration of the services to be rendered" and to provide for billing credit for Thomson as "Dramaturg." The Thomson/NYTW agreement was silent as to any copyright interests or any issue of ownership with respect to the final work.

In the summer and fall of 1995, Thomson and Larson worked extremely intensively together on the show. For the most part, the two worked on the script alone in Larson's apartment. Thomson testified that revisions to the text of *Rent* didn't begin until early August 1995. Larson himself entered all changes directly onto his computer, where he kept the script, and Thomson made no contemporaneous notes of her specific contributions of language or other structural or thematic suggestions. Thomson alludes to the "October Version" of *Rent* as the culmination of her collaborative efforts with Larson. That new version was characterized by experts as "a radical transformation of the show."

A "sing-through" of the "October Version" of *Rent* took place in early November 1995. And on November 3, 1995, Larson signed a contract with the NYTW for ongoing revisions to *Rent*. This agreement identified Larson as the "Author" of *Rent* and made no reference to Thomson. The contract incorporated by reference an earlier draft author's agreement that set forth the terms that would apply if the NYTW opted to produce *Rent*. The earlier draft author's agreement gave Larson approval rights over all changes in text, provided that any changes in text would become his property, and assured him billing as "sole author."

The final dress rehearsal was held on January 24, 1996. Just hours after it ended, Larson died suddenly of an aortic aneurysm. Over the next few weeks, Nicola, Greif, Thomson, and musical director

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<sup>5</sup>Dramaturgs provide a range of services to playwrights and directors in connection with the production and development of theater pieces. According to Thomson's testimony, the role of the dramaturg "can include any number of the elements that go into the crafting of a play," such as "actual plot elements, dramatic structure, character details, themes, and even specific language."

Tim Weil worked together to fine-tune the script. The play opened off-Broadway on February 13, 1996, to rave reviews. On February 23, *Rent's* move to Broadway was announced. Since its opening on Broadway on April 29, 1996, the show has been “an astounding critical, artistic, and commercial success.”

Before the Broadway opening, Thomson, in view of her contributions to *Rent*, sought compensation and title page dramaturgical credit from the Broadway producers. And on April 2, 1996, she signed a contract in which the producers agreed to pay her \$10,000 plus a nominal \$50/ week for her dramaturgical services. Around the same time, upon the producers’ advice, Thomson approached Allan S. Larson, Nanette Larson, and Julie Larson McCollum (“Larson Heirs”), the surviving members of Jonathan Larson’s family, to request a percentage of the royalties derived from the play. In a letter to the Larson family, dated April 8, 1996, Thomson stated that she believed Larson, had he lived, would have offered her a “small percentage of his royalties to acknowledge the contribution I made.” In reply, the Larson Heirs offered Thomson a gift of 1% of the author’s royalties. Negotiations between Thomson and the Larson Heirs, however, broke down.

After the parties failed to reach a settlement, Thomson brought suit against the Larson Heirs, claiming that she was a co-author of *Rent* and that she had never assigned, licensed, or otherwise transferred her rights. Thomson sought declaratory relief and a retroactive and on-going accounting under the Copyright Act. Specifically, she asked that the court declare her a “co-author” of *Rent* and grant her 16% of the author’s share of the royalties.<sup>11</sup>

#### THOMSON’S CO-AUTHORSHIP CLAIM

The Copyright Act defines a “joint work” as “a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.” 17 U.S.C. § 101 (1994). The touchstone of the statutory definition is the intention at the time the writing is done that the parts be absorbed or combined into an integrated unit.

Joint authorship entitles the co-authors to equal undivided interests in the whole work – in other words, each joint author has the

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<sup>11</sup> Thomson claims that she seeks 16% of the proceeds “because of her respect for Larson’s role as the principal creator of the work.” Thomson derives the 16% figure in the following way: she alleges that 48% of the *Rent* script is new in relation to the 1994 Workshop version (prior to her involvement); as co-author, she is, therefore, entitled to 50% of this part (or 24% of the total revenues); but since there are three components to *Rent* (book, lyrics, and music) and she did not contribute to one (music), she is entitled to 2/3, or 16% of the total revenues. Thomson also sought the right to quote freely from various versions of *Rent* in a book that she planned to write.

right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint owner for any profits that are made.

*Childress*: 945 F.2d 500 (1991)

In *Childress v. Taylor*, our court interpreted this section of the Act and set forth “standards for determining when a contributor to a copyrighted work is entitled to be regarded as a joint author” where the parties have failed to sign any written agreement dealing with coauthorship. While the Copyright Act states only that co-authors must intend that their contributions “be merged into ... a unitary whole,” Judge Newman explained why a more stringent inquiry than the statutory language would seem to suggest is required:

An inquiry so limited would extend joint author status to many persons who are not likely to have been within the contemplation of Congress. For example, a writer frequently works with an editor who makes numerous useful revisions to the first draft, some of which will consist of additions of copyrightable expression. Both intend their contributions to be merged into inseparable parts of a unitary whole, yet very few editors and even fewer writers would expect the editor to be accorded the status of joint author, enjoying an undivided half interest in the copyright in the published work.

The potential danger of allowing anyone who makes even a minimal contribution to the writing of a work to be deemed a statutory co-author – as long as the two parties intended the contributions to merge – motivated the court to set forth a two-pronged test. A co-authorship claimant bears the burden of establishing that each of the putative co-authors (1) made independently copyrightable contributions to the work; and (2) fully intended to be co-authors.

#### 1. *Independently Copyrightable Contributions*

*Childress* held that collaboration alone is not sufficient to establish joint authorship. Rather, the contribution of each joint author must be independently copyrightable.

Without making specific findings as to any of Thomson’s claims regarding lyrics or other contributions, the district court concluded that Thomson “made at least some non-de minimis copyrightable contribution,” and that Thomson’s contributions to the Rent libretto were “certainly not zero.” Once having said that, the court decided the case on the second *Childress* prong – mutual intent of co-authorship. It hence did not reach the issue of the individual copyrightability of Thomson’s varied alleged contributions (plot developments, thematic elements, character details, and structural components).

## 2. Intent of the Parties

*Childress* mandates that the parties “entertain in their minds the concept of joint authorship.” This requirement of mutual intent recognizes that, since coauthors are afforded equal rights in the coauthored work, the “equal sharing of rights should be reserved for relationships in which all participants fully intend to be joint authors.”

*Childress* and its progeny, however, do not explicitly define the nature of the necessary intent to be co-authors. The court stated that “[i]n many instances, a useful test will be whether, in the absence of contractual arrangements concerning listed authorship, each participant intended that all would be identified as co-authors.” But it is also clear that the intention standard is not strictly subjective.

### i. Decisionmaking Authority

An important indicator of authorship is a contributor’s decisionmaking authority over what changes are made and what is included in a work. See, e.g., *Erickson v. Trinity Theatre, Inc.* (an actor’s suggestion of text does not support a claim of co-authorship where the sole author determined whether and where such contributions were included in the work); *Maruel v. Smith* (claimant had a contractual right to control the contents of the opera).

*Erickson*: 13 F.3d 1061 (7th Cir. 1994)

*Maurel*: 271 F. 211 (2d Cir. 1921)

The district court determined that Larson “retained and intended to retain at all times sole decision-making authority as to what went into *Rent*.” In support of its conclusion, the court relied upon Thomson’s statement that she was “flattered that [Larson] was asking [her] to contribute actual language to the text” and found that this statement demonstrated that even Thomson understood “that the question whether any contribution she might make would go into the script was within Mr. Larson’s sole and complete discretion.” Moreover, as the court recognized, the November agreement between Larson and the NYTW expressly stated that Larson had final approval over all changes to *Rent* and that all such changes would become Larson’s property.

### ii. Billing

In discerning how parties viewed themselves in relation to a work, *Childress* also deemed the way in which the parties bill or credit themselves to be significant. Billing or credit is a window on the mind of the party who is responsible for giving the billing or the credit. And a writer’s attribution of the work to herself alone is persuasive proof that she intended this particular piece to represent her own individual authorship and is prima facie proof that the work was not intended to be joint. Thomson claims that Larson’s decision to credit her as “dramaturg” on the final page of *Rent* scripts reflected some

co-authorship intent. Thomson concedes that she never sought equal billing with Larson, but argues that she did not need to do so in order to be deemed a statutory co-author.

The district court found, instead, that the billing was unequivocal: Every script brought to [the court's] attention says "*Rent*, by Jonathan Larson." In addition, Larson "described himself in the biography he submitted for the playbill in January 1996, nine days before he died, as the author/composer, and listed Ms. Thomson on the same document as dramaturg." And while, as Ms. Thomson argues, it may indeed have been highly unusual for an author/composer to credit his dramaturg with a byline, we fail to see how Larson's decision to style her as "dramaturg" on the final page in *Rent* scripts reflects a co-authorship intent on the part of Larson. The district court properly concluded that "the manner in which [Larson] listed credits on the scripts strongly supports the view that he regarded himself as the sole author."

### *iii. Written Agreements with Third Parties*

Just as the parties' written agreements with each other can constitute evidence of whether the parties considered themselves to be co-authors, so the parties' agreements with outsiders also can provide insight into co-authorship intent, albeit to a somewhat more attenuated degree.

The district court found that Larson "listed himself or treated himself as the author in the November 1995 revisions contract that he entered into with the NYTW, which in turn incorporated the earlier draft author's agreement that had not been signed." That agreement identifies Larson as *Rent's* "Author" and does not mention Thomson. It also incorporates the terms of a September 1995 draft agreement (termed "Author's Agreement") that states that Larson "shall receive billing as sole author." The district court commented, moreover, that "[t]he fact that [Larson] felt free to enter into the November 1995 contract on his own, without the consent of and without any reference to Ms. Thomson quite apart from whatever the terms of the agreements are, indicates that his intention was to be the sole author."

### CONCLUSION

Based on all of the evidence, the district court concluded that "Mr. Larson never regarded himself as a joint author with Ms. Thomson." We believe that the district court correctly applied the Childress standards to the evidence before it and hold that its finding that Larson never intended co-authorship was not clearly erroneous.

Authors who create a joint work co-own the copyright in that work. Joint authors share equal undivided interests in the whole work – in other words, each joint author has the right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint author for any profits that are made. Even if it is clear that one co-author has contributed more to the work than another co-author, they are nevertheless equal owners of the copyright in the absence of an agreement to the contrary.

A co-owner must account to other co-owners for any profits he earns from licensing or use of the copyright. The duty to account comes from equitable doctrines relating to unjust enrichment and general principles of law governing the rights of co-owners. We acknowledge the theoretical appeal of the notion that if one owner permits free use of the copyright, that owner incurs a debt to his co-owner because the use, paid-for or not, partially depletes the value of the copyright. However, the duty to account is for profits, not value.

**Community for Creative Non-Violence v. Reid**  
490 U.S. 730 (1989)

I

In the fall of 1985, CCNV decided to participate in the annual Christmastime Pageant of Peace in Washington, D. C., by sponsoring a display to dramatize the plight of the homeless. As the District Court recounted:

“Snyder and fellow CCNV members conceived the idea for the nature of the display: a sculpture of a modern Nativity scene in which, in lieu of the traditional Holy Family, the two adult figures and the infant would appear as contemporary homeless people huddled on a streetside steam grate. The family was to be black (most of the homeless in Washington being black); the figures were to be life-sized, and the steam grate would be positioned atop a platform ‘pedestal,’ or base, within which special-effects equipment would be enclosed to emit simulated ‘steam’ through the grid to swirl about the figures. They also settled upon a title for the work – ‘Third World America’ – and a legend for the pedestal: ‘and still there is no room at the inn.’ ”

Snyder made inquiries to locate an artist to produce the sculpture. He was referred to respondent James Earl Reid, a Baltimore, Maryland, sculptor. In the course of two telephone calls, Reid agreed to sculpt the three human figures. CCNV agreed to make the steam grate and pedestal for the statue. Reid proposed that the work be cast in bronze, at a total cost of approximately \$100,000 and taking



James Earl Reid, *Third World America*

six to eight months to complete. Snyder rejected that proposal because CCNV did not have sufficient funds, and because the statue had to be completed by December 12 to be included in the pageant. Reid then suggested, and Snyder agreed, that the sculpture would be made of a material known as "Design Cast 62," a synthetic substance that could meet CCNV's monetary and time constraints, could be tinted to resemble bronze, and could withstand the elements. The parties agreed that the project would cost no more than \$15,000, not including Reid's services, which he offered to donate. The parties did not sign a written agreement. Neither party mentioned copyright.

After Reid received an advance of \$3,000, he made several sketches of figures in various poses. At Snyder's request, Reid sent CCNV a sketch of a proposed sculpture showing the family in a crechelike setting: the mother seated, cradling a baby in her lap; the father standing behind her, bending over her shoulder to touch the baby's foot. Reid testified that Snyder asked for the sketch to use in raising funds for the sculpture. Snyder testified that it was also for his approval. Reid sought a black family to serve as a model for the sculpture. Upon Snyder's suggestion, Reid visited a family living at CCNV's Washington shelter but decided that only their newly born child was a suitable model. While Reid was in Washington, Snyder took him to see homeless people living on the streets. Snyder pointed out that they tended to recline on steam grates, rather than sit or stand, in order to warm their bodies. From that time on, Reid's sketches contained only reclining figures.

Throughout November and the first two weeks of December 1985, Reid worked exclusively on the statue, assisted at various times by a dozen different people who were paid with funds provided in installments by CCNV. On a number of occasions, CCNV members visited Reid to check on his progress and to coordinate CCNV's construction of the base. CCNV rejected Reid's proposal to use suitcases or shopping bags to hold the family's personal belongings, insisting instead on a shopping cart. Reid and CCNV members did not discuss copyright ownership on any of these visits.

On December 24, 1985, 12 days after the agreed-upon date, Reid delivered the completed statue to Washington. There it was joined to the steam grate and pedestal prepared by CCNV and placed on display near the site of the pageant. Snyder paid Reid the final installment of the \$15,000. The statue remained on display for a month. In late January 1986, CCNV members returned it to Reid's studio in Baltimore for minor repairs. Several weeks later, Snyder began making plans to take the statue on a tour of several cities to raise money for the homeless. Reid objected, contending that the Design Cast 62 material was not strong enough to withstand the ambitious itinerary. He urged CCNV to cast the statue in bronze at a cost of \$35,000, or



to create a master mold at a cost of \$5,000. Snyder declined to spend more of CCNV's money on the project.

In March 1986, Snyder asked Reid to return the sculpture. Reid refused. He then filed a certificate of copyright registration for "Third World America" in his name and announced plans to take the sculpture on a more modest tour than the one CCNV had proposed. Snyder, acting in his capacity as CCNV's trustee, immediately filed a competing certificate of copyright registration.

Snyder and CCNV then commenced this action against Reid.

## II

### A

The Copyright Act of 1976 provides that copyright ownership "vests initially in the author or authors of the work." 17 U. S. C. § 201(a). As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection. § 102. The Act carves out an important exception, however, for "works made for hire." If the work is for hire, "the employer or other person for whom the work was prepared is considered the author" and owns the copyright, unless there is a written agreement to the contrary. § 201(b). Classifying a work as "made for hire" determines not only the initial ownership of its copyright, but also the copyright's duration, § 302(c), and the owners' renewal rights, § 304(a), termination rights, § 203(a), and right to import certain goods bearing the copyright, § 601(b)(1). The contours of the work for hire doctrine therefore carry profound significance for freelance creators – including artists, writers, photographers, designers, composers, and computer programmers – and for the publishing, advertising, music, and other industries which commission their works.

The dispositive inquiry in this case therefore is whether "Third World America" is "a work prepared by an employee within the scope of his or her employment" under § 101(1). The Act does not define these terms. In the absence of such guidance, four interpretations have emerged. The first holds that a work is prepared by an employee whenever the hiring party retains the right to control the product. A second, and closely related, view is that a work is prepared by an employee under § 101(1) when the hiring party has actually wielded control with respect to the creation of a particular work. A third view is that the term "employee" within § 101(1) carries its common-law agency law meaning. Finally, respondent and numerous amici curiae contend that the term "employee" only refers to "formal, salaried" employees.

Nothing in the text of the work for hire provisions indicates that

Congress used the words “employee” and “employment” to describe anything other than the conventional relation of employer and employee. On the contrary, Congress’ intent to incorporate the agency law definition is suggested by § 101(1)’s use of the term, “scope of employment,” a widely used term of art in agency law.

We therefore conclude that the language and structure of § 101 of the Act do not support either the right to control the product or the actual control approaches.<sup>8</sup> The structure of § 101 indicates that a work for hire can arise through one of two mutually exclusive means, one for employees and one for independent contractors, and ordinary canons of statutory interpretation indicate that the classification of a particular hired party should be made with reference to agency law.

In sum, we must reject petitioners’ argument. Transforming a commissioned work into a work by an employee on the basis of the hiring party’s right to control, or actual control of, the work is inconsistent with the language, structure, and legislative history of the work for hire provisions. To determine whether a work is for hire under the Act, a court first should ascertain, using principles of general common law of agency, whether the work was prepared by an employee or an independent contractor. After making this determination, the court can apply the appropriate subsection of § 101.

### B

We turn, finally, to an application of § 101 to Reid’s production of “Third World America.” In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party’s right to control the manner and means by which the product is accomplished. Among the other factors relevant to this inquiry are the skill required; the source of the instrumentalities and tools; the location of the work; the duration of the relationship between the parties; whether the hiring party has the right to assign additional projects to the hired party; the extent of the hired party’s discretion over when and how long to work; the method of payment; the hired party’s role in hiring and paying assistants; whether the work is part of the regular business of the hiring party; whether the hiring party is in business; the provision of employee benefits; and

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<sup>8</sup>We also reject the suggestion of respondent and amici that the term “employee” refers only to formal, salaried employees. The Act does not say “formal” or “salaried” employee, but simply “employee.” Moreover, respondent and those amici who endorse a formal, salaried employee test do not agree upon the content of this test. Compare, e. g., Brief for Respondent 37 (hired party who is on payroll is an employee) with Tr. of Oral Arg. 31 (hired party who receives a salary or commissions regularly is an employee); and Brief for Volunteer Lawyers for the Arts, Inc., et al. as *Amici Curiae* 4 (hired party who receives a salary and is treated as an employee for Social Security and tax purposes is an employee).

the tax treatment of the hired party. No one of these factors is determinative.

Examining the circumstances of this case in light of these factors, we agree with the Court of Appeals that Reid was not an employee of CCNV but an independent contractor. True, CCNV members directed enough of Reid's work to ensure that he produced a sculpture that met their specifications. But the extent of control the hiring party exercises over the details of the product is not dispositive. Indeed, all the other circumstances weigh heavily against finding an employment relationship. Reid is a sculptor, a skilled occupation. Reid supplied his own tools. He worked in his own studio in Baltimore, making daily supervision of his activities from Washington practicably impossible. Reid was retained for less than two months, a relatively short period of time. During and after this time, CCNV had no right to assign additional projects to Reid. Apart from the deadline for completing the sculpture, Reid had absolute freedom to decide when and how long to work. CCNV paid Reid \$15,000, a sum dependent on completion of a specific job, a method by which independent contractors are often compensated. Reid had total discretion in hiring and paying assistants. Creating sculptures was hardly regular business for CCNV. Indeed, CCNV is not a business at all. Finally, CCNV did not pay payroll or Social Security taxes, provide any employee benefits, or contribute to unemployment insurance or workers' compensation funds.

Because Reid was an independent contractor, whether "Third World America" is a work for hire depends on whether it satisfies the terms of § 101(2). This petitioners concede it cannot do. Thus, CCNV is not the author of "Third World America" by virtue of the work for hire provisions of the Act.

Is CCNV a joint author?

**Warren v. Fox Family Worldwide, Inc.**  
328 F.3d 1136 (9th Cir. 2003)

Richard Warren claims that defendants infringed the copyrights in musical compositions he created for use in the television series "Remington Steele."

The parties agree that Warren was not an employee of MTM, but MTM contends that the agreements signed by the parties illustrate an express agreement that the works in question were specially commissioned as works for hire.<sup>4</sup> We agree.

The Act confers work-for-hire status on a work where "the parties

17 U.S.C. § 101

<sup>4</sup>Because the parties are not in an employer-employee relationship, the Copyright Act requires not only that the work be specially commissioned pursuant to a written agreement, but that the work come within one of the enumerated categories listed in 17 U.S.C. § 101(2). There is no doubt that the works fall into one of these categories because it is undisputed that they are part of an audiovisual work.

expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.” The Music Employment Agreement provided:

As [Warren’s] employer for hire, [MTM] shall own in perpetuity, throughout the universe, solely and exclusively, all rights of every kind and character, in the musical material and all other results and proceeds of the services rendered by [Warren] hereunder and [MTM] shall be deemed the author thereof for all purposes.

The parties later executed contracts almost identical to these first agreements in June 1984, July 1985, and November 1986. As the district court noted, these subsequent contracts are even more explicit in defining the compositions as “works for hire.” Letters that Warren signed accompanying the later Music Employment Agreements provided: “It is understood and agreed that you are supplying [your] services to us as our employee for hire ... [and] [w]e shall own all right, title and interest in and to [your] services and the results and proceeds thereof, as works made for hire.”

That the agreements did not use the talismanic words “specially ordered or commissioned” matters not, for there is no requirement, either in the Act or the caselaw, that work-for-hire contracts include any specific wording.

That the works were created at the behest of MTM is conclusively demonstrated by the plain language of the contracts. The contracts specified that Warren was, among other things, to “compose an original musical score ... mak[ing] such revisions in the musical material as [MTM] may require,” and clearly indicate that such composing was to be done for the sole purpose of the “Remington Steele” program.

The agreements between Warren and MTM conclusively show that the musical compositions created by Warren were created as works for hire, and Warren is therefore not the legal owner of the copyrights therein.

### **Garcia v. Google, Inc.**

786 F.3d 733 (9th Cir. 2015) (en banc)

In July 2011, Cindy Lee Garcia responded to a casting call for a film titled *Desert Warrior*, an action-adventure thriller set in ancient Arabia. Garcia was cast in a cameo role, for which she earned \$500. She received and reviewed a few pages of script. Acting under a professional director hired to oversee production, Garcia spoke two sentences: “Is George crazy? Our daughter is but a child?” Her role was to deliver those lines and to “seem[] concerned.”

Garcia later discovered that writer-director Mark Basseley

Youssef (a.k.a. Nakoula Basseley Nakoula or Sam Bacile) had a different film in mind: an anti-Islam polemic renamed *Innocence of Muslims*. The film, featuring a crude production, depicts the Prophet Mohammed as, among other things, a murderer, pedophile, and homosexual. Film producers dubbed over Garcia's lines and replaced them with a voice asking, "Is your Mohammed a child molester?" Garcia appears on screen for only five seconds.

Almost a year after the casting call, in June 2012, Youssef uploaded a 13-minute-and-51-second trailer of *Innocence of Muslims* to YouTube, the video-sharing website owned by Google, Inc., which boasts a global audience of more than one billion visitors per month. After it was translated into Arabic, the film fomented outrage across the Middle East, and media reports linked it to numerous violent protests. An Egyptian cleric issued a fatwa against anyone associated with *Innocence of Muslims*, calling upon the "Muslim Youth in America[] and Europe" to "kill the director, the producer[,] and the actors and everyone who helped and promoted this film." Garcia received multiple death threats.

Legal wrangling ensued. Garcia asked Google to remove the film, asserting it was hate speech and violated her state law rights to privacy and to control her likeness. Garcia also sent Google five take-down notices under the Digital Millennium Copyright Act, 17 U.S.C. § 512, claiming that YouTube's broadcast of *Innocence of Muslims* infringed her copyright in her "audio-visual dramatic performance." Google declined to remove the film.

[Garcia sued Google and Youssef for copyright infringement.]

The central question is whether the law and facts clearly favor Garcia's claim to a copyright in her five-second acting performance as it appears in *Innocence of Muslims*. The answer is no. This conclusion does not mean that a plaintiff like Garcia is without options or that she couldn't have sought an injunction against different parties or on other legal theories, like the right of publicity and defamation.<sup>5</sup>

*Innocence of Muslims* is an audiovisual work that is categorized as a motion picture and is derivative of the script. Garcia is the author of none of this and makes no copyright claim to the film or to the script. Instead, Garcia claims that her five-second performance itself merits copyright protection.

Garcia's theory of copyright law would result a legal morass – splintering a movie into many different "works," even in the absence of an independent fixation. Simply put, as Google claimed, it "make[s] Swiss cheese of copyrights."

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<sup>5</sup>Down the road, Garcia also may have a contract claim. She recalls signing some kind of document, though she cannot find a copy. We take no position on this claim.

Take, for example, films with a large cast—the proverbial “cast of thousands.” The silent epic *Ben-Hur* advertised a cast of 125,000 people. In the *Lord of the Rings* trilogy, 20,000 extras tramped around Middle-Earth alongside Frodo Baggins (played by Elijah Wood). Treating every acting performance as an independent work would not only be a logistical and financial nightmare, it would turn cast of thousands into a new mantra: copyright of thousands.

The reality is that contracts and the work-made-for-hire doctrine govern much of the big-budget Hollywood performance and production world. Absent these formalities, courts have looked to implied licenses. Indeed, the district court found that Garcia granted Youssef just such an implied license to incorporate her performance into the film. But these legal niceties do not necessarily dictate whether something is protected by copyright, and licensing has its limitations. As filmmakers warn, low-budget films rarely use licenses. Even if filmmakers diligently obtain licenses for everyone on set, the contracts are not a panacea. Third-party content distributors, like YouTube and Netflix, won’t have easy access to the licenses; litigants may dispute their terms and scope; and actors and other content contributors can terminate licenses after thirty five years. Untangling the complex, difficult-to-access, and often phantom chain of title to tens, hundreds, or even thousands of standalone copyrights is a task that could tie the distribution chain in knots. And filming group scenes like a public parade, or the 1963 March on Washington, would pose a huge burden if each of the thousands of marchers could claim an independent copyright.

**Blizzard Entertainment, Inc. v. Lilith Games (Shanghai) Co.**

No. 3:15-cv-04084-CRB, 2017 WL 2118342 (N.D. Cal. May 16, 2017)

Consider a twist on *Aalmuhammed v. Lee*:

Spike Lee assigns his copyright in *Malcolm X* to, let’s say, Warner Brothers. Disney comes along and makes a cartoon version of the movie called *Malcolm ABC*. Warner Brothers sues, claiming *Malcolm ABC* infringes its copyright in *Malcolm X*. Disney responds that Aalmuhammed, not Spike Lee, wrote the scene chronicling the protagonist’s Hajj pilgrimage, which appears in both *Malcolm X* and *Malcolm ABC*. Warner Brothers, the argument goes, does not own the Hajj scene, and so cannot recover for Disney’s copying of that piece of *Malcolm X* (nor for its copying of any scene, character, or other cinematic element dreamed up by anyone not named Spike Lee).

Winning argument?

No, and it was a loser even before *Garcia* suggested that Aalmuhammed’s script of the Hajj scene was not independently copyrightable after all. The whole point of Aalmuhammed’s contributions was to integrate them into *Malcolm X*, and so they must be understood

*Aalmuhammed*: 202 F.3d 1227 (9th Cir. 1999)

*Aalmuhammed* held that Jefri Aalmuhammed was not a joint author of the film *Malcolm X*

as parts of the movie to protect copyright in the movie. Copyright in movies, comic books, and video games would be worthless otherwise.

### 3 Derivative Works

#### Copyright Act

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

17 U.S.C. § 103

*Subject matter of copyright: Compilations and derivative works*

A “compilation” is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term “compilation” includes collective works.

17 U.S.C. § 101

*Definitions*

A “collective work” is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.

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

#### DC Comics v. Towle 802 F.3d 1012 (2015)

When a copyright owner authorizes a third party to prepare a derivative work, the owner of the underlying work retains a copyright in that derivative work with respect to all of the elements that the deriva-

Towle manufactured and sold replicas of the Batmobiles used in the 1996 television series and the 1989 Tim Burton movie. Because the series and the movie were made under licensing arrangements, the court discussed the scope of derivative-work copyrights.

tive creator drew from the underlying work and employed in the derivative work. By contrast, the creator of the derivative work has a copyright only as to those original aspects of the work that the derivative creator contributed, and only to the extent the derivative creator's contributions are more than trivial. Logically, therefore, if [another] third party copies a derivative work without authorization, it infringes the original copyright owner's copyright in the underlying work to the extent the unauthorized copy of the derivative work also copies the underlying work.

### **Pickett v. Prince**

207 F. 3d 402 (7th Cir. 2000) (Posner, J.)

The defendant, identified only as "Prince" in the caption of the various pleadings, is a well-known popular singer whose name at birth was Prince Rogers Nelson, but who for many years performed under the name Prince (which is what we'll call him) and since 1992 has referred to himself by an unpronounceable symbol. The symbol (which rather strikingly resembles the Egyptian hieroglyph ankh, but the parties make nothing of this, so neither shall we) is his trademark but it is also a copyrighted work of visual art that licensees of Prince have embodied in various forms, including jewelry, clothing, and musical instruments.

In 1993 the plaintiff made a guitar in the shape of the Prince symbol; he concedes that it is a derivative work within the meaning of 17 U.S.C. § 101. The plaintiff claims (truthfully, we assume for purposes of the appeal) to have shown the guitar to Prince. Shortly afterwards Prince appeared in public playing a guitar quite similar to the plaintiff's.

The plaintiff brought this suit for copyright infringement in 1994, but it languished for years in the district court. In January 1997 Prince counterclaimed for infringement of the copyright on his symbol.

Pickett claims the right to copyright a work derivative from another person's copyright without that person's permission and then to sue that person for infringement by the person's own derivative work. Pickett's guitar was a derivative work of the copyrighted Prince symbol, and so was Prince's guitar. Since Prince had (or so we must assume) access to Pickett's guitar, and since the two guitars, being derivatives of the same underlying work, are, naturally, very similar in appearance, Pickett has – if he is correct that one can copyright a derivative work when the original work is copyrighted by someone else who hasn't authorized the maker of the derivative work to copyright it – a prima facie case of infringement. Pickett must, he concedes, show that his derivative work has enough originality to entitle him to a copyright, and also that the copyright is limited to the features that the derivative work adds to the original. But he insists



Ferdinand Pickett, Symbol-shaped guitar



that with these limitations his copyright is valid.

We need not pursue the issue of originality of derivative works. The Copyright Act grants the owner of a copyright the exclusive right to prepare derivative works based upon the copyrighted work. So Pickett could not make a derivative work based on the Prince symbol without Prince's authorization even if Pickett's guitar had a smidgeon of originality. This is a sensible result. A derivative work is, by definition, bound to be very similar to the original. Concentrating the right to make derivative works in the owner of the original work prevents what might otherwise be an endless series of infringement suits posing insoluble difficulties of proof. Consider two translations into English of a book originally published in French. The two translations are bound to be very similar and it will be difficult to establish whether they are very similar because one is a copy of the other or because both are copies of the same foreign-language original. Whether Prince's guitar is a copy of his copyrighted symbol or a copy of Pickett's guitar is likewise not a question that the methods of litigation can readily answer with confidence. If anyone can make derivative works based on the Prince symbol, we could have hundreds of Picketts, each charging infringement by the others.

Pickett relies for his implausible theory primarily on section 103(a) of the Copyright Act, which provides that while copyright can be obtained in derivative works, "protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully." Pickett reads this as authorizing a person other than the owner of the original work to make a derivative work, merely forbidding him to infringe the original. It is very difficult to see how a derivative work not made by the owner of the original work could fail to infringe it, given the definition of derivative works.

Pickett relied in the district court on a dictum in *Eden Toys, Inc. v. Florelee Undergarment Co.*, that a stranger can make a derivative work without the permission of the owner of the copyright of the original work if the original work does not "pervade" the derivative work. The suggestion, if taken seriously (which it has not been), would inject enormous uncertainty into the law of copyright and undermine the exclusive right that section 106(2) gives the owner of the copyright on the original work. It also rests on a confusion between the determination of whether a work is derivative and the determination of who has the right to make the derivative work. Defined too broadly, "derivative work" would confer enormous power on the owners of copyrights on preexisting works. The Bernstein-Sondheim musical *West Side Story*, for example, is based loosely on Shakespeare's *Romeo and Juliet*, which in turn is based loosely on Ovid's *Pyramus and Thisbe*, so that if "derivative work" were de-

*Eden Toys*: 697 F.2d 27 (2d Cir. 1982)

fined broadly enough (and copyright were perpetual) *West Side Story* would infringe *Pyramus and Thisbe* unless authorized by Ovid's heirs. We can thus imagine the notion of pervasiveness being used to distinguish a work fairly described as derivative from works only loosely connected with some ancestral work claimed to be their original. In that sense Prince's symbol clearly "pervades" both guitars. If it did not, the guitars might not be derivative works, but they would not be derivative works that anyone was free to make without obtaining Prince's permission.

### **Keeling v. Hars**

809 F.3d 43 (2d Cir. 2015)

Plaintiff–Appellee Jaime Keeling is the author of *Point Break Live!* ("PBL"), a parody stage adaptation of the 1991 Hollywood action movie *Point Break*, starring Keanu Reeves and Patrick Swayze. In the film, Reeves plays a rookie FBI agent who goes undercover to infiltrate a gang of bank-robbing surfers led by Swayze's character. The Keeling-authored PBL parody parallels the characters and plot elements from *Point Break* and relies almost exclusively on selected dialogue from the screenplay. To this raw material, Keeling added jokes, props, exaggerated staging, and humorous theatrical devices to transform the dramatic plot and dialogue of the film into an irreverent, interactive theatrical experience. For example, in Keeling's PBL parody, *Point Break*'s death-defying scene in which Reeves's character must pick up bricks, blindfolded, in a swimming pool takes place, instead, in a kiddie pool. Massive waves in the film are replaced by squirt guns in the PBL parody. A central conceit of the PBL parody is that the Keanu Reeves character is selected at random from the audience and reads his lines from cue cards, thereby lampooning Reeves's reputedly stilted performance in the movie. Keeling added to the effect that the audience was watching the making of the film by creating a set of film-production characters in the PBL parody, including a director, cinematographer, and production assistants. Keeling possesses no copyright or license with regard to the *Point Break* motion picture.

Defendant–Appellant Eve Hars owns production company New Rock Theater Productions, LLC ("New Rock"). In 2007, Keeling executed a production agreement with Hars, pursuant to which New Rock would stage a two-month production run of PBL from October through December 2007. During that time period, Hars conferred with an entertainment attorney and the holder of the copyright to the Hollywood screenplay for *Point Break*, and eventually Hars came to believe that Keeling did not lawfully own any rights to the PBL parody play. Accordingly, after its initial two-month run, Hars sought to renegotiate the terms of the contract upon its expiration and, in

effect, continue to produce PBL without further payment to Keeling. Keeling refused renegotiation, threatened suit, and registered a copyright in PBL, without first obtaining permission from the copyright holders of the original Point Break. Keeling's asserted copyright in PBL became effective on January 4, 2008. Hars and New Rock continued to stage performances of PBL for four years thereafter without payment to or authorization from Keeling.

If a work employs preexisting copyrighted material lawfully – as in the case of a "fair use" – nothing in the statute prohibits the extension of the "independent" copyright protection promised by Section 103.<sup>7</sup> A close reading of the statute therefore makes plain that an unauthorized but lawful fair use employing preexisting copyrighted material may itself merit copyright protection. It is not the invocation of fair use that provides the work copyright protection, and perhaps thinking so has created some confusion on the part of the defendant. It is the originality of the derivative work that makes it protectable, and fair use serves only to render lawful the derivative work, such that it may acquire – as would other lawful derivative works – such protection.

## C Procedures

Copyright, the statute tells us, subsists as soon as a work is created. The author doesn't need to do anything more to become a copyright owner. But it was not always thus. And this is not to say that copyright has no procedural wrinkles – only that these procedures are not preconditions on copyright protection.

### 1 Formalities Then

#### **Christopher Sprigman, *Reform(aliz)ing Copyright***

57 Stan. L. Rev. 485

For most of our history, U.S. copyright law has included a system of procedural mechanisms, referred to collectively as "copyright formalities," that helped to maintain copyright's traditional balance between providing private incentives to authors and preserving a robust stock of public domain works from which future creators could draw. From the first copyright statute in 1790, Congress required that authors register their copyrights, give notice (by marking published copies with an indication of copyright status such as the "©" symbol, as well as other information about copyright ownership), and (perhaps most importantly) renew their rights after a relatively short

<sup>7</sup>To be sure, the independent copyright protection in the new work is limited to that work's original content.

Any who talks about "copyrighting" a work is confused. At best, they are thinking about "registering" the work, which does have several important advantages. At worst, they think that unregistered works are not protected by copyright and may freely be copied. *This is wrong, wrong, totally wrong. Correct them.*

initial term by reregistering their copyright. Failure to comply with these requirements either terminated the copyright (in the case of nonrenewal) or prevented it from arising in the first place.

**Estate of Martin Luther King v. CBS, Inc.**

194 F.3d 1211 (11th Cir. 1999)

The Estate of Martin Luther King, Jr., Inc. brought this copyright infringement action against CBS, Inc. after CBS produced a video documentary that used, without authorization, portions of civil rights leader Dr. Martin Luther King's famous "I Have a Dream" speech at the March on Washington on August 28, 1963.

On September 30, 1963, approximately one month after the delivery of the Speech, Dr. King took steps to secure federal copyright protection for the Speech under the Copyright Act of 1909, and a certificate of registration of his claim to copyright was issued by the Copyright Office on October 2, 1963. Almost immediately thereafter, Dr. King filed suit in the Southern District of New York to enjoin the unauthorized sale of recordings of the Speech and won a preliminary injunction on December 13, 1963.

Because of the dates of the critical events, the determinative issues in this case are properly analyzed under the Copyright Act of 1909 ("1909 Act"), rather than the Copyright Act of 1976 ("1976 Act") that is currently in effect. The question is whether Dr. King's attempt to obtain statutory copyright protection on September 30, 1963 was effective, or whether it was a nullity because the Speech had already been forfeited to the public domain via a general publication.

Under the regime created by the 1909 Act, an author received state common law protection automatically at the time of creation of a work. This state common law protection persisted until the moment of a general publication. When a general publication occurred, the author either forfeited his work to the public domain, or, if he had theretofore complied with federal statutory requirements, converted his common law copyright into a federal statutory copyright.

In order to soften the hardship of the rule that publication destroys common law rights, courts developed a distinction between a "general publication" and a "limited publication." Only a general publication divested a common law copyright. A general publication occurred when a work was made available to members of the public at large without regard to their identity or what they intended to do with the work. Conversely, a non-divesting limited publication was one that communicated the contents of a work to a select group and for a limited purpose, and without the right of diffusion, reproduction, distribution or sale. The issue before us is whether Dr. King's delivery of the Speech was a general publication.

It appears from the case law that a general publication occurs

only in two situations. First, a general publication occurs if tangible copies of the work are distributed to the general public in such a manner as allows the public to exercise dominion and control over the work. Second, a general publication may occur if the work is exhibited or displayed in such a manner as to permit unrestricted copying by the general public. See *Letter Edged in Black Press, Inc. v. Public Bldg. Comm'n of Chicago* (invoking this exception where "there were no restrictions on copying [of a publicly displayed sculpture] and no guards preventing copying" and "every citizen was free to copy the maquette for his own pleasure and camera permits were available to members of the public"). However, the case law indicates that restrictions on copying may be implied, and that express limitations in that regard are deemed unnecessary. See *American Tobacco Co. v. Werckmeister* (holding that there is no general publication where artwork is exhibited and "there are bylaws against copies, or where it is tacitly understood that no copying shall take place, and the public are admitted . . . on the implied understanding that no improper advantage will be taken of the privilege" (emphasis added)); *Burke v. National Broadcasting Co.* (holding that releasing a film to a professor and host of an educational television program, and authorizing him to copy and broadcast same on public television was a limited publication because the grant of permission to use the film contained an implied condition against distributing copies of the film to others or using it for other purposes); *Nutt v. National Inst. Incorporated for the Improvement of Memory* (lectures were not generally published when delivered because oral delivery is not publication, and "[e]ven where the hearers are allowed to make copies of what was said for their personal use, they cannot later publish for profit that which they had not retained the right to sell").

The case law indicates that distribution to the news media, as opposed to the general public, for the purpose of enabling the reporting of a contemporary newsworthy event, is only a limited publication. This rule comports with common sense; it does not force an author whose message happens to be newsworthy to choose between obtaining news coverage for his work and preserving his common-law copyright.

With the above principles in mind, in the summary judgment posture of this case and on the current state of this record, we are unable to conclude that CBS has demonstrated beyond any genuine issue of material fact that Dr. King, simply through his oral delivery of the Speech, engaged in a general publication making the Speech available to members of the public at large without regard to their identity or what they intended to do with the work. A performance, no matter how broad the audience, is not a publication; to hold otherwise would be to upset a long line of precedent. This conclusion is

*Letter Edged in Black*: 320 F. Supp. 1303 (N.D. Ill. 1970)

*American Tobacco*: 207 U.S. 284 (1907)

*Burke*: 598 F.2d 688 (1st Cir. 1979)

*Nutt*: 31 F.2d 236 (2d Cir. 1929)

not altered by the fact that the Speech was broadcast live to a broad radio and television audience and was the subject of extensive contemporaneous news coverage. We follow the above cited case law indicating that release to the news media for contemporary coverage of a newsworthy event is only a limited publication.

**Estate of Martin Luther King v. CBS, Inc.**  
13 F. Supp. 2d 1347 (N.D. Ga. 1998)

This is from the District Court opinion on appeal in the Court of Appeals opinion above.

An advance text of Dr. King's speech was available in the press tent; no copyright notice appeared on the text or was asserted concurrent with the giving of the speech. CBS contends that there were no restrictions regarding entry into the press tent and that individuals outside of the press entered the area and obtained copies of the day's speeches. The Estate argues that Dr. King furnished this advance text for the sole purpose of assisting press coverage of the March and that he had been assured that it would be available only to the press.

Following the March, the SCLC reprinted the speech in its entirety in its September 1963 newsletter with no copyright notice or other restrictions. The newsletter bore Dr. King's name and title as President at the top of its masthead. Generally, the SCLC newsletter had a large national circulation and was also sent to those who asked for copies.

However, material facts are in dispute as to whether the use of Dr. King's speech in the newsletter was authorized and also as to the actual availability of the advance text. Accordingly, for the purposes of summary judgment, this court does not rest its holding upon the newsletter or the advance text but upon the context of Dr. King's speech itself.

**Wildman v. New York Times Co.**  
42 F. Supp. 412 (S.D.N.Y. 1941)

This suit arose by reason of a written request sent to defendant's newspaper for the words of the verse "Remember This" by F. Collis Wildman. Several Sundays later in its Queries and Answers page defendant printed the answer to the said request, giving the title, the name of the author and the full text of the verse; followed by "This request was answered by a number of readers, some of whom sent the poem".

Plaintiff claims that this publication in the newspaper without his consent was in derogation of his rights in the copyrighted verse. He wrote it on or about October 4, 1911. Plaintiff applied for a copyright and received the certificate of registration on or about July 3, 1926. On June 23, 1926, he did cause his verse to be printed on a card by a printer in Philadelphia; 3,000 copies of it. At the end of the verse, at the right is the name "F. Collis Wildman". In the lower left corner of

card is printed the word "Copyright". Three thousand of these cards, described as above, were sold to the public by the plaintiff.

The law is well settled that the provisions of the statute as to notice must be complied with and by selling a copyrighted article otherwise there is dedication to the public and the copyright protection is lost. Publication with notice of copyright is the essence of compliance with the statute, and publication without proper notice amounts to a dedication to the public sufficient to defeat all subsequent efforts at copyright protection.

With the above principles in mind, I can only come to the conclusion that the plaintiff, when he had printed and sold the cards in June, 1926, dedicated his verse to the public. I can only conclude that there was no sufficient or legal copyright notice attached. There was no date attached. There apparently was no claim of copyright on the printed card by him personally, although this is somewhat questionable in view of the fact that his own name was at the end of the verse. However, he did not comply with the statute; and the alleged notice, if it was intended as a notice of copyright, is insufficient to secure to the plaintiff any right under the copyright registration.

## 2 Formalities Now

Formalities are dramatically less important under contemporary copyright law. The 1976 Copyright Act moderated their impact in some significant ways, and in 1988, the United States joined the international Berne Convention for the Protection of Literary and Artistic Works, which requires that copyright "shall not be subject to any formality." Thus, formalities are important mostly for older works – those published before March 1, 1989, when the Berne Convention Implementation Act came into force.

For modern works, the main "formality" is fixation, which is such a thin prerequisite that it is more like the minimal condition required for the legal system to be sure it knows what the copyrighted work even is. But traces of the other formalities remain, and competent copyright practice requires complying with them.

### a Fixation

#### Compendium of U.S. Copyright Office Practices (3d ed. 2014)

A work of authorship may be deemed copyrightable, provided that it has been "fixed in any tangible medium of expression, now known or later developed, from which [it] can be perceived, reproduced, or otherwise communicated, either directly or indirectly with the aid of a machine or device." Specifically, the work must be fixed in a

But for those works, as the cases above show, the formalities can be *vital* important. Copyright due diligence for older works requires a careful investigation of the formalities.

§ 305  
*The Fixation Requirement*

17 U.S.C. § 102(a)

copy or phonorecord “by or under the authority of the author” and the work must be “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 terms “copy” and “phonorecord” are very broad. They cover all of the material objects in which copyrightable works are capable of being fixed.

17 U.S.C. § 101

- Copies are “material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device,” including the material object “in which the work is first fixed.”

17 U.S.C. § 101

- Phonorecords are “material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device,” including “the material object in which the sounds are first fixed.”

There are countless ways that a work may be fixed in a copy or phonorecord and it makes no difference what the form, manner, or medium of fixation may be. For example, a work may be expressed in words, numbers, notes, sounds, pictures, or any other graphic or symbolic indicia and the author’s expression may be fixed in a physical object in written, printed, photographic, sculptural, punched, magnetic, or any other stable form.

Most works are fixed by their very nature, such as an article printed on paper, a song recorded in a digital audio file, a sculpture rendered in bronze, a screenplay saved in a data file, or an audiovisual work captured on film. Nevertheless, some works of authorship may not satisfy the fixation requirement, such as an improvisational speech, sketch, dance, or other performance that is not recorded in a tangible medium of expression. Other works may be temporarily embodied in a tangible form, but may not be sufficiently permanent or stable to warrant copyright protection, such as purely evanescent or transient reproductions such as those projected briefly on a screen, shown electronically on a television, or captured momentarily in the memory of a computer.

The Office rarely encounters works that do not satisfy the fixation requirement because the Office requires applicants to submit copies or phonorecords that contain a visually or aurally perceptible copy of the work. However, the Office may communicate with the applicant or may refuse registration if the work or the medium of expression



only exists for a transitory period of time, if the work or the medium is constantly changing, or if the medium does not allow the specific elements of the work to be perceived, reproduced, or otherwise communicated in a consistent and uniform manner.

**Stern Electronics, Inc. v. Kaufman**  
669 F.2d 852 (2nd Cir. 1982)

Video games like “Scramble” can roughly be described as computers programmed to create on a television screen cartoons in which some of the action is controlled by the player. In Stern’s “Scramble,” for example, the video screen displays a spaceship moving horizontally through six different scenes in which obstacles are encountered. With each scene the player faces increasing difficulty in traversing the course and scoring points. The first scene depicts mountainous terrain, missile bases, and fuel depots. The player controls the altitude and speed of the spaceship, decides when to release the ship’s supply of bombs, and fires lasers that can destroy attacking missiles and aircraft. He attempts to bomb the missile bases (scoring points for success), bomb the fuel depots (increasing his own diminishing fuel supply with each hit), avoid the missiles being fired from the ground, and avoid crashing his ship into the mountains. And that is only scene one. In subsequent scenes the hazards include missile-firing enemy aircraft and tunnel-like airspaces. The scenes are in color, and the action is accompanied by battlefield sounds.

The game is built into a cabinet containing a cathode ray tube, a number of electronic circuit boards, a loudspeaker, and hand controls for the player. The electronic circuitry includes memory storage devices called PROMs, an acronym for “programmable read only memory.” The PROM stores the instructions and data from a computer program in such a way that when electric current passes through the circuitry, the interaction of the program stored in the PROM with the other components of the game produces the sights and sounds of the audiovisual display that the player sees and hears. The memory devices determine not only the appearance and movement of the images but also the variations in movement in response to the player’s operation of the hand controls.

Stern manufactures amusement equipment, including video games, for distribution worldwide. Even in the fast-paced world of video games, “Scramble” quickly became a big success. Approximately 10,000 units were sold at about \$2,000 each in the first two months for an initial sales volume of about \$20 million. ...

[Omni was enjoined from distributing its own “Scramble” arcade games. One of its arguments was that Stern’s Scramble was not fixed.]

Omni contends that Konami is not entitled to secure a copyright in the sights and sounds of its “Scramble” game because the audio-



Scramble

visual work is neither “fixed in any tangible medium of expression” nor “original” within the meaning of § 102(a). Both contentions arise from the fact that the sequence of some of the images appearing on the screen during each play of the game will vary depending upon the actions taken by the player. For example, if he fails to avoid enemy fire, his spaceship will be destroyed; if he fails to destroy enough fuel depots, his own fuel supply will run out, and his spaceship will crash; if he succeeds in destroying missile sites and enemy planes, those images will disappear from the screen; and the precise course travelled by his spaceship will depend upon his adjustment of the craft’s altitude and velocity.

If the content of the audiovisual display were not affected by the participation of the player, there would be no doubt that the display itself, and not merely the written computer program, would be eligible for copyright. The display satisfies the statutory definition of an original “audiovisual work,” and the memory devices of the game satisfy the statutory requirement of a “copy” in which the work is “fixed.” The audiovisual work is permanently embodied in a material object, the memory devices, from which it can be perceived with the aid of the other components of the game.

"Audiovisual works' are works that consist of a series of related images which are intrinsically intended to be shown by the use of machines or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied." 17 U.S.C. § 101

We agree with the District Court that the player’s participation does not withdraw the audiovisual work from copyright eligibility. No doubt the entire sequence of all the sights and sounds of the game are different each time the game is played, depending upon the route and speed the player selects for his spaceship and the timing and accuracy of his release of his craft’s bombs and lasers. Nevertheless, many aspects of the sights and the sequence of their appearance remain constant during each play of the game. These include the appearance (shape, color, and size) of the player’s spaceship, the enemy craft, the ground missile bases and fuel depots, and the terrain over which (and beneath which) the player’s ship flies, as well as the sequence in which the missile bases, fuel depots, and terrain appears. Also constant are the sounds heard whenever the player successfully destroys an enemy craft or installation or fails to avoid an enemy missile or laser. It is true, as appellants contend, that some of these sights and sounds will not be seen and heard during each play of the game in the event that the player’s spaceship is destroyed before the entire course is traversed. But the images remain fixed, capable of being seen and heard each time a player succeeds in keeping his spaceship aloft long enough to permit the appearances of all the images and sounds of a complete play of the game. The repetitive sequence of a substantial portion of the sights and sounds of the game qualifies for copyright protection as an audiovisual work.

### Questions

Which of the following are sufficiently fixed to be copyrightable? In each case where your answer is “yes,” identify the material object.

- A song sung on the sidewalk?
- A song written out as sheet music?
- A song on a CD?
- A diagram on a blackboard?
- A PowerPoint slide?
- A sonnet in your mind?
- A photograph?
- *The Fast and the Furious: Tokyo Drift*?
- Our class on copyrightable subject matter?

### 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 pom-poms, 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 Statue-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.



Latte art. Fixed?

- 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 Photoshop expert, Ernest Eames, 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.

## **b Registration**

### **Compendium of U.S. Copyright Office Practices (3d ed. 2014)**

Under the current copyright law, a work of authorship is protected by copyright from the moment it is created, provided that the work is original and has been fixed in a tangible medium of expression. Although registration is not required for a work to be protected by copyright, it does provide several important benefits:

- A registration creates a public record that includes key facts relating to the authorship and ownership of the claimed work, as well as information about the work, such as title, year of creation, date of publication (if any), and the type of authorship that the work contains (e.g., photographs, text, sound recordings).
- Registration (or a refusal to register) is a prerequisite to filing a lawsuit for copyright infringement involving a U.S. work. Although registration is permissive, both the certificate and the original work must be on file with the Copyright Office before a copyright owner can sue for infringement.
- To claim statutory damages or attorney's fees in a copyright infringement lawsuit, a work must be registered before the infringement began or within three months after the first publication of the work.
- A registration constitutes prima facie evidence of the validity of the copyright and the facts stated in the certificate of registration, but only if the work is registered before or within five

years after the work is first published.

- A registration provides information to prospective licensees, such as the name and address for obtaining permission to use the work.
- A document that has been recorded with the U.S. Copyright Office may provide constructive notice of the facts stated therein, but only if the document specifically identifies a work of authorship and only if that work has been registered.
- The deposit copy(ies) submitted with an application for registration of a published work may satisfy the mandatory deposit requirement, provided that the applicant submitted the best edition of the work.
- A registration is necessary to secure the full benefits of a preregistration that has been issued by the U.S. Copyright Office.
- The U.S. Customs and Border Protection Service may seize foreign pirated copies of a copyright owner's work, provided that the work has been registered with the U.S. Copyright Office and the certificate of registration has been recorded with the U.S. Customs and Border Protection Service.
- A registration is required to claim royalties under the compulsory license for making and distributing phonorecords.

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### c Deposit

#### Compendium of U.S. Copyright Office Practices (3d ed. 2014)

The U.S. Copyright Act provides for two separate sets of deposit requirements: deposits submitted in connection with registration applications and those submitted in accordance with the mandatory deposit provisions (or “legal deposit” provisions) of the law. The U.S. Copyright Office administers both sets of provisions.

The Register of Copyrights specifies by regulation the form of deposit that must accompany a copyright claim and registration application. Said regulations reflect and inform the ability of the Office to examine the work for copyrightable authorship, to verify the authorship claimed in the application, and to verify the facts stated in the application. Deposits may also be used for evidentiary purposes in litigation involving a copyrighted work. Since registration is not required as a condition for copyright protection, the Register has the authority to adjust or exempt the deposit requirements as appropriate for certain works or application procedures, weighing the needs

§ 1502

*Deposit for Registration Distinguished from Mandatory Deposit*

or concerns of applicants and the public. Deposits may also be selected by the Library of Congress.

Mandatory deposit is a statutory requirement for the benefit of the national collection of the Library of Congress. The owner of copyright or the owner of the exclusive right of publication in a work published in the United States must deposit two copies or phonorecords of the work within three months after publication.

In most cases, a deposit submitted for registration may be used to satisfy the mandatory deposit requirement, provided that the applicant submits two complete copies or two complete phonorecords of the best edition of the work. In such cases, there is no need to submit additional copies or phonorecords for the purpose of mandatory deposit.

For some classes of works, the deposit requirements for registration and mandatory deposit are not the same. In such cases, a separate submission of copies, phonorecords, or identifying material may be needed to register the work and to satisfy the mandatory deposit requirements. For example, mandatory deposit for a computer program requires two complete copies of the best edition, while registration may be accomplished with identifying material containing a selection of the source code for that work. In the digital context, such nuance and distinction is even more important, and applicable regulations are therefore subject to change.

Submitting a published work for the use or disposition of the Library is not a condition of copyright protection. However, if compliance with the mandatory deposit requirement is not accomplished within three months of publication, the Register of Copyrights may facilitate, demand, negotiate, or exempt the provision of copies or phonorecords for the Library of Congress at any time after a work has been published in the United States. If the Office issues a written demand and if required copies or phonorecords are not received within three months of receipt of the demand, the copyright owner or owner of the exclusive right of publication in that work may be subject to fines or other monetary liability.

#### **d Notice**

##### **Compendium of U.S. Copyright Office Practices (3d ed. 2014)**

Although notice is optional for unpublished works, foreign works, or works published on or after March 1, 1989, the U.S. Copyright Office strongly encourages copyright owners to use a notice for the following reasons:

#### **§ 1511**

##### ***Mandatory Deposit***

#### **§ 2202.2(A)**

##### ***Advantages to Using Notice on Post-Berne Works***

- It puts potential users on notice that copyright is claimed in the work.
- In the case of a published work, a notice may prevent a defendant in a copyright infringement action from attempting to limit his or her liability for damages or injunctive relief based on an innocent infringement defense.
- It identifies the copyright owner at the time the work was first published for parties seeking permission to use the work.
- It identifies the year of first publication, which may be used to determine the term of copyright protection in the case of an anonymous work, a pseudonymous work, or a work made for hire.
- It may prevent the work from becoming an orphan work by identifying the copyright owner and/or specifying the term of the copyright.

A notice for a work published before March 1, 1989 that has been fixed in copies should include the following elements:

- The symbol © or the word “Copyright” or the abbreviation “Copr.”;
- The year of first publication for the work; and
- The name of the copyright owner, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner.

The elements of the notice should appear as a single continuous statement containing the copyright symbol or the word “Copyright” or the abbreviation “Copr.,” followed by the year of first publication, followed by the name of the copyright owner.

*Examples:*

- © 1978 John Doe
- Copyright 1980 John Doe
- Copr. 1982 John Doe

### 3 Term

There is no way around it: copyright terms for older works are a mess and require careful investigation. The details are beyond the scope of this course, but *you have been warned*.

#### Copyright Act

- (a) *In General.* – Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the

#### § 2204.1

*Notice for Works Fixed in Copies*

#### 17 U.S.C. § 302

*Duration of copyright: Works created on or after January 1, 1978*

What about works created before then? It's complicated. Published works already subject to federal copyright have wrinkles to deal with the renewal term and termination rights (to be discussed in a future Transactions chapter). Start with § 304. Unpublished works (previously subject only to state common-law copyright) follow the modern rules, except that if they were published on or before December 31, 2002, their terms run at least through 2047. See § 303.

following subsections, endures for a term consisting of the life of the author and 70 years after the author's death.

- (b) *Joint Works*. – In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and 70 years after such last surviving author's death.
- (c) *Anonymous Works, Pseudonymous Works, and Works Made for Hire*. – In the case of an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first. ...

17 U.S.C. § 305

*Duration of copyright: Terminal date*

All terms of copyright provided by sections 302 through 304 run to the end of the calendar year in which they would otherwise expire.

### **Eldred v. Ashcroft**

537 U.S. 186 (2003)

This case concerns the authority the Constitution assigns to Congress to prescribe the duration of copyrights. In 1998, in the measure here under inspection [the Sonny Bono Copyright Term Extension Act (CTEA)], Congress enlarged the duration of copyrights by 20 years. Petitioners are individuals and businesses whose products or services build on copyrighted works that have gone into the public domain. They seek a determination that the CTEA fails constitutional review under both the Copyright Clause's "limited Times" prescription and the First Amendment's free speech guarantee.

Petitioners do not challenge the "life-plus-70-years" timespan itself. "Whether 50 years is enough, or 70 years too much," they acknowledge, "is not a judgment meet for this Court." Congress went awry, petitioners maintain, not with respect to newly created works, but in enlarging the term for published works with existing copyrights. The "limited Tim[e]" in effect when a copyright is secured, petitioners urge, becomes the constitutional boundary, a clear line beyond the power of Congress to extend.

The Nation's first copyright statute, enacted in 1790, provided a federal copyright term of 14 years from the date of publication, renewable for an additional 14 years if the author survived the first term. The 1790 Act's renewable 14-year term applied to existing works (i. e., works already published and works created but not yet published) and future works alike. Congress expanded the federal copyright term to 42 years in 1831 (28 years from publication, renewable for an additional 14 years), and to 56 years in 1909 (28 years from publication, renewable for an additional 28 years). Both times, Congress



applied the new copyright term to existing and future works; to qualify for the 1831 extension, an existing work had to be in its initial copyright term at the time the Act became effective.

In 1976, Congress altered the method for computing federal copyright terms. For works created by identified natural persons, the 1976 Act provided that federal copyright protection would run from the work's creation, not – as in the 1790, 1831, and 1909 Acts – its publication; protection would last until 50 years after the author's death. In these respects, the 1976 Act aligned United States copyright terms with the then-dominant international standard adopted under the Berne Convention for the Protection of Literary and Artistic Works.

These new copyright terms, the 1976 Act instructed, governed all works not published by its effective date of January 1, 1978, regardless of when the works were created. For published works with existing copyrights as of that date, the 1976 Act granted a copyright term of 75 years from the date of publication, a 19-year increase over the 56-year term applicable under the 1909 Act.

The measure at issue here, the CTEA, installed the fourth major duration extension of federal copyrights. Retaining the general structure of the 1976 Act, the CTEA enlarges the terms of all existing and future copyrights by 20 years. For works created by identified natural persons, the term now lasts from creation until 70 years after the author's death. This standard harmonizes the baseline United States copyright term with the term adopted by the European Union in 1993.

We address first the determination of the courts below that Congress has authority under the Copyright Clause to extend the terms of existing copyrights. The CTEA's baseline term of life plus 70 years, petitioners concede, qualifies as a "limited Tim[e]" as applied to future copyrights. Petitioners contend, however, that existing copyrights extended to endure for that same term are not "limited." Petitioners' argument essentially reads into the text of the Copyright Clause the command that a time prescription, once set, becomes forever "fixed" or "inalterable." The word "limited," however, does not convey a meaning so constricted.

Satisfied that the CTEA complies with the "limited Times" prescription, we turn now to whether it is a rational exercise of the legislative authority conferred by the Copyright Clause. On that point, we defer substantially to Congress. By extending the baseline United States copyright term to life plus 70 years, Congress sought to ensure that American authors would receive the same copyright protection in Europe as their European counterparts. The CTEA may also provide greater incentive for American and other authors to create and disseminate their work in the United States. In addition to international concerns, Congress passed the CTEA in light of demographic, economic, and technological changes and rationally credited projec-

tions that longer terms would encourage copyright holders to invest in the restoration and public distribution of their works.

Petitioners separately argue that the CTEA is a content-neutral regulation of speech that fails heightened judicial review under the First Amendment. We reject petitioners' plea for imposition of uncommonly strict scrutiny on a copyright scheme that incorporates its own speech-protective purposes and safeguards. In addition to spurring the creation and publication of new expression, copyright law contains built-in First Amendment accommodations. First, it distinguishes between ideas and expression and makes only the latter eligible for copyright protection. Second, the "fair use" defense allows the public to use not only facts and ideas contained in a copyrighted work, but also expression itself in certain circumstances. When, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.

### **Klinger v. Conan Doyle Estate**

755 F.3d 496 (7th Cir. 2014) (Posner, J.)

Arthur Conan Doyle published his first Sherlock Holmes story in 1887 and his last in 1927. There were 56 stories in all, plus 4 novels. The final 10 stories were published between 1923 and 1927. As a result of statutory extensions of copyright protection culminating in the 1998 Copyright Term Extension Act, the American copyrights on those final stories (copyrights owned by Doyle's estate, the appellant) will not expire until 95 years after the date of original publication – between 2018 to 2022, depending on the original publication date of each story. The copyrights on the other 46 stories and the 4 novels, all being works published before 1923, have expired.

Leslie Klinger, the appellee in this case, co-edited an anthology called *A STUDY IN SHERLOCK: STORIES INSPIRED BY THE SHERLOCK HOLMES CANON* (2011). Klinger's anthology consisted of stories written by modern authors but inspired by, and in most instances depicting, the genius detective Sherlock Holmes and his awed sidekick Dr. Watson. Klinger didn't think he needed a license from the Doyle estate to publish these stories, since the copyrights on most of the works in the "canon" had expired. But the estate told Random House, which had agreed to publish Klinger's book, that it would have to pay the estate \$5000 for a copyright license. Random House bowed to the demand, obtained the license, and published the book.

[Klinger made arrangements to publish a sequel.] Instead of obtaining a license, Klinger sued the estate, seeking a declaratory judgment that he is free to use material in the 50 Sherlock Holmes stories and novels that are no longer under copyright, though he may use nothing in the 10 stories still under copyright that has sufficient orig-

inality to be copyrightable.

The issue is whether copyright protection of a fictional character can be extended beyond the expiration of the copyright on it because the author altered the character in a subsequent work. In such a case, the Doyle estate contends, the original character cannot lawfully be copied without a license from the writer until the copyright on the later work, in which that character appears in a different form, expires.

We cannot find any basis in statute or case law for extending a copyright beyond its expiration. When a story falls into the public domain, story elements – including characters covered by the expired copyright – become fair game for follow-on authors, as held in *Silverman v. CBS Inc.*, a case much like this one. At issue was the right to copy fictional characters (Amos and Andy) who had appeared in copyrighted radio scripts. The copyrights covered the characters because they were original. As in this case the characters also appeared in subsequent radio scripts that remained under copyright, though the copyrights on the original scripts in which the characters had appeared had expired. The court ruled that “a copyright affords protection only for original works of authorship and, consequently, copyrights in derivative works secure protection only for the incremental additions of originality contributed by the authors of the derivative works.”

*Silverman*: 870 F.2d 40 (2d Cir.1989)

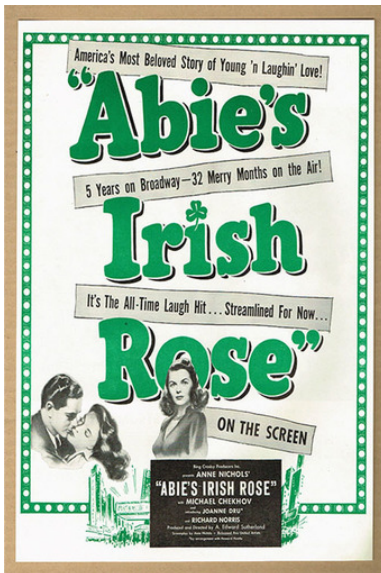
And so it is in our case. The ten Holmes-Watson stories in which copyright persists are derivative from the earlier stories, so only original elements added in the later stories remain protected. The freedom to make new works based on public domain materials ends where the resulting derivative work comes into conflict with a valid copyright, as Klinger acknowledges. But there is no such conflict in this case.

Lacking any ground known to American law for asserting post-expiration copyright protection of Holmes and Watson in pre-1923 stories and novels going back to 1887, the estate argues that creativity will be discouraged if we don't allow such an extension. It may take a long time for an author to perfect a character or other expressive element that first appeared in his early work. If he loses copyright on the original character, his incentive to improve the character in future work may be diminished because he'll be competing with copiers, such as the authors whom Klinger wishes to anthologize. Of course this point has no application to the present case, Arthur Conan Doyle having died 84 years ago. More important, extending copyright protection is a two-edged sword from the standpoint of inducing creativity, as it would reduce the incentive of subsequent authors to create derivative works (such as new versions of popular fictional characters like Holmes and Watson) by shrinking the public domain. For the longer the copyright term is, the less public-domain material

there will be and so the greater will be the cost of authorship, because authors will have to obtain licenses from copyright holders for more material – as illustrated by the estate’s demand in this case for a license fee from Pegasus.

Most copyrighted works include some, and often a great deal of, public domain material – words, phrases, data, entire sentences, quoted material, and so forth. The smaller the public domain, the more work is involved in the creation of a new work. The defendant’s proposed rule would also encourage authors to continue to write stories involving old characters in an effort to prolong copyright protection, rather than encouraging them to create stories with entirely new characters. The effect would be to discourage creativity.

(Learned Hand, J.)



Abie's Irish Rose



The Cohens and the Kellys

## D Infringement: Similarity

This section starts with passages from three classic copyright cases that set out the essential issues in assessing similarity. They are followed by two more recent cases that work through the details in a more concrete setting.

### Sheldon v. Metro-Goldwyn Pictures Corp.

81 F.2d 49 (2nd Cir. 1936)

The plaintiffs’ originality is necessarily limited to the variants they introduced. Nevertheless, it is still true that their whole contribution may not be protected; for the defendants were entitled to use, not only all that had gone before, but even the plaintiffs’ contribution itself, if they drew from it only the more general patterns; that is, if they kept clear of its “expression.”

True, much of the picture owes nothing to the play; some of it is plainly drawn from the novel; but that is entirely immaterial; it is enough that substantial parts were lifted; no plagiarist can excuse the wrong by showing how much of his work he did not pirate.

### Nichols v. Universal Pictures Corporation

45 F.2d 119 (2d Cir. 1930) (Learned Hand, J.)

[The plaintiff’s play, *Abie’s Irish Rose*, and the defendant’s movie, *The Cohens and the Kellys*, both concerned the tension between an Irish family and a Jewish family when their children fall in love and marry.]

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.

We assume that the plaintiff's play is altogether original, even to an extent that in fact it is hard to believe. We assume further that, so far as it has been anticipated by earlier plays of which she knew nothing, that fact is immaterial. Still, as we have already said, her copyright did not cover everything that might be drawn from her play; its content went to some extent into the public domain. We have to decide how much, and while we are as aware as any one that the line, wherever it is drawn, will seem arbitrary, that is no excuse for not drawing it; it is a question such as courts must answer in nearly all cases. Whatever may be the difficulties *a priori*, we have no question on which side of the line this case falls. A comedy based upon conflicts between Irish and Jews, into which the marriage of their children enters, is no more susceptible of copyright than the outline of *Romeo and Juliet*.

The plaintiff has prepared an elaborate analysis of the two plays, showing a "quadrangle" of the common characters, in which each is represented by the emotions which he discovers. She presents the resulting parallelism as proof of infringement, but the adjectives employed are so general as to be quite useless. Take for example the

"[W]hen Robert Benchley was covering Broadway for *Life* magazine back in the '20s, he ran a weekly blurb for the infuriatingly long-running comedy *Abie's Irish Rose* that read, "People laugh at this every night, which is why democracy can never work." Jack Viertel, *The Secret Life of the American Musical* 68 (2016)

attribute of "love" ascribed to both Jews. The plaintiff has depicted her father as deeply attached to his son, who is his hope and joy; not so, the defendant, whose father's conduct is throughout not actuated by any affection for his daughter, and who is merely once overcome for the moment by her distress when he has violently dismissed her lover. "Anger" covers emotions aroused by quite different occasions in each case; so do "anxiety," "despondency" and "disgust." It is unnecessary to go through the catalogue for emotions are too much colored by their causes to be a test when used so broadly. This is not the proper approach to a solution; it must be more ingenuous, more like that of a spectator, who would rely upon the complex of his impressions of each character.

### Arnstein v. Porter

154 F.2d 464 (2d Cir. 1946)

[The plaintiff, Ira B. Arnstein, alleged that Cole Porter copied numerous songs from him.] 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.<sup>32</sup> 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.<sup>35</sup>

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.

<sup>32</sup>Where plaintiff relies on similarities to prove copying (as distinguished from improper appropriation) paper comparisons and the opinions of experts may aid the court.

<sup>35</sup>It would, accordingly, be proper to exclude tone-deaf persons from the jury.

Arnstein was a serial and vexatious litigant; among his allegations was that Porter "had stooges right along to follow me, watch me, and live in the same apartment with me." For much, much more, see Gary A. Rosen, *Unfair to Genius: The Strange and Litigious Career of Ira B. Arnstein* (2012).

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.

### **Children's Book Problem**

You are law clerk to a judge hearing a copyright infringement case. The plaintiff's work is a children's book; the allegedly infringing work is a G-rated animated movie. The plaintiff has offered an expert witness who has made a chart of 83 alleged similarities; the defendant has offered an expert witness who will testify that the book primarily appeals to "verbally oriented" children aged 9-11, while the movie primarily appeals to "visually oriented" children aged 6-8.

Will you restrict the jury pool to children? To parents? What special instructions, if any, will you give the jury regarding its task of assessing similarity? Will you allow the plaintiff's expert to testify? The defendant's? If you allow either of them to testify, what will you instruct the jury regarding the relevance of the opinions they offer? How will you allow the parties to present the works to the jury during the trial? Will you allow the jury to have copies of the book and a DVD of the movie with them during deliberations?

### **Gottlieb Development LLC v. Paramount Pictures**

**590 F. Supp. 2d 625 (S.D.N.Y. 2008)**

In the motion picture "What Women Want," released by defendant Paramount Pictures Corporation in 2000, Mel Gibson plays an advertising executive who acquires the ability to "hear" what women are thinking. In one scene, Gibson and his co-star Helen Hunt brainstorm with other employees to develop ideas for marketing certain consumer products to women. At various points during the scene, a pinball machine – the "Silver Slugger" – appears in the background. The Silver Slugger is distributed by plaintiff Gottlieb Development LLC, and Paramount used the pinball machine in the scene without Gottlieb's permission.

The Silver Slugger features three original designs (the "Designs"): (1) a depiction of a baseball diamond on the backglass, which is the



upright back portion of the pinball machine; (2) another baseball diamond on the playfield, which is the playing surface of the machine; and (3) the layout of the parts of the playfield. The Designs are copyrighted, and Gottlieb has owned the copyrights since 1998.

The legal maxim "*de minimis non curat lex*" – "the law does not concern itself with trifles" – applies in the copyright context. For example, if the copying is *de minimis* and so "trivial" as to fall below the quantitative threshold of substantial similarity, the copying is not actionable.

There is no plausible claim of copyright infringement here. Although Gottlieb has sufficiently pled unauthorized copying of its Designs, the use of the Silver Slugger was *de minimis* as a matter of law. Hence, no reasonable juror could find substantial similarity in the legal sense, and thus the copying is not actionable.

The scene in question lasts only three-and-a-half minutes, and the Silver Slugger appears in the scene sporadically, for no more than a few seconds at a time. More importantly, the pinball machine is always in the background; it is never seen in the foreground. It never appears by itself or in a close-up. It is never mentioned and plays no role in the plot. It is almost always partially obscured (by Gibson and pieces of furniture), and is fully visible for only a few seconds during the entire scene. The Designs (on the backglass and playfield of the pinball machine) are never fully visible and are either out of focus or obscured. Indeed, an average observer would not recognize the Designs as anything other than generic designs in a pinball machine.

Gottlieb cites to *Ringgold v. Black Entertainment Television, Inc.* in support of its claim, but the facts of that case are inapposite. *Ringgold* involved the unauthorized use of a copyrighted poster in an episode of a HBO television series. The poster was shown, in whole or in part, nine times during a five-minute scene at the end of the episode. The poster (or a portion thereof) was seen for 1.86 to 4.16 seconds at a time, for a total of 26.75 seconds. In some instances, the poster appeared at the center of the screen. As the Second Circuit held, the poster was "plainly observable."

More importantly, there was a qualitative connection between the poster and the show. The poster included a painting depicting a Sunday School picnic held by the Freedom Baptist Church in Atlanta, Georgia, in 1909, and was intended to convey "aspects of the African-American experience in the early 1900s." The show was "ROC," a television "sitcom" series about a middle-class African-American family living in Baltimore, and the scene in question was of a gathering in a church hall with a minister. The Second Circuit noted that HBO's production staff "evidently thought that the poster was well suited as a set decoration for the African-American church scene of a ROC episode." The Second Circuit concluded:



Still from *What Women Want* (2000)

*Ringgold*: 126 F.3d 70 (2d Cir. 1997)



Still from *ROC* (1992)

From the standpoint of a quantitative assessment of the segments, the principal four-to-five second segment in which almost all of the poster is clearly visible, albeit in less than perfect focus, reenforced by the briefer segments in which smaller portions are visible, all totaling 26 to 27 seconds, are not *de minimis* copying. The painting component of the poster is recognizable as a painting, and with sufficient observable detail for the "average lay observer" to discern African-Americans in Ringold's colorful, virtually two-dimensional style. The *de minimis* threshold of actionable copying of protected expression has been crossed.

In the present case, the "average lay observer" would not be able to discern any distinctive elements of Gottlieb's Designs – the baseball players clad in stylized, futuristic gear. The best that the average lay observer could make out in the background is a typical home-plate layout with baseball players arrayed around it. The unique expressive element of the Designs is not discernable in those brief moments when the backglass is visible. The only other protected element of the backglass is the "Silver Slugger" logo in the upper left hand corner, which is glimpsed fleetingly, and in poor focus, during the scene. The camera sweeps past the logo without dwelling or focusing on it. The average lay observer would not discern the stylized aspects of the logo attributable to Gottlieb based on the way the logo appears in the background of the scene.

Moreover, while use of a copyrighted work in the background may still be a basis for an infringement claim, where the use is *de minimis*, the copying will not be actionable, even where the work was chosen to be in the background for some thematic relevance. As the Second Circuit explained in *Ringgold*, "in some circumstances, a visual work, though selected by production staff for thematic relevance, or at least for its decorative value, might ultimately be filmed at such distance and so out of focus that a typical program viewer would not discern any decorative effect that the work of art contributes to the set." Here, undoubtedly the Silver Slugger was chosen by the production staff because it fit in with the "sporty" theme of the background in the scene; but the Silver Slugger was one of numerous background items, and it was filmed in such a manner and appears so fleetingly that I conclude there is no plausible claim for copyright infringement here. Accordingly, Gottlieb's copyright infringement claim is dismissed.

Plaintiffs Judi Boisson and her wholly-owned company, American Country Quilts and Linens, Inc., d/b/a Judi Boisson American Country, brought suit alleging that defendants Vijay Rao and his wholly-owned company Banian Ltd., illegally copied two quilt designs.

#### BACKGROUND

Judi Boisson has been in the quilt trade for over 20 years, beginning her career by selling antique American quilts – in particular, Amish quilts – she purchased in various states throughout the country. By the late 1980s, having difficulty finding antique quilts, she decided to design and manufacture her own and began selling them in 1991 through her company. Boisson published catalogs in 1993 and 1996 to advertise and sell her quilts. Her works are also sold to linen, gift, antique, and children's stores and high-end catalog companies. Various home furnishing magazines have published articles featuring Boisson and her quilts.

In 1991 plaintiff designed and produced two alphabet quilts entitled "School Days I" and "School Days II." Although we later describe the quilts in greater detail, we note each consists of square blocks containing the capital letters of the alphabet, displayed in order. The blocks are set in horizontal rows and vertical columns, with the last row filled by blocks containing various pictures or icons. The letters and blocks are made up of different colors, set off by a white border and colored edging.

Defendant Vijay Rao is the president and sole shareholder of defendant Banian Ltd., incorporated in November 1991. Rao is an electrical engineer in the telecommunications industry who became interested in selling quilts in February 1992. To that end, he imported from India each of the three alphabet quilts at issue in this case. He sold them through boutique stores and catalog companies. The first quilt he ordered was "ABC Green Version I," which he had been shown by a third party. Defendants have not sold this pattern since 1993. "ABC Green Version II" was ordered in September 1994, based upon modifications to "ABC Green Version I" requested by Rao. Defendants reordered this quilt once in April 1995, and then stopped selling it in March 1997. Regarding "ABC Navy," Rao testified that he designed the quilt himself based upon "ABC Green Version II" and imported finished copies in November 1995. Defendants voluntarily withdrew their "ABC Navy" quilts from the market in November 1998 following the initiation of this litigation.

#### IV. SUBSTANTIAL SIMILARITY: ORDINARY OBSERVER V. MORE DISCERNING OBSERVER

Generally, an allegedly infringing work is considered substantially similar to a copyrighted work if "the ordinary observer, unless he

*Folio Impressions*: 937 F.2d 759 (2d Cir. 1991)

set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same.” *Folio Impressions Inc. v. Byer California*. Yet in *Folio Impressions*, the evidence at trial showed the plaintiff designer had copied the background for its fabric from a public domain document and “contributed nothing, not even a trivial variation.” Thus, part of the plaintiff’s fabric was not original and therefore not protectible. We articulated the need for an ordinary observer to be “more discerning” in such circumstances.

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

*Key Publications*: 945 F.2d 509 (2d Cir. 1991)

We reiterated that a “more refined analysis” is required where a plaintiff’s work is not “wholly original,” but rather incorporates elements from the public domain. *Key Publications, Inc. v. Chinatown Today Publishing Enterprises, Inc.* In these instances, “what must be shown is substantial similarity between those elements, and only those elements, that provide copyrightability to the allegedly infringed compilation.” In contrast, where the plaintiff’s work contains no material imported from the public domain, the “more discerning” test is unnecessary. In the case at hand, because the alphabet was taken from the public domain, we must apply the “more discerning” ordinary observer test.

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

*Streetwise Maps*: 159 F.3d 739 (2d Cir. 1998)

Although the “more discerning” test has not always been identified by name in our case law, we have nevertheless always recognized that the test is guided by comparing the “total concept and feel” of the contested works. For example, in *Streetwise Maps, Inc. v. Van-Dam, Inc.* we found no infringement – not because the plaintiff’s map consisted of public domain facts such as street locations, landmasses, bodies of water and landmarks, as well as color – but rather “because the total concept and overall feel created by the two works may not be said to be substantially similar.”

In the present case, while use of the alphabet may not provide a basis for infringement, we must compare defendants' quilts and plaintiffs' quilts on the basis of the arrangement and shapes of the letters, the colors chosen to represent the letters and other parts of the quilts, the quilting patterns, the particular icons chosen and their placement. Our analysis of the "total concept and feel" of these works should be instructed by common sense. *Cf. Hamil America, Inc. v. GFI* (noting that the ordinary observer test involves an examination of "total concept and feel," which in turn can be guided by "good eyes and common sense").

*Hamil America*: 193 F.3d 92 (2d Cir. 1999)

## V. COMPARISON

### A. "School Days I" v. "ABC Green" Versions

"School Days I" consists of six horizontal rows, each row containing five blocks, with a capital letter or an icon in each block. The groupings of blocks in each row are as follows: A-E; F-J; K-O; P-T; U-Y; and Z with four icons following in the last row. The four icons are a cat, a house, a single-starred American flag and a basket. "ABC Green Version I" displays the capital letters of the alphabet in the same formation. The four icons in the last row are a cow jumping over the moon, a sailboat, a bear and a star. "ABC Green Version II" is identical to "ABC Green Version I," except that the picture of the cow jumping over the moon is somewhat altered, the bear is replaced by a teddy bear sitting up and wearing a vest that looks like a single-starred American flag, and the star in the last block is represented in a different color.



School Days I

All three quilts use a combination of contrasting solid color fabrics or a combination of solid and polka-dotted fabrics to represent the blocks and letters. The following similarities are observed in plaintiffs' and defendants' designs: "A" is dark blue on a light blue background; "B" is red on a white background; "D" is made of polka-dot fabric on a light blue background; "F" on plaintiffs' "School Days I" is white on a pink background, while the "F" on defendants' "ABC Green" versions is pink on a white background; "G" has a green background; "H" and "L" are each a shade of blue on a white background; "M" in each quilt is a shade of yellow on a white background. "N" is green on a white background; "O" is blue on a polka-dot background; "P" is polka-dot fabric on a yellow background; "Q" is brown on a light background; "R" is pink on a gray/purple background. "S" is white on a red background; "T" is blue on a white background; "U" is gray on a white background; "V" is white on a gray background; "W" is pink on a white background; "X" is purple in all quilts, albeit in different shades, on a light background; "Y" is a shade of yellow on the same light background; and "Z" is navy blue or black, in all



ABC Green

the quilts.

Boisson also testified that defendants utilized the same unique shapes as she had given to the letters "J," "M," "N," "P," "R" and "W." With respect to the quilting patterns, "School Days I" and the "ABC Green" versions feature diamond-shaped quilting within the blocks and a "wavy" pattern in the plain white border that surrounds the blocks. The quilts are also edged with a 3/8" green binding.

From this enormous amount of sameness, we think defendants' quilts sufficiently similar to plaintiffs' design as to demonstrate illegal copying. In particular, the overwhelming similarities in color choices lean toward a finding of infringement. Although the icons chosen for each quilt are different and defendants added a green rectangular border around their rows of blocks, these differences are not sufficient to cause even the "more discerning" observer to think the quilts are other than substantially similar insofar as the protectible elements of plaintiffs' quilt are concerned. Moreover, the substitution in "ABC Green Version II" of the teddy bear wearing a flag vest as the third icon causes this version of defendants' quilt to look even more like plaintiffs' quilt that uses a single-starred American flag as its third icon. Consequently, both of defendants' "ABC Green" quilts infringed plaintiffs' copyright on its "School Days I" quilt.

#### B. "School Days I" v. "ABC Navy"



ABC Navy

We agree with the district court, however, that Rao did not infringe on plaintiffs' design in "School Days I" when he created "ABC Navy." While both quilts utilize an arrangement of six horizontal rows of five blocks each, "ABC Navy" does not have its four icons in the last row. Rather, the teddy bear with the flag vest is placed after the "A" in the first row, the cow jumping over the moon is placed after the "L" in the third row, the star is placed after the "S" in the fifth row, and the sailboat is placed after the "Z" in the last row. Further, the colors chosen to represent the letters and the blocks in "ABC Navy" are, for the most part, entirely different from "School Days I." Defendants dropped the use of polka-dot fabric, and plaintiffs did not even offer a color comparison in their proposed findings of fact to the district court, as they had with each of the "ABC Green" versions. The quilting pattern in the plain white border is changed to a "zig-zag" in "ABC Navy," as opposed to plaintiffs' "wavy" design. Finally, although defendants use a binding around the edge of their quilt, in this instance it is blue instead of green.

Looking at these quilts side-by-side, we conclude they are not substantially similar to one another. Just as we rejected defendants' earlier argument and held that what few differences existed between "School Days I" and the "ABC Green" quilts could not preclude a finding of infringement, plaintiffs' emphasis on the similarity in style be-

tween some of the letters between "School Days I" and "ABC Navy" cannot support a finding of infringement. Because no observer, let alone a "more discerning" observer, would likely find the two works to be substantially similar, no copyright violation could properly be found.

### New Yorker Problem

Below you will find a cover from the *New Yorker* and a poster for the movie *Moscow on the Hudson*. The copyright owners of the former have sued the producers of the latter for copyright infringement. You are the judge assigned to the case, which you have conducted as a bench trial by the consent of the parties. Write the portion of your opinion finding substantial similarity or the lack thereof. Be as specific as you can.



Based on *Steinberg v. Columbia Pictures Industries, Inc.*, 663 F. Supp. 706 (S.D.N.Y. 1987)

## E Infringement: Prohibited Conduct

### 1 Proof of Copying

In the margin are two photographs. Does the one on the bottom infringe on the one on top?

If you said "yes," think again. The expression in the photographs is obviously similar. But that by itself is insufficient. To infringe, the similarities in protected expression must arise because the defendant copied *from the plaintiff*. In this case, the photographs are not similar because one of them was photoshopped from the other; instead, they were taken nearly simultaneously from nearly the same place. See [How an Incredible Coincidence Sparked a Facebook Plagiarism Row](#), *The Telegraph* (Feb. 2, 2015). (IP professor Roger Ford has made an **ani-**



Photograph by Marisol Ortiz Elfeldt



Photograph by Sarah Scurr.

mated GIF showing that the photographs really were taken from different angles.) Before you start reading the next case, can you think of any other possible explanations for why two works might be substantially similar even though the defendant did not copy from the plaintiff?

### Three Boys Music Corp. v. Bolton

212 F.3d 477 (9th Cir. 2000)

In 1994, a jury found that Michael Bolton's 1991 pop hit, "Love Is a Wonderful Thing," infringed on the copyright of a 1964 Isley Brothers' song of the same name. The district court denied Bolton's motion for a new trial and affirmed the jury's award of \$5.4 million. Bolton, his co-author, Andrew Goldmark, and their record companies ("Sony Music") appeal.

#### I. BACKGROUND

The Isley Brothers, one of this country's most well-known rhythm and blues groups, have been inducted into the Rock and Roll Hall of Fame. They helped define the soul sound of the 1960s with songs such as "Shout," "Twist and Shout," and "This Old Heart of Mine," and they mastered the funky beats of the 1970s with songs such as "Who's That Lady," "Fight the Power," and "It's Your Thing." In 1964, the Isley Brothers wrote and recorded "Love is a Wonderful Thing" for United Artists. The Isley Brothers received a copyright for "Love is a Wonderful Thing" from the Register of Copyrights on February 6, 1964.

Hoping to benefit from the Isley Brothers' Motown success, United Artists released "Love is a Wonderful Thing" in 1966. The song was not released on an album, only on a 45-record as a single. Several industry publications predicted that "Love is a Wonderful Thing" would be a hit—"Cash Box" on August 27, 1966, "Gavin Report" on August 26, 1966, and "Billboard" on September 10, 1966. On September 17, 1966, Billboard listed "Love is a Wonderful Thing" at number 110 in a chart titled "Bubbling Under the Hot 100." The song was never listed on any other Top 100 charts. In 1991, the Isley Brothers' "Love is a Wonderful Thing" was released on compact disc.

Michael Bolton is a singer/songwriter who gained popularity in the late 1980s and early 1990s by reviving the soul sound of the 1960s. Bolton has orchestrated this soul-music revival in part by covering old songs such as Percy Sledge's "When a Man Love a Woman" and Otis Redding's "(Sittin' on the) Dock of the Bay." Bolton also has written his own hit songs. In early 1990, Bolton and Goldmark wrote a song called "Love Is a Wonderful Thing." Bolton released it as a single in April 1991, and as part of Bolton's album, "Time, Love and Tenderness." Bolton's "Love Is a Wonderful Thing" finished 1991 at

"There was nothing wrong with [the name 'Michael Bolton'] until I was about twelve years old and that no-talent ass clown became famous and started winning Grammys."

—Office Space (1999)



number 49 on Billboard's year-end pop chart.

On February 24, 1992, Three Boys Music Corporation filed a copyright infringement action.

## II. DISCUSSION

Proof of copyright infringement is often highly circumstantial, particularly in cases involving music. A copyright plaintiff must prove (1) ownership of the copyright; and (2) infringement—that the defendant copied protected elements of the plaintiff's work. Absent direct evidence of copying, proof of infringement involves fact-based showings that the defendant had access to the plaintiff's work and that the two works are substantially similar. Given the difficulty of proving access and substantial similarity, appellate courts have been reluctant to reverse jury verdicts in music cases.

### A. Access

Proof of access requires an opportunity to view or to copy plaintiff's work. This is often described as providing a "reasonable opportunity" or "reasonable possibility" of viewing the plaintiff's work. We have defined reasonable access as "more than a bare possibility." Nimmer has elaborated on our definition: "Of course, reasonable opportunity as here used, does not encompass any bare possibility in the sense that anything is possible. Access may not be inferred through mere speculation or conjecture. There must be a reasonable possibility of viewing the plaintiff's work—not a bare possibility." "At times, distinguishing a 'bare' possibility from a 'reasonable' possibility will present a close question."

Circumstantial evidence of reasonable access is proven in one of two ways: (1) a particular chain of events is established between the plaintiff's work and the defendant's access to that work (such as through dealings with a publisher or record company), or (2) the plaintiff's work has been widely disseminated. Goldstein remarks that in music cases the "typically more successful route to proving access requires the plaintiff to show that its work was widely disseminated through sales of sheet music, records, and radio performances." . Nimmer, however, cautioned that "[c]oncrete cases will pose difficult judgments as to where along the access spectrum a given exploitation falls."

Proof of widespread dissemination is sometimes accompanied by a theory that copyright infringement of a popular song was subconscious. Subconscious copying has been accepted since Learned Hand embraced it in a 1924 music infringement case: "Everything registers somewhere in our memories, and no one can tell what may evoke it. Once it appears that another has in fact used the copyright as the source of this production, he has invaded the author's rights. It is

"Substantial similarity,' while said to be required for indirect proof of copying, is actually required only after copying has been established to show that enough copying has taken place. A similarity, which may or may not be substantial, is probative of copying if, by definition, it is one that under all the circumstances justifies an inference of copying. In order to emphasize the function of such similarity and avoid the confusion of double usage, this Article suggests use of the term *probative similarity* in place of *substantial similarity* in this context." Alan Latman, "Probative Similarity" as Proof of Copying: Toward Dispelling Some Myths in Copyright Infringement

Nimmer § 13.02[A]

Goldstein § 8.3.1.1

Nimmer § 13.02[A]

*Fred Fisher*: 298 F. 145 (S.D.N.Y. 1924)

no excuse that in so doing his memory has played him a trick." *Fred Fisher, Inc. v. Dillingham*. In *Fred Fisher*, Judge Hand found that the similarities between the songs "amount[ed] to identity" and that the infringement had occurred "probably unconsciously, what he had certainly often heard only a short time before."

*ABKCO*: 722 F.2d 988 (2d Cir. 1983)

In modern cases, however, the theory of subconscious copying has been applied to songs that are more remote in time. *ABKCO Music, Inc. v. Harrisongs Music, Ltd.* is the most prominent example. In *ABKCO*, the Second Circuit affirmed a jury's verdict that former Beatle George Harrison, in writing the song "My Sweet Lord," subconsciously copied The Chiffons' "He's So Fine," which was released six years earlier. Harrison admitted hearing "He's So Fine" in 1963, when it was number one on the Billboard charts in the United States for five weeks and one of the top 30 hits in England for seven weeks. The court found: "the evidence, standing alone, by no means compels the conclusion that there was access ... it does not compel the conclusion that there was not." In *ABKCO*, however, the court found that "the similarity was so striking and where access was found, the remoteness of that access provides no basis for reversal." Furthermore, the mere lapse of a considerable period of time between the moment of access and the creation of defendant's work does not preclude a finding of copying.

The Isley Brothers' access argument was based on a theory of widespread dissemination and subconscious copying. They presented evidence supporting four principal ways that Bolton and Goldmark could have had access to the Isley Brothers' "Love is a Wonderful Thing":

(1) Bolton grew up listening to groups such as the Isley Brothers and singing their songs. In 1966, Bolton and Goldmark were 13 and 15, respectively, growing up in Connecticut. Bolton testified that he had been listening to rhythm and blues music by black singers since he was 10 or 11, "appreciated a lot of Black singers," and as a youth was the lead singer in a band that performed "covers" of popular songs by black singers. Bolton also testified that his brother had a "pretty good record collection."

(2) Three disk jockeys testified that the Isley Brothers' song was widely disseminated on radio and television stations where Bolton and Goldmark grew up. First, Jerry Blavitt testified that the Isley Brothers' "Love is a Wonderful Thing" was played five or six times during a 13-week period on the television show, "The Discophonic Scene," which he said aired in Philadelphia, New York, and Hartford-New Haven. Blavitt also testified that he played the song two to three times a week as a disk jockey in Philadelphia and that the station is still playing the song today. Second, Earl Rodney Jones testified that he played the song a minimum of four times a day during an eight to

14 to 24 week period on WVON radio in Chicago, and that the station is still playing the song today. Finally, Jerry Bledsoe testified that he played the song on WUFO radio in Buffalo, and WWRL radio in New York was playing the song in New York in 1967 when he went there. Bledsoe also testified that he played the song twice on a television show, "Soul," which aired in New York and probably in New Haven, Connecticut, where Bolton lived.

(3) Bolton confessed to being a huge fan of the Isley Brothers and a collector of their music. Ronald Isley testified that when Bolton saw Isley at the Lou Rawls United Negro College Fund Benefit concert in 1988, Bolton said, "I know this guy. I go back with him. I have all his stuff." Angela Winbush, Isley's wife, testified about that meeting that Bolton said, "This man needs no introduction. I know everything he's done."

(4) Bolton wondered if he and Goldmark were copying a song by another famous soul singer. Bolton produced a work tape attempting to show that he and Goldmark independently created their version of "Love Is a Wonderful Thing." On that tape of their recording session, Bolton asked Goldmark if the song they were composing was Marvin Gaye's "Some Kind of Wonderful." The district court, in affirming the jury's verdict, wrote about Bolton's Marvin Gaye remark:

This statement suggests that Bolton was contemplating the possibility that the work he and Goldmark were creating, or at least a portion of it, belonged to someone else, but that Bolton wasn't sure who it belonged to. A reasonable jury can infer that Bolton mistakenly attributed the work to Marvin Gaye, when in reality Bolton was subconsciously drawing on Plaintiff's song.

The appellants contend that the Isley Brothers' theory of access amounts to a "twenty-five-years-after-the-fact-subconscious copying claim." Indeed, this is a more attenuated case of reasonable access and subconscious copying than *ABKCO*. In this case, the appellants never admitted hearing the Isley Brothers' "Love is a Wonderful Thing." That song never topped the Billboard charts or even made the top 100 for a single week. The song was not released on an album or compact disc until 1991, a year after Bolton and Goldmark wrote their song. Nor did the Isley Brothers ever claim that Bolton's and Goldmark's song is so "strikingly similar" to the Isley Brothers' that proof of access is presumed and need not be proven.

Despite the weaknesses of the Isley Brothers' theory of reasonable access, the appellants had a full opportunity to present their case to the jury. Three rhythm and blues experts (including legendary Motown songwriter Lamont Dozier of Holland-Dozier-Holland fame) testified that they never heard of the Isley Brothers' "Love is a Won-

derful Thing.” Furthermore, Bolton produced copies of “TV Guide” from 1966 suggesting that the television shows playing the song never aired in Connecticut. Bolton also pointed out that 129 songs called “Love is a Wonderful Thing” are registered with the Copyright Office, 85 of them before 1964.

The Isley Brothers’ reasonable access arguments are not without merit. Teenagers are generally avid music listeners. It is entirely plausible that two Connecticut teenagers obsessed with rhythm and blues music could remember an Isley Brothers’ song that was played on the radio and television for a few weeks, and subconsciously copy it twenty years later. Furthermore, Ronald Isley testified that when they met, Bolton said, “I have all his stuff.” Finally, as the district court pointed out, Bolton’s remark about Marvin Gaye and “Some Kind of Wonderful” indicates that Bolton believed he may have been copying someone else’s song.

### *B. Substantial Similarity*

Under our case law, substantial similarity is inextricably linked to the issue of access. In what is known as the “inverse ratio rule,” we require a lower standard of proof of substantial similarity when a high degree of access is shown. Furthermore, in the absence of any proof of access, a copyright plaintiff can still make out a case of infringement by showing that the songs were “strikingly similar.”

#### *1. Evidence of Substantial Similarity*

Bolton and Goldmark argue that there was insufficient evidence of substantial similarity because the Isley Brothers’ expert musicologist, Dr. Gerald Eskelin, failed to show that there was copying of a combination of unprotectible elements. On the contrary, Eskelin testified that the two songs shared a combination of five unprotectible elements: (1) the title hook phrase (including the lyric, rhythm, and pitch); (2) the shifted cadence; (3) the instrumental figures; (4) the verse/chorus relationship; and (5) the fade ending. Although the appellants presented testimony from their own expert musicologist, Anthony Ricigliano, he conceded that there were similarities between the two songs and that he had not found the combination of unprotectible elements in the Isley Brothers’ song “anywhere in the prior art.” The jury heard testimony from both of these experts and “found infringement based on a unique compilation of those elements.” We refuse to interfere with the jury’s credibility determination, nor do we find that the jury’s finding of substantial similarity was clearly erroneous.

#### *2. Independent Creation*

Bolton and Goldmark also contend that their witnesses rebutted the Isley Brothers' prima facie case of copyright infringement with evidence of independent creation. By establishing reasonable access and substantial similarity, a copyright plaintiff creates a presumption of copying. The burden shifts to the defendant to rebut that presumption through proof of independent creation.

The appellants' case of independent creation hinges on three factors: the work tape demonstrating how Bolton and Goldmark created their song, Bolton and Goldmark's history of songwriting, and testimony that their arranger, Walter Afanasieff, contributed two of five unprotectible elements that they allegedly copied. The jury, however, heard the testimony of Bolton, Goldmark, Afanasieff, and Ricigliano about independent creation. The work tape revealed evidence that Bolton may have subconsciously copied a song that he believed to be written by Marvin Gaye. Bolton and Goldmark's history of songwriting presents no direct evidence about this case. And Afanasieff's contributions to Bolton and Goldmark's song were described by the appellants' own expert as "very common." Once again, we refuse to disturb the jury's determination about independent creation. The substantial evidence of copying based on access and substantial similarity was such that a reasonable juror could reject this defense.

### 3. *Inverse-Ratio Rule*

Although this may be a weak case of access and a circumstantial case of substantial similarity, neither issue warrants reversal of the jury's verdict. An amicus brief on behalf of the recording and motion picture industries warns against watering down the requirements for musical copyright infringement. This case presents no such danger. The Ninth Circuit's inverse-ratio rule requires a lesser showing of substantial similarity if there is a strong showing of access. In this case, there was a weak showing of access. We have never held, however, that the inverse ratio rule says a weak showing of access requires a stronger showing of substantial similarity. Nor are we redefining the test of substantial similarity here; we merely find that there was substantial evidence from which the jury could find access and substantial similarity in this case.

### **Bee Gees Problem**

The plaintiff, Ronald Selle, an amateur musician, recorded a demo tape of his song "Let It End." He performed the song several times with his band in the Chicago area at small local clubs. He sent cassette tapes of the recording to eleven music companies. Eight returned it to him; three never responded. Sometime later, he heard what he thought was his song playing on the radio; it turned out to be "How Deep Is Your Love" by the Bee Gees, which was used on the sound-

Based on *Selle v. Gibb*, 741 F.2d 896 (7th Cir. 1984)

track to *Saturday Night Fever*. Selle sued the Bee Gees and their record company, Polygram.

The Bee Gees were three brothers: Maurice, Robin, and Barry Gibb. They did not read or write music; instead, they composed their songs by playing together in a studio, refining their ideas. In discovery and at trial, they testified that they created “How Deep Is Your Love” during recording sessions at the Chateau d’Herouville near Pontoise, a remote village in France about 25 miles northwest of Paris. Barry Gibb and Blue Weaver, a keyboard player at the sessions, testified that Weaver played a “beautiful chord” at Barry’s request, and the two of them refined the idea into a rough “work tape,” which was produced in evidence.

Selle provided an musicological analysis of the two songs from Ar-rand Parsons, a professor of music at Northwestern University. Parsons testified that 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.

Maurice Gibb was then called by the plaintiff as an adverse party witness. The opening melody from one of the songs was played for him. He identified it as “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 did not call an expert witness to testify.

The jury returned a general verdict of infringement in favor of the plaintiff, Selle, but the District Court judge entered judgment notwithstanding the verdict for the defendants, and the Court of Appeals affirmed. Who was right: the jury or the judges? You may, if you want, listen to the plaintiff’s and defendants’ songs. (Should you?)

## 2 Direct Infringement

### Copyright Act

17 U.S.C. § 106

*Exclusive rights in copyrighted works*

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

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

“Copies” are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “copies” includes the material object, other than a phonorecord, in which the work is first fixed.

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

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

17 U.S.C. § 101  
*Definitions*

**Capitol Records, LLC v. ReDigi Inc.**  
934 F. Supp. 2d 640 (S.D.N.Y. 2013)

ReDigi markets itself as “the world’s first and only online marketplace for digital used music.” To sell music on ReDigi’s website, a user must first download ReDigi’s “Media Manager” to his computer. Once installed, Media Manager analyzes the user’s computer to build a list of digital music files eligible for sale.

After the list is built, a user may upload any of his eligible files to ReDigi’s “Cloud Locker,” an ethereal moniker for what is, in fact, merely a remote server in Arizona. ReDigi asserts that the process involves “migrating” a user’s file, packet by packet— “analogous to a train” —from the user’s computer to the Cloud Locker so that data

does not exist in two places at any one time. Capitol asserts that, semantics aside, ReDigi's upload process "necessarily involves copying" a file from the user's computer to the Cloud Locker. Regardless, at the end of the process, the digital music file is located in the Cloud Locker and not on the user's computer. Moreover, Media Manager deletes any additional copies of the file on the user's computer and connected devices.

If ReDigi determines that the file has not been tampered with or offered for sale by another user, the file is stored in the Cloud Locker, and the user is given the option of simply storing and streaming the file for personal use or offering it for sale in Re-Digi's marketplace. If a user chooses to sell his digital music file, his access to the file is terminated and transferred to the new owner at the time of purchase. Thereafter, the new owner can store the file in the Cloud Locker, stream it, sell it, or download it to her computer and other devices.

### 1. *Reproduction Rights*

Courts have consistently held that the unauthorized duplication of digital music files over the Internet infringes a copyright owner's exclusive right to reproduce. However, courts have not previously addressed whether the unauthorized transfer of a digital music file over the Internet – where only one file exists before and after the transfer – constitutes reproduction within the meaning of the Copyright Act. The Court holds that it does.

ReDigi stresses that it "migrates" a file from a user's computer to its Cloud Locker, so that the same file is transferred to the ReDigi server and no copying occurs. However, even if that were the case, the fact that a file has moved from one material object – the user's computer – to another – the ReDigi server – means that a reproduction has occurred. Similarly, when a ReDigi user downloads a new purchase from the ReDigi website to her computer, yet another reproduction is created. It is beside the point that the original phonorecord no longer exists. It matters only that a new phonorecord has been created.

### 2. *Distribution Rights*

Like the court in *London-Sire Records, Inc. v. John Doe 1*, the Court agrees that "an electronic file transfer is plainly within the sort of transaction that § 106(3) was intended to reach and fits within the definition of 'distribution' of a phonorecord." For that reason, "courts have not hesitated to find copyright infringement by distribution in cases of file-sharing or electronic transmission of copyrighted works." *Arista Records LLC v. Gruebel* (collecting cases).

There is no dispute that sales occurred on ReDigi's website. Capitol has established that it was able to buy more than one-hundred of

*London-Sire*: 542 F. Supp. 2d 153 (D. Mass 2008)

*Gruebel*: 453 F. Supp. 2d 961 (N.D. Tex. 2006)



its own recordings on ReDigi's website, and ReDigi itself compiled a list of its completed sales of Capitol's recordings. ReDigi, in fact, does not contest that distribution occurs on its website—it only asserts that the distribution is protected by the fair use and first sale defenses.

### 3. Performance and Display Rights

Audio streams are performances because a stream is an electronic transmission that renders the musical work audible as it is received by the client-computer's temporary memory. This transmission, like a television or radio broadcast, is a performance because there is a playing of the song that is perceived simultaneously with the transmission.

Public display includes "show[ing] a copy of [a work], either directly or by means of a film, slide, television image, or any other device or process." The Ninth Circuit has held that the display of a photographic image on a computer may implicate the display right, though infringement hinges, in part, on where the image was hosted.

Capitol alleges that ReDigi infringed its copyrights by streaming thirty-second song clips and exhibiting album cover art to potential buyers. ReDigi counters that it only posted such content pursuant to a licensing agreement and within the terms of that agreement. ReDigi also asserts that it promptly removed the content when its licenses were terminated, and instead sent users to YouTube or iTunes for previews. Capitol, in response, claims that ReDigi's use violated the terms of those licenses and did not cease at the time the licenses were terminated. As such, there are material disputes as to the source of the content, whether ReDigi was authorized to transmit the content, when authorization was or was not revoked, and when ReDigi ceased providing the content. Because the Court cannot determine whether ReDigi infringed Capitol's display and performance rights on the present record, ReDigi's motion for summary judgment on its alleged infringement of these exclusive rights is denied.

### **CoStar Group, Inc. v. LoopNet, Inc.**

373 F.3d 544 (4th Cir. 2004)

CoStar is a national provider of commercial real estate information, and it claims to have collected the most comprehensive database of information on commercial real estate markets and commercial properties in the United States and the United Kingdom. LoopNet is an Internet service provider ("ISP") whose website allows subscribers, generally real estate brokers, to post listings of commercial real estate on the Internet. Beginning in early 1998, CoStar became aware that photographs for which it held copyrights were being posted on LoopNet's website by LoopNet's subscribers.

While the Copyright Act does not require that the infringer know

17 U.S.C. § 101

*Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), held that the operator of the computer from which the image was transmitted for display infringed the display right.

that he is infringing or that his conduct amount to a willful violation of the copyright owner's rights, it nonetheless requires conduct by a person who causes in some meaningful way an infringement. Were this not so, the Supreme Court could not have held, as it did in *Sony*, that a manufacturer of copy machines, possessing constructive knowledge that purchasers of its machine may be using them to engage in copyright infringement, is not strictly liable for infringement. This, of course, does not mean that a manufacturer or owner of machines used for copyright violations could not have some indirect liability, such as contributory or vicarious liability. But such extensions of liability would require a showing of additional elements such as knowledge coupled with inducement or supervision coupled with a financial interest in the illegal copying.

But to establish *direct* liability, something more must be shown than mere ownership of a machine used by others to make illegal copies. There must be actual infringing conduct with a nexus sufficiently close and causal to the illegal copying that one could conclude that the machine owner himself trespassed on the exclusive domain of the copyright owner. *Religious Technology Center v. Netcom Online Communication Services, Inc.* described this nexus as requiring some aspect of volition or causation. Indeed, counsel for both parties agreed at oral argument that a copy machine owner who makes the machine available to the public to use for copying is not, without more, strictly liable under § 106 for illegal copying by a customer. The ISP in this case is an analogue to the owner of a traditional copying machine whose customers pay a fixed amount per copy and operate the machine themselves to make copies. When a customer duplicates an infringing work, the owner of the copy machine is not considered a direct infringer. Similarly, an ISP who owns an electronic facility that responds automatically to users' input is not a direct infringer. If the Copyright Act does not hold the owner of the copying machine liable as a direct infringer when its customer copies infringing material without knowledge of the owner, the ISP should not be found liable as a direct infringer when its facility is used by a subscriber to violate a copyright without intervening conduct of the ISP.

#### **American Broadcasting v. Aereo, Inc.**

134 S. Ct. 2498 (2014)

The Copyright Act of 1976 gives a copyright owner the "exclusive right" to "perform the copyrighted work publicly." The Act's Transmit Clause defines that exclusive right as including the right to

"transmit or otherwise communicate a performance ... of the [copyrighted] work ... to the public, by means of any device or process, whether the members of the public ca-

*Netcom*: 907 F. Supp. 1361 (N.D. Cal. 1995)

Same case, different opinion

17 U.S.C. § 101

pable of receiving the performance ... receive it in the same place or in separate places and at the same time or at different times.”

We must decide whether respondent Aereo, Inc., infringes this exclusive right by selling its subscribers a technologically complex service that allows them to watch television programs over the Internet at about the same time as the programs are broadcast over the air. We conclude that it does.

## I

For a monthly fee, Aereo offers subscribers broadcast television programming over the Internet, virtually as the programming is being broadcast.

Aereo’s system is made up of servers, transcoders, and thousands of dime-sized antennas housed in a central warehouse. It works roughly as follows: First, when a subscriber wants to watch a show that is currently being broadcast, he visits Aereo’s website and selects, from a list of the local programming, the show he wishes to see.

Second, one of Aereo’s servers selects an antenna, which it dedicates to the use of that subscriber (and that subscriber alone) for the duration of the selected show. A server then tunes the antenna to the over-the-air broadcast carrying the show. The antenna begins to receive the broadcast, and an Aereo transcoder translates the signals received into data that can be transmitted over the Internet.

Third, rather than directly send the data to the subscriber, a server saves the data in a subscriber-specific folder on Aereo’s hard drive. In other words, Aereo’s system creates a subscriber-specific copy – that is, a “personal” copy – of the subscriber’s program of choice.

Fourth, once several seconds of programming have been saved, Aereo’s server begins to stream the saved copy of the show to the subscriber over the Internet. (The subscriber may instead direct Aereo to stream the program at a later time, but that aspect of Aereo’s service is not before us.) The subscriber can watch the streamed program on the screen of his personal computer, tablet, smart phone, Internet-connected television, or other Internet-connected device. The streaming continues, a mere few seconds behind the over-the-air broadcast, until the subscriber has received the entire show.

Aereo emphasizes that the data that its system streams to each subscriber are the data from his own personal copy, made from the broadcast signals received by the particular antenna allotted to him. Its system does not transmit data saved in one subscriber’s folder to any other subscriber. When two subscribers wish to watch the same program, Aereo’s system activates two separate antennas and saves two separate copies of the program in two separate folders. It then

streams the show to the subscribers through two separate transmissions – each from the subscriber’s personal copy.

## II

History makes plain that one of Congress’ primary purposes in amending the Copyright Act in 1976 was to overturn this Court’s determination that community antenna television (CATV) systems (the precursors of modern cable systems) fell outside the Act’s scope. In *Fortnightly Corp. v. United Artists Television, Inc.*, the Court considered a CATV system that carried local television broadcasting, much of which was copyrighted, to its subscribers in two cities. The CATV provider placed antennas on hills above the cities and used coaxial cables to carry the signals received by the antennas to the home television sets of its subscribers. Asked to decide whether the CATV provider infringed copyright holders’ exclusive right to perform their works publicly, the Court held that the provider did not “perform” at all. The Court drew a line: “Broadcasters perform. Viewers do not perform.” And a CATV provider “falls on the viewer’s side of the line.”

*Fortnightly*: 392 U.S. 390, (1968)

In 1976 Congress amended the Copyright Act in large part to reject the Court’s holdings in *Fortnightly* and *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*. The amended statute clarifies that to “perform” an audiovisual work means “to show its images in any sequence or to make the sounds accompanying it audible.” Under this new language, both the broadcaster and the viewer of a television program “perform,” because they both show the program’s images and make audible the program’s sounds. Congress also enacted the Transmit Clause, which specifies that an entity performs publicly when it “transmit[s] ... a performance ... to the public.” Cable system activities, like those of the CATV systems in *Fortnightly* and *Teleprompter*, lie at the heart of the activities that Congress intended this language to cover. The Clause thus makes clear that an entity that acts like a CATV system itself performs, even if when doing so, it simply enhances viewers’ ability to receive broadcast television signals. Congress further created a new section of the Act to regulate cable companies’ public performances of copyrighted works. Section 111 creates a complex, highly detailed compulsory licensing scheme that sets out the conditions, including the payment of compulsory fees, under which cable systems may retransmit broadcasts.

*Teleprompter*: 415 U.S. 394 (1974)

*Teleprompter* extended *Fortnightly* from local rebroadcasts to rebroadcasts of distant television stations.

17 U.S.C. S 101

17 U.S.C. S 111

This history makes clear that Aereo is not simply an equipment provider. Rather, Aereo, and not just its subscribers, “perform[s]” (or “transmit[s]”). Aereo’s activities are substantially similar to those of the CATV companies that Congress amended the Act to reach.

## III

Next, we must consider whether Aereo performs petitioners' works "publicly," within the meaning of the Transmit Clause. As we have said, an Aereo subscriber receives broadcast television signals with an antenna dedicated to him alone. Aereo's system makes from those signals a personal copy of the selected program. It streams the content of the copy to the same subscriber and to no one else. One and only one subscriber has the ability to see and hear each Aereo transmission. The fact that each transmission is to only one subscriber, in Aereo's view, means that it does not transmit a performance "to the public."

In terms of the Act's purposes, these differences do not distinguish Aereo's system from cable systems, which do perform "publicly." Viewed in terms of Congress' regulatory objectives, why should any of these technological differences matter? They concern the behind-the-scenes way in which Aereo delivers television programming to its viewers' screens. They do not render Aereo's commercial objective any different from that of cable companies. Nor do they significantly alter the viewing experience of Aereo's subscribers. Why would a subscriber who wishes to watch a television show care much whether images and sounds are delivered to his screen via a large multisubscriber antenna or one small dedicated antenna, whether they arrive instantaneously or after a few seconds' delay, or whether they are transmitted directly or after a personal copy is made? And why, if Aereo is right, could not modern CATV systems simply continue the same commercial and consumer-oriented activities, free of copyright restrictions, provided they substitute such new technologies for old? Congress would as much have intended to protect a copyright holder from the unlicensed activities of Aereo as from those of cable companies.

The subscribers to whom Aereo transmits television programs constitute "the public." Aereo communicates the same contemporaneously perceptible images and sounds to a large number of people who are unrelated and unknown to each other. This matters because, although the Act does not define "the public," it specifies that an entity performs publicly when it performs at "any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered." The Act thereby suggests that "the public" consists of a large group of people outside of a family and friends.

Neither the record nor Aereo suggests that Aereo's subscribers receive performances in their capacities as owners or possessors of the underlying works. This is relevant because when an entity performs to a set of people, whether they constitute "the public" often depends upon their relationship to the underlying work. When, for example, a valet parking attendant returns cars to their drivers, we would not

say that the parking service provides cars “to the public.” We would say that it provides the cars to their owners. We would say that a car dealership, on the other hand, does provide cars to the public, for it sells cars to individuals who lack a pre-existing relationship to the cars. Similarly, an entity that transmits a performance to individuals in their capacities as owners or possessors does not perform to “the public,” whereas an entity like Aereo that transmits to large numbers of paying subscribers who lack any prior relationship to the works does so perform.

#### IV

Aereo and many of its supporting amici argue that to apply the Transmit Clause to Aereo’s conduct will impose copyright liability on other technologies, including new technologies, that Congress could not possibly have wanted to reach. We agree that Congress, while intending the Transmit Clause to apply broadly to cable companies and their equivalents, did not intend to discourage or to control the emergence or use of different kinds of technologies. But we do not believe that our limited holding today will have that effect.

Justice SCALIA, with whom Justice THOMAS and Justice ALITO join, dissenting.

Unlike video-on-demand services, Aereo does not provide a pre-arranged assortment of movies and television shows. Rather, it assigns each subscriber an antenna that – like a library card – can be used to obtain whatever broadcasts are freely available. Some of those broadcasts are copyrighted; others are in the public domain. The key point is that subscribers call all the shots: Aereo’s automated system does not relay any program, copyrighted or not, until a subscriber selects the program and tells Aereo to relay it. Aereo’s operation of that system is a volitional act and a but-for cause of the resulting performances, but, as in the case of the copy shop, that degree of involvement is not enough for direct liability.

That conclusion does not necessarily mean that Aereo’s service complies with the Copyright Act. Quite the contrary. The Networks’ complaint alleges that Aereo is directly *and* secondarily liable for infringing their public-performance rights *and also* their reproduction rights. Their request for a preliminary injunction – the only issue before this Court – is based exclusively on the direct-liability portion of the public-performance claim (and further limited to Aereo’s “watch” function, as opposed to its “record” function). Affirming the judgment below would merely return this case to the lower courts for consideration of the Networks’ remaining claims.

17 U.S.C. § 110

*Limitations on exclusive rights: Exemption of certain performances and displays*

**Copyright Act**

Notwithstanding the provisions of section 106, the following are not infringements of copyright:

- (1) performance or display of a work by instructors or pupils in the course of **face-to-face teaching activities** of a nonprofit educational institution, in a classroom or similar place devoted to instruction, unless, in the case of a motion picture or other audiovisual work, the performance, or the display of individual images, is given by means of a copy that was not lawfully made under this title, and that the person responsible for the performance knew or had reason to believe was not lawfully made;
- (2) [similar uses in **distance education**, subject to numerous conditions]
- (3) performance of a nondramatic literary or musical work or of a dramatico-musical work of a religious nature, or display of a work, in the course of **services at a place of worship** or other religious assembly;
- (4) performance of a nondramatic literary or musical work otherwise than in a transmission to the public, **without any purpose of direct or indirect commercial advantage** and without payment of any fee or other compensation for the performance to any of its performers, promoters, or organizers ... ;
- (6) performance ... in the course of an **annual agricultural or horticultural fair** ... ;
- (10) [certain private charitable fundraising performances by nonprofit **veterans and fraternal organizations**]

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There are also statutory exclusions from infringement in § 112 for several types of "ephemeral recordings" that are made to facilitate otherwise-lawful transmissions of copyrighted works to the public. The common thread is that these broadcasts would be harder or impossible without making a copy for the broadcaster's internal use – and since the broadcast itself is already either properly licensed or authorized by the Copyright Act, no harm is done in providing a license for the intermediate copy. The details are complicated.

### 3 Secondary Liability

**Fonovisa, Inc. v. Cherry Auction, Inc.**  
76 F.3d 259 (9th Cir. 1996)

This is a copyright and trademark enforcement action against the operators of a swap meet, sometimes called a flea market, where third-

party vendors routinely sell counterfeit recordings that infringe on the plaintiff's copyrights and trademarks.

#### BACKGROUND

The plaintiff and appellant is Fonovisa, Inc., a California corporation that owns copyrights and trademarks to Latin/Hispanic music recordings. Fonovisa filed this action in district court against defendant-appellee, Cherry Auction, Inc., and its individual operators (collectively "Cherry Auction"). For purposes of this appeal, it is undisputed that Cherry Auction operates a swap meet in Fresno, California, similar to many other swap meets in this country where customers come to purchase various merchandise from individual vendors. The vendors pay a daily rental fee to the swap meet operators in exchange for booth space. Cherry Auction supplies parking, conducts advertising and retains the right to exclude any vendor for any reason, at any time, and thus can exclude vendors for patent and trademark infringement. In addition, Cherry Auction receives an entrance fee from each customer who attends the swap meet.

There is also no dispute for purposes of this appeal that Cherry Auction and its operators were aware that vendors in their swap meet were selling counterfeit recordings in violation of Fonovisa's trademarks and copyrights. Indeed, it is alleged that in 1991, the Fresno County Sheriff's Department raided the Cherry Auction swap meet and seized more than 38,000 counterfeit recordings. The following year, after finding that vendors at the Cherry Auction swap meet were still selling counterfeit recordings, the Sheriff sent a letter notifying Cherry Auction of the on-going sales of infringing materials, and reminding Cherry Auction that they had agreed to provide the Sheriff with identifying information from each vendor. In addition, in 1993, Fonovisa itself sent an investigator to the Cherry Auction site and observed sales of counterfeit recordings.

Although the Copyright Act does not expressly impose liability on anyone other than direct infringers, courts have long recognized that in certain circumstances, vicarious or contributory liability will be imposed.

#### VICARIOUS COPYRIGHT INFRINGEMENT

The concept of vicarious copyright liability was developed in the Second Circuit as an outgrowth of the agency principles of respondeat superior. The landmark case on vicarious liability for sales of counterfeit recordings is *Shapiro, Bernstein and Co. v. H.L. Green Co.*. In *Shapiro*, the court was faced with a copyright infringement suit against the owner of a chain of department stores where a concessionaire was selling counterfeit recordings. Noting that the normal agency rule of respondeat superior imposes liability on an em-



ployer for copyright infringements by an employee, the court endeavored to fashion a principle for enforcing copyrights against a defendant whose economic interests were intertwined with the direct infringer's, but who did not actually employ the direct infringer.

The *Shapiro*, court looked at the two lines of cases it perceived as most clearly relevant. In one line of cases, the landlord-tenant cases, the courts had held that a landlord who lacked knowledge of the infringing acts of its tenant and who exercised no control over the leased premises was not liable for infringing sales by its tenant. In the other line of cases, the so-called "dance hall cases," the operator of an entertainment venue was held liable for infringing performances when the operator (1) could control the premises and (2) obtained a direct financial benefit from the audience, who paid to enjoy the infringing performance.

From those two lines of cases, the *Shapiro*, court determined that the relationship between the store owner and the concessionaire in the case before it was closer to the dance-hall model than to the landlord-tenant model. It imposed liability even though the defendant was unaware of the infringement. Shapiro deemed the imposition of vicarious liability neither unduly harsh nor unfair because the store proprietor had the power to cease the conduct of the concessionaire, and because the proprietor derived an obvious and direct financial benefit from the infringement. The test was more clearly articulated in a later Second Circuit case as follows: "even in the absence of an employer-employee relationship one may be vicariously liable if he has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities." *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*

*Gershwin*: 443 F.2d 1159 (2d Cir. 1971)

The district court in this case agreed with defendant Cherry Auction that Fonovisa did not, as a matter of law, meet either the control or the financial benefit prong of the vicarious copyright infringement test articulated in *Gershwin*, supra. Rather, the district court concluded that based on the pleadings, Cherry Auction neither supervised nor profited from the vendors' sales. In the district court's view, with respect to both control and financial benefit, Cherry Auction was in the same position as an absentee landlord who has surrendered its exclusive right of occupancy in its leased property to its tenants.

This analogy to absentee landlord is not in accord with the facts as alleged in the district court and which we, for purposes of appeal, must accept. The allegations below were that vendors occupied small booths within premises that Cherry Auction controlled and patrolled. According to the complaint, Cherry Auction had the right to terminate vendors for any reason whatsoever and through that right had the ability to control the activities of vendors on the premises. In ad-

dition, Cherry Auction promoted the swap meet and controlled the access of customers to the swap meet area. In terms of control, the allegations before us are strikingly similar to those in *Shapiro*, and *Gershwin*.

In *Shapiro*, for example, the court focused on the formal licensing agreement between defendant department store and the direct infringer-concessionaire. There, the concessionaire selling the bootleg recordings had a licensing agreement with the department store (H.L. Green Company) that required the concessionaire and its employees to “abide by, observe and obey all regulations promulgated from time to time by the H.L. Green Company,” and H.L. Green Company had the “unreviewable discretion” to discharge the concessionaires’ employees. In practice, H.L. Green Company was not actively involved in the sale of records and the concessionaire controlled and supervised the individual employees. Nevertheless, H.L. Green’s ability to police its concessionaire — which parallels Cherry Auction’s ability to police its vendors under Cherry Auction’s similarly broad contract with its vendors — was sufficient to satisfy the control requirement.

We next consider the issue of financial benefit. The plaintiff’s allegations encompass many substantive benefits to Cherry Auction from the infringing sales. These include the payment of a daily rental fee by each of the infringing vendors; a direct payment to Cherry Auction by each customer in the form of an admission fee, and incidental payments for parking, food and other services by customers seeking to purchase infringing recordings.

Cherry Auction nevertheless contends that these benefits cannot satisfy the financial benefit prong of vicarious liability because a commission, directly tied to the sale of particular infringing items, is required. They ask that we restrict the financial benefit prong to the precise facts presented in *Shapiro*, where defendant H.L. Green Company received a 10 or 12 per cent commission from the direct infringers’ gross receipts. Cherry Auction points to the low daily rental fee paid by each vendor, discounting all other financial benefits flowing to the swap meet, and asks that we hold that the swap meet is materially similar to a mere landlord. The facts alleged by Fonovisa, however, reflect that the defendants reap substantial financial benefits from admission fees, concession stand sales and parking fees, all of which flow directly from customers who want to buy the counterfeit recordings at bargain basement prices. The plaintiff has sufficiently alleged direct financial benefit.

Our conclusion is fortified by the continuing line of cases, starting with the dance hall cases, imposing vicarious liability on the operator of a business where infringing performances enhance the attractiveness of the venue to potential customers. In *Polygram International*

*Publishing, Inc. v. Nevada/TIG, Inc.*, for example, direct infringers were participants in a trade show who used infringing music to communicate with attendees and to cultivate interest in their wares. The court held that the trade show participants “derived a significant financial benefit from the attention” that attendees paid to the infringing music. In this case, the sale of pirated recordings at the Cherry Auction swap meet is a “draw” for customers, as was the performance of pirated music in the dance hall cases and their progeny.

Plaintiffs have stated a claim for vicarious copyright infringement.

#### CONTRIBUTORY COPYRIGHT INFRINGEMENT

Contributory infringement originates in tort law and stems from the notion that one who directly contributes to another’s infringement should be held accountable. Contributory infringement has been described as an outgrowth of enterprise liability, and imposes liability where one person knowingly contributes to the infringing conduct of another. The classic statement of the doctrine is in *Gershwin*: “One who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a ‘contributory’ infringer.”

There is no question that plaintiff adequately alleged the element of knowledge in this case. The disputed issue is whether plaintiff adequately alleged that Cherry Auction materially contributed to the infringing activity. We have little difficulty in holding that the allegations in this case are sufficient to show material contribution to the infringing activity. Indeed, it would be difficult for the infringing activity to take place in the massive quantities alleged without the support services provided by the swap meet. These services include, inter alia, the provision of space, utilities, parking, advertising, plumbing, and customers.

Here again Cherry Auction asks us to ignore all aspects of the enterprise described by the plaintiffs, to concentrate solely on the rental of space, and to hold that the swap meet provides nothing more. Yet Cherry Auction actively strives to provide the environment and the market for counterfeit recording sales to thrive. Its participation in the sales cannot be termed “passive,” as Cherry Auction would prefer.

The district court apparently took the view that contribution to infringement should be limited to circumstances in which the defendant “expressly promoted or encouraged the sale of counterfeit products, or in some manner protected the identity of the infringers.” Given the allegations that the local sheriff lawfully requested that Cherry Auction gather and share basic, identifying information about its vendors, and that Cherry Auction failed to comply, the defendant appears to qualify within the last portion of the district court’s

*Aveco*: 800 F.2d 59 (3rd Cir. 1986)

own standard that posits liability for protecting infringers' identities. Moreover, we agree with the Third Circuit's analysis in *Columbia Pictures Industries, Inc. v. Aveco, Inc.* that providing the site and facilities for known infringing activity is sufficient to establish contributory liability.

**Sony Corp. of America v. Universal City Studios, Inc.**

464 U.S. 417 (1984)

Petitioners manufacture and sell home video tape recorders [the "Betamax"]. Respondents own the copyrights on some of the television programs that are broadcast on the public airwaves. Some members of the general public use video tape recorders sold by petitioners to record some of these broadcasts, as well as a large number of other broadcasts. The question presented is whether the sale of petitioners' copying equipment to the general public violates any of the rights conferred upon respondents by the Copyright Act.

If vicarious liability is to be imposed on Sony in this case, it must rest on the fact that it has sold equipment with constructive knowledge of the fact that its customers may use that equipment to make unauthorized copies of copyrighted material. There is no precedent in the law of copyright for the imposition of vicarious liability on such a theory. The closest analogy is provided by the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law.

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.

[The Court held that the Betamax was capable of two substantial noninfringing uses. The first was recording programs for later viewing ("time-shifting") with the permission of the copyright owner. Religious and educational broadcasters (including Fred Rogers of *Mister Rogers' Neighborhood*) testified that they did not object to time-shifting. The second noninfringing use was time-shifting even without broad-

caster permission, which was protected as fair use.]

### **Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.**

545 U.S. 913 (2005)

The question is under what circumstances the distributor of a product capable of both lawful and unlawful use is liable for acts of copyright infringement by third parties using the product. We hold that one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.

### **Exclusive Rights Problem**

You work for a copyright owner who is determined to bring suit against the following. In each case, identify every theory of copyright liability available. Be sure to consider both the different § 106 rights and the various flavors of secondary liability. Be creative.

- A woman calling herself Makeover Morticia gives tutorials on how to put on makeup effectively, which she livestreams on a Google Hangout. She is paid by makeup companies to use their products and promote them on her streams. She regularly streams music from Spotify over her computer speakers as she works; this background music is audible to her viewers. Sometimes she turns up the music and tells the audience, "You should totally download this."
- *Terminations* is a best-selling dystopian young-adult novel. Fannie Frederickson, a young adult, writes a sequel in the form of a play, which she titles *Reversions*. Her high school's drama club performs *Reversions* as its annual fall drama. It gives three performances, for which it charges \$5 admission; the proceeds are used to pay for a cast party at a local diner.
- The Renton Theater obtains a digital copy of the movie *Rager* under a license permitting its exhibition at a single theater. But in addition to showing the movie in its own theater, Renton repeatedly duplicates *Rager* and rents out the copies to ten other movie theaters.
- Diversion Devices sells high-capacity digital video recorders with DVD-R drives. Some buyers of Diversion's DVRs use them to record television programs onto DVRs, which they give as presents to friends, family, and co-workers.

## **4 Paracopyright**

### **Copyright Act**

## 17 U.S.C. § 1201

*Circumvention of copyright protection systems*

- (a) *Violations Regarding Circumvention of Technological Measures.* –
- (1) (A) No person shall circumvent a technological measure that effectively controls access to a work protected under this title.
  - (2) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that –
    - (A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;
    - (B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or
    - (C) is marketed by that person or another acting in concert with that person with that person’s knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.

**MDY Industries, LLC. v. Blizzard Entertainment, Inc.**

629 F.3d 928 (9th Cir. 2010)

Blizzard Entertainment, Inc. (“Blizzard”) is the creator of World of Warcraft (“WoW”), a popular multiplayer online role-playing game in which players interact in a virtual world while advancing through the game’s 70 levels. MDY Industries, LLC and its sole member Michael Donnelly (“Donnelly”) (sometimes referred to collectively as “MDY”) developed and sold Glider, a software program that automatically plays the early levels of WoW for players. As explained in the Frequently Asked Questions (“FAQ”) on MDY’s website for Glider:

Glider ... moves the mouse around and pushes keys on the keyboard. You tell it about your character, where you want to kill things, and when you want to kill. Then it kills for you, automatically. You can do something else, like eat dinner or go to a movie, and when you return, you’ll have a lot more experience and loot.

Glider does not alter or copy WoW’s game client software, does not allow a player to avoid paying monthly subscription dues to Blizzard, and has no commercial use independent of WoW.

The parties dispute Glider’s impact on the WoW experience. Bliz-

zard contends that Glider disrupts WoW's environment for non-Glider players by enabling Glider users to advance quickly and unfairly through the game and to amass additional game assets. MDY contends that Glider has a minimal effect on non-Glider players, enhances the WoW experience for Glider users, and facilitates disabled players' access to WoW by auto-playing the game for them.

After MDY began selling Glider, Blizzard launched Warden, its technology designed to prevent players who used bots from connecting to the WoW servers. Blizzard used Warden to ban most Glider users in September 2005. Blizzard claims that MDY is liable under DMCA § 1201(a)(2) and (b)(1) because it thereafter programmed Glider to avoid detection by Warden.

Warden has two components. The first is a software module called "scan.dll," which scans a computer's RAM prior to allowing the player to connect to WoW's servers. If scan.dll detects that a bot is running, such as Glider, it will not allow the player to connect and play. After Blizzard launched Warden, MDY reconfigured Glider to circumvent scan.dll by not loading itself until after scan.dll completed its check. Warden's second component is a "resident" component that runs periodically in the background on a player's computer when it is connected to WoW's servers. It asks the computer to report portions of the WoW code running in RAM, and it looks for patterns of code associated with known bots or cheats. If it detects a bot or cheat, it boots the player from the game, which halts the computer's copying of copyrighted code into RAM.

The district court assessed whether MDY violated DMCA § 1201(a)(2) and (b)(1) with respect to three WoW components. First, the district court considered the game client software's literal elements: the source code stored on players' hard drives. Second, the district court considered the game client software's individual non-literal elements: the 400,000+ discrete visual and audible components of the game, such as a visual image of a monster or its audible roar. Finally, it considered the game's dynamic non-literal elements: that is, the "real-time experience of traveling through different worlds, hearing their sounds, viewing their structures, encountering their inhabitants and monsters, and encountering other players."

Although the text suffices to resolve the issues before us, we also consider the legislative history in order to address the parties' arguments concerning it. Our review of that history supports the view that Congress created a new anticircumvention right in § 1201(a)(2) independent of traditional copyright infringement.

The Federal Circuit has adopted a different approach to the DMCA. In essence, it requires § 1201(a) plaintiffs to demonstrate that the circumventing technology infringes or facilitates infringement of the plaintiff's copyright (an "infringement nexus requirement"). *See*

*Chamberlain*: 381 F.3d 1178 (Fed. Cir. 2004)

*Storage Tech*: 421 F.3d 1307 (Fed. Cir. 2005)

*Chamberlain Group, Inc. v. Skylink Techs., Inc.; Storage Tech. Corp. v. Custom Hardware Eng'g & Consulting, Inc.*

In *Chamberlain*, the plaintiff sold garage door openers ("GDOs") with a "rolling code" security system that purportedly reduced the risk of crime by constantly changing the transmitter signal necessary to open the door. Customers used the GDOs' transmitters to send the changing signal, which in turn opened or closed their garage doors.

Plaintiff sued the defendant, who sold "universal" GDO transmitters for use with plaintiff's GDOs, under § 1201(a)(2). The plaintiff alleged that its GDOs and transmitters both contained copyrighted computer programs and that its rolling code security system was a technological measure that controlled access to those programs. Accordingly, plaintiff alleged that the defendant – by selling GDO transmitters that were compatible with plaintiff's GDOs – had trafficked in a technology that was primarily used for the circumvention of a technological measure (the rolling code security system) that effectively controlled access to plaintiff's copyrighted works.

The Federal Circuit rejected the plaintiff's claim, holding that the defendant did not violate § 1201(a)(2) because, *inter alia*, the defendant's universal GDO transmitters did not infringe or facilitate infringement of the plaintiff's copyrighted computer programs. The linchpin of the *Chamberlain* court's analysis is its conclusion that DMCA coverage is limited to a copyright owner's rights under the Copyright Act as set forth in § 106 of the Copyright Act. Thus, it held that § 1201(a) did not grant copyright owners a new anti-circumvention right, but instead, established new causes of action for a defendant's unauthorized access of copyrighted material when it infringes upon a copyright owner's rights under § 106. *Id.* at 1192, 1194. Accordingly, a § 1201(a)(2) plaintiff was required to demonstrate a nexus to infringement — *i.e.*, that the defendant's trafficking in circumventing technology had a "reasonable relationship" to the protections that the Copyright Act affords copyright owners.

While we appreciate the policy considerations expressed by the Federal Circuit in *Chamberlain*, we are unable to follow its approach because it is contrary to the plain language of the statute.

We agree with the district court that MDY's Glider does not violate DMCA § 1201(a)(2) with respect to WoW's literal elements and individual non-literal elements, because Warden does not effectively control access to these WoW elements. First, Warden does not control access to WoW's literal elements because these elements — the game client's software code — are available on a player's hard drive once the game client software is installed. Second, as the district court found:

WoW's individual nonliteral components may be ac-



cessed by a user without signing on to the server. As was demonstrated during trial, an owner of the game client software may use independently purchased computer programs to call up the visual images or the recorded sounds within the game client software. For instance, a user may call up and listen to the roar a particular monster makes within the game. Or the user may call up a virtual image of that monster. Since a player need not encounter Warden to access WoW's individual non-literal elements, Warden does not effectively control access to those elements.

Our conclusion is in accord with the Sixth Circuit's decision in *Lexmark International v. Static Control Components*. In *Lexmark*, the plaintiff sold laser printers equipped with an authentication sequence, verified by the printer's copyrighted software, that ensured that only plaintiff's own toner cartridges could be inserted into the printers. The defendant sold microchips capable of generating an authentication sequence that rendered other manufacturers' cartridges compatible with plaintiff's printers.

*Lexmark*: 387 F.3d 522 (6th Cir. 2004)

The Sixth Circuit held that plaintiff's § 1201(a)(2) claim failed because its authentication sequence did not effectively control access to its copyrighted computer program. Rather, the mere purchase of one of plaintiff's printers allowed "access" to the copyrighted program. Any purchaser could read the program code directly from the printer memory without encountering the authentication sequence. The authentication sequence thus blocked only one form of access: the ability to make use of the printer. However, it left intact another form of access: the review and use of the computer program's literal code.

The Sixth Circuit explained:

Just as one would not say that a lock on the back door of a house "controls access" to a house whose front door does not contain a lock and just as one would not say that a lock on any door of a house "controls access" to the house after its purchaser receives the key to the lock, it does not make sense to say that this provision of the DMCA applies to otherwise-readily-accessible copyrighted works. Add to this the fact that the DMCA not only requires the technological measure to "control access" but requires the measure to control that access "effectively," and it seems clear that this provision does not naturally extend to a technological measure that restricts one form of access but leaves another route wide open.

Here, a player's purchase of the WoW game client allows access to the game's literal elements and individual non-literal elements. Warden blocks one form of access to these elements: the ability to access them while connected to a WoW server. However, analogously to the situation in *Lexmark*, Warden leaves open the ability to access these elements directly via the user's computer. We conclude that Warden is not an effective access control measure with respect to WoW's literal elements and individual non-literal elements, and therefore, that MDY does not violate § 1201(a)(2) with respect to these elements.

We conclude that MDY meets each of the six textual elements for violating § 1201(a)(2) with respect to WoW's dynamic non-literal elements. That is, MDY (1) traffics in (2) a technology or part thereof (3) that is primarily designed, produced, or marketed for, or has limited commercially significant use other than (4) circumventing a technological measure (5) that effectively controls access (6) to a copyrighted work.

The first two elements are met because MDY "traffics in a technology or part thereof" — that is, it sells Glider. The third and fourth elements are met because Blizzard has established that MDY markets Glider for use in circumventing Warden, thus satisfying the requirement of § 1201(a)(2)(C). Indeed, Glider has no function other than to facilitate the playing of WoW. The sixth element is met because, as the district court held, WoW's dynamic non-literal elements constitute a copyrighted work. *See, e.g., Atari Games Corp. v. Oman* (the audiovisual display of a computer game is copyrightable independently from the software program code, even though the audiovisual display generated is partially dependent on user input).

The fifth element is met because Warden is an effective access control measure. Both of Warden's two components "require[] the application of information, or a process or a treatment ... to gain access to the work." For a player to connect to Blizzard's servers which provide access to WoW's dynamic non-literal elements, *scan.dll* must scan the player's computer RAM and confirm the absence of any bots or cheats. The resident component also requires a "process" in order for the user to continue accessing the work: the user's computer must report portions of WoW code running in RAM to the server. Moreover, Warden's provisions were put into place by Blizzard, and thus, function "with the authority of the copyright owner." Accordingly, Warden effectively controls access to WoW's dynamic non-literal elements. We hold that MDY is liable under § 1201(a)(2) with respect to WoW's dynamic non-literal elements.

*Atari Games*: 888 F.2d 878 (D.C. Cir. 1989)

- (a) *False Copyright Management Information.* – No person shall knowingly and with the intent to induce, enable, facilitate, or conceal infringement –
- (1) provide copyright management information that is false, or
  - (2) distribute ... copyright management information that is false.
- (b) *Removal or Alteration of Copyright Management Information.* – No person shall, without the authority of the copyright owner or the law –
- (1) intentionally remove or alter any copyright management information, ...
- knowing, or, with respect to civil remedies under section 1203, having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any right under this title.
- (c) *Definition.* – As used in this section, the term “copyright management information” means any of the following information conveyed in connection with copies or phonorecords of a work or performances or displays of a work, including in digital form, except that such term does not include any personally identifying information about a user of a work or of a copy, phonorecord, performance, or display of a work:
- (1) The title and other information identifying the work, including the information set forth on a notice of copyright.
  - (2) The name of, and other identifying information about, the author of a work.
  - (3) The name of, and other identifying information about, the copyright owner of the work, including the information set forth in a notice of copyright.
  - (4) With the exception of public performances of works by radio and television broadcast stations, the name of, and other identifying information about, a performer whose performance is fixed in a work other than an audiovisual work.
  - (5) With the exception of public performances of works by radio and television broadcast stations, in the case of an audiovisual work, the name of, and other identifying information about, a writer, performer, or director who is credited in the audiovisual work.
  - (6) Terms and conditions for use of the work.
  - (7) Identifying numbers or symbols referring to such informa-

tion or links to such information.

- (8) Such other information as the Register of Copyrights may prescribe by regulation.

### **Murphy v. Millennium Radio Group LLC**

650 F.3d 295 (3d Cir. 2011)

In 2006, Murphy was hired by the magazine *New Jersey Monthly* (“NJM”) to take a photo of Craig Carton and Ray Rossi, who at the time were the hosts of a show on the New Jersey radio station WKXW, which is owned by Millennium Radio Group. NJM used the photo to illustrate an article in its “Best of New Jersey” issue naming Carton and Rossi “best shock jocks” in the state. The photo (“the Image”) depicted Carton and Rossi standing, apparently nude, behind a WKXW sign. Murphy retained the copyright to the Image.



Murphy's photo

An unknown employee of WKXW then scanned in the Image from NJM and posted the resulting electronic copy to the WKXW website and to another website, *myspacetv.com*. The resulting image, as scanned and posted to the Internet, cut off part of the original NJM caption referring to the “Best of New Jersey” award. It also eliminated NJM’s gutter credit (that is, a credit placed in the inner margin, or “gutter,” of a magazine page, ordinarily printed in a smaller type and running perpendicular to the relevant image on the page) identifying Murphy as the author of the Image. The WKXW website invited visitors to alter the Image using photo-manipulation software and submit the resulting versions to WKXW. A number of visitors eventually submitted their versions of the photo to WKXW, and it posted 26 of those submissions to its site. The Station Defendants never received Murphy’s permission to make use of the Image.

In April 2008, Murphy sued the Station Defendants for violations of § 1202 of the Digital Millennium Copyright Act of 1998 (“DMCA”).

Murphy’s argument is straightforward. He contends that the NJM gutter credit identifying him as the author of the Image is CMI because it is “the name of ... the author of [the Image]” and was “conveyed in connection with copies of [the Image].” By posting the Image on the two websites without the credit, therefore, the Station Defendants “remove[d] or alter[ed]” CMI and “distribute [d]” a work knowing that its CMI had been “removed or altered” in violation of § 1202.

The Station Defendants, on the other hand, insist that one cannot read § 1202 in isolation, but must interpret it in conjunction with § 1201 and in light of the legislative history of the DMCA to impose an additional limitation on the definition of CMI. They argue that the chapter as a whole protects various kinds of automated systems which protect and manage copyrights. Specifically, § 1201 covers the

systems (the “technological measures” discussed above) that protect copyrighted materials and § 1202 covers the systems that manage copyrighted materials (such as the name of the author of a work). Therefore, they conclude, despite the apparently plain language of § 1202, information like the name of the author of a work is not CMI unless it also functions as part of an “automated copyright protection or management system.” In other words, to remove, as the Station Defendants did, a printed credit from a magazine photograph which was then posted to a website does not violate § 1202, because the credit, although apparently meeting the definition of § 1202(c)(2), was not part of an “automated copyright protection or management system.”

Read in isolation, § 1202 simply establishes a cause of action for the removal of (among other things) the name of the author of a work when it has been “conveyed in connection with copies of” the work. The statute imposes no explicit requirement that such information be part of an “automated copyright protection or management system,” as the Station Defendants claim. In fact, it appears to be extremely broad, with no restrictions on the context in which such information must be used in order to qualify as CMI. If there is a difficulty here, it is a problem of policy, not of logic.

## F Defenses

### 1 First Sale

#### Copyright Act

- (a) Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.
- (b) Notwithstanding the provisions of subsection (a), unless authorized by the owners of copyright in the sound recording or the owner of copyright in a computer program and in the case of a sound recording in the musical works embodied therein, neither the owner of a particular phonorecord nor any person in possession of a particular copy of a computer program may, for the purposes of direct or indirect commercial advantage, dispose of, or authorize the disposal of, the possession of that phonorecord or computer program by rental, lease, or lending.
- (c) Notwithstanding the provisions of section 106(5), the owner of a particular copy lawfully made under this title, or any person

**17 U.S.C. § 109**  
*Limitations on exclusive rights: Effect of transfer of particular copy or phonorecord*

authorized by such owner, is entitled, without the authority of the copyright owner, to display that copy publicly, either directly or by the projection of no more than one image at a time, to viewers present at the place where the copy is located.

**UMG Recordings, Inc. v. Augusto**  
628 F.3d 1175 (9th Cir. 2011)

Like many music companies, UMG ships specially-produced promotional CDs to a large group of individuals (“recipients”), such as music critics and radio programmers, that it has selected. There is no prior agreement or request by the recipients to receive the CDs. UMG does not seek or receive payment for the CDs, the content and design of which often differs from that of their commercial counterparts. UMG ships the promotional CDs by means of the United States Postal Service and United Parcel Service. Relatively few of the recipients refuse delivery of the CDs or return them to UMG, and UMG destroys those that are returned.

Most of the promotional CDs in issue in this case bore a statement (the “promotional statement”) similar to the following:

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. Some of the CDs bore a more succinct statement, such as “Promotional Use Only – Not for Sale.”

Augusto was not among the select group of individuals slated to receive the promotional CDs. He nevertheless managed to acquire numerous such CDs, many of which he sold through online auctions at eBay.com. Augusto regularly advertised the CDs as “rare industry editions” and referred to them as “Promo CDs.”

After several unsuccessful attempts at halting the auctions through eBay’s dispute resolution program, UMG filed a complaint against Augusto in the United States District Court for the Central District of California, alleging that Augusto had infringed UMG’s copyrights in eight promotional CDs for which it retained the “exclusive right to distribute.”

Although UMG, as the owner of the copyright, has exclusive rights in the promotional CDs, exemptions, compulsory licenses, and defenses found in the Copyright Act narrow those rights. Augusto invokes the “first sale” doctrine embodied in § 109(a) of the Act. 17 U.S.C. § 109(a). He argues that the circumstances attending UMG’s distribution of the discs effected a “sale” (transfer of ownership) of

the discs to the original recipients and that, under the “first sale” doctrine, the recipients and subsequent owners of those particular copies were permitted to sell or otherwise dispose of those copies without authorization by the copyright holder.

UMG, on the other hand, contends that the promotional statement effected a license with the recipients and, because the recipients were not owners but licensees of the CDs, neither they nor Augusto were entitled to sell or otherwise transfer the CDs.

Notwithstanding its distinctive name, the first sale doctrine applies not only when a copy is first sold, but when a copy is given away or title is otherwise transferred without the accouterments of a sale. The seminal illustration of the principle is found in *Bobbs-Merrill Co. v. Straus*, where a copyright owner unsuccessfully attempted to restrain the resale of a copyrighted book by including in it the following notice: “The price of this book at retail is \$1 net. No dealer is licensed to sell it at a less price, and a sale at less price will be treated as an infringement of the copyright.” The Court noted that the statutory grant to a copyright owner of the “sole right of vending” the work did not continue after the first sale of a given copy. “The purchaser of a book, once sold by authority of the owner of the copyright, may sell it again, although he could not publish a new edition of it.” The attempt to limit resale below a certain price was therefore held invalid.

*Bobbs-Merrill*: 210 U.S. 339 (1908)

The rule of *Bobbs-Merrill* remains in full force, enshrined as it is in § 109(a) of the Act: a copyright owner who transfers title in a particular copy to a purchaser or donee cannot prevent resale of that particular copy. We have recognized, however, that not every transfer of possession of a copy transfers title. Particularly with regard to computer software, we have recognized that copyright owners may create licensing arrangements so that users acquire only a license to use the particular copy of software and do not acquire title that permits further transfer or sale of that copy without the permission of the copyright owner.

The same question is presented here. Did UMG succeed in creating a license in recipients of its promotional CDs, or did it convey title despite the restrictive labeling on the CDs? We conclude that, under all the circumstances of the CDs’ distribution, the recipients were entitled to use or dispose of them in any manner they saw fit, and UMG did not enter a license agreement for the CDs with the recipients. Accordingly, UMG transferred title to the particular copies of its promotional CDs and cannot maintain an infringement action against Augusto for his subsequent sale of those copies.

Our conclusion that the recipients acquired ownership of the CDs is based largely on the nature of UMG’s distribution. First, the promotional CDs are dispatched to the recipients without any prior ar-

rangement as to those particular copies. The CDs are not numbered, and no attempt is made to keep track of where particular copies are or what use is made of them. As explained in greater detail below, although UMG places written restrictions in the labels of the CDs, it has not established that the restrictions on the CDs create a license agreement.

We also hold that, because the CDs were unordered merchandise, the recipients were free to dispose of them as they saw fit under the Unordered Merchandise Statute, 39 U.S.C. § 3009, which provides in pertinent part that,

- (a) [e]xcept for free samples clearly and conspicuously marked as such, the mailing of unordered merchandise constitutes an unfair method of competition and an unfair trade practice.
- (b) Any merchandise mailed in violation of subsection (a) of this section may be treated as a gift by the recipient, who shall have the right to retain, use, discard, or dispose of it in any manner he sees fit without any obligation whatsoever to the sender.

There are additional reasons for concluding that UMG's distribution of the CDs did not involve a consensual licensing operation. Some of the statements on the CDs and UMG's purported method of securing agreement to licenses militate against a conclusion that any licenses were created. The sparsest promotional statement, "Promotional Use Only—Not for Sale," does not even purport to create a license. But even the more detailed statement is flawed in the manner in which it purports to secure agreement from the recipient. The more detailed statement provides:

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.

It is one thing to say, as the statement does, that "acceptance" of the CD constitutes an agreement to a license and its restrictions, but it is quite another to maintain that "acceptance" may be assumed when the recipient makes no response at all. This record reflects no responses. Even when the evidence is viewed in the light most favorable to UMG, it does not show that any recipients agreed to enter into a license agreement with UMG when they received the CDs.

Because the record here is devoid of any indication that the recipients agreed to a license, there is no evidence to support a conclusion that licenses were established under the terms of the promotional statement. Accordingly, we conclude that UMG's transfer of posses-



sion to the recipients, without meaningful control or even knowledge of the status of the CDs after shipment, accomplished a transfer of title.

Because we conclude that UMG's method of distribution transferred the ownership of the copies to the recipients, we have no need to parse the remaining provisions in UMG's purported licensing statement; UMG dispatched the CDs in a manner that permitted their receipt and retention by the recipients without the recipients accepting the terms of the promotional statements. UMG's transfer of unlimited possession in the circumstances present here effected a gift or sale within the meaning of the first sale doctrine.

**Lee v. A.R.T. Co.**

125 F.3d 580 (7th Cir. 1997)

Annie Lee creates works of art, which she sells through her firm Annie Lee & Friends. Deck the Walls, a chain of outlets for modestly priced art, is among the buyers of her works, which have been registered with the Register of Copyrights. One Deck the Walls store sold some of Lee's notecards and small lithographs to A.R.T. Company, which mounted the works on ceramic tiles (covering the art with transparent epoxy resin in the process) and resold the tiles. Lee contends that these tiles are derivative works, which under 17 U.S.C. § 106(2) may not be prepared without the permission of the copyright proprietor. She seeks both monetary and injunctive relief. Her position has the support of two cases holding that A.R.T.'s business violates the copyright laws.

**Muñoz v. Albuquerque A.R.T. Co.**

38 F.3d 1218 (9th Cir. 1994)

**Mirage Editions, Inc. v. Albuquerque A.R.T. Co.**

856 F.2d 1341 (9th Cir. 1988)

. *Mirage Editions* the only full appellate discussion, dealt with pages cut from books and mounted on tiles; the court of appeals' brief order in *Muñoz* concludes that the reasoning of *Mirage Editions* is equally applicable to works of art that were sold loose.

Now one might suppose that this is an open and shut case under the doctrine of first sale, codified at 17 U.S.C. § 109(a). A.R.T. bought the work legitimately, mounted it on a tile, and resold what it had purchased. Because the artist could capture the value of her art's contribution to the finished product as part of the price for the original transaction, the economic rationale for protecting an adaptation as "derivative" is absent. An alteration that includes (or consumes) a complete copy of the original lacks economic significance. One work

changes hands multiple times, exactly what § 109(a) permits, so it may lack legal significance too. But § 106(2) creates a separate exclusive right, to “prepare derivative works”, and Lee believes that affixing the art to the tile is “preparation,” so that A.R.T. would have violated § 106(2) even if it had dumped the finished tiles into the Marianas Trench. For the sake of argument we assume that this is so and ask whether card-on-a-tile is a “derivative work” in the first place.

“Derivative work” is a defined term:

17 U.S.C. § 101.

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

The district court concluded that A.R.T.’s mounting of Lee’s works on tile is not an “original work of authorship” because it is no different in form or function from displaying a painting in a frame or placing a medallion in a velvet case. No one believes that a museum violates § 106(2) every time it changes the frame of a painting that is still under copyright, although the choice of frame or glazing affects the impression the art conveys, and many artists specify frames (or pedestals for sculptures) in detail. *Muñoz* and *Mirage Editions* acknowledge that framing and other traditional means of mounting and displaying art do not infringe authors’ exclusive right to make derivative works. Nonetheless, the ninth circuit held, what A.R.T. does creates a derivative work because the epoxy resin bonds the art to the tile. Our district judge thought this a distinction without a difference, and we agree.

Assume for the moment that the first sentence [of the definition of “derivative work”] recognizes a set of non-original derivative works. To prevail, then, Lee must show that A.R.T. altered her works in one of the ways mentioned in the first sentence. The tile is not an “art reproduction”; A.R.T. purchased and mounted Lee’s original works. That leaves the residual clause: “any other form in which a work may be recast, transformed, or adapted.” None of these words fits what A.R.T. did. Lee’s works were not “recast” or “adapted”. “Transformed” comes closer and gives the ninth circuit some purchase for its view that the permanence of the bond between art and base matters. Yet the copyrighted note cards and lithographs were not “transformed” in the slightest. The art was bonded to a slab of ceramic, but it was not changed in the process. It still depicts exactly what it

depicted when it left Lee's studio. If mounting works a "transformation," then changing a painting's frame or a photograph's mat equally produces a derivative work. Indeed, if Lee is right about the meaning of the definition's first sentence, then any alteration of a work, however slight, requires the author's permission. We asked at oral argument what would happen if a purchaser jotted a note on one of the note cards, or used it as a coaster for a drink, or cut it in half, or if a collector applied his seal (as is common in Japan); Lee's counsel replied that such changes prepare derivative works, but that as a practical matter artists would not file suit. A definition of derivative work that makes criminals out of art collectors and tourists is jarring despite Lee's gracious offer not to commence civil litigation.

We therefore decline to follow *Muñoz* and *Mirage Editions*.

**Doan v. American Book Co.**

105 F. 772 (7th Cir. 1901)

We think the right of repair with respect to a copyrighted book sold, to the extent to which that right is here claimed, may not properly be denied. These books had been in use by school children. Some were written upon and defaced; some were soiled and torn; the covers of some were wholly or partially destroyed, and the binding had become imperfect. To render these books serviceable for use or sale, it became necessary to clean them, to trim the edges of the leaves, and to rebind them. We think that, so far as respects the copyright laws of the United States, no legal right of the appellee was invaded by so doing.

**Capitol Records, LLC v. ReDigi Inc.**

934 F. Supp. 2d 640 (S.D.N.Y. 2013)

As an initial matter, it should be noted that the first sale defense is, by its own terms, limited to assertions of the *distribution* right. Because the Court has concluded that ReDigi's service violates Capitol's reproduction right, the first sale defense does not apply to ReDigi's infringement of those rights.

In addition, the first sale doctrine does not protect ReDigi's distribution of Capitol's copyrighted works. This is because, as an unlawful reproduction, a digital music file sold on ReDigi is not "lawfully made under this title." 17 U.S.C. § 109(a). Moreover, the statute protects only distribution by "the owner of a *particular* copy or phonorecord ... of *that* copy or phonorecord." Here, a ReDigi user owns the phonorecord that was created when she purchased and downloaded a song from iTunes to her hard disk. But to sell that song on ReDigi, she must produce a new phonorecord on the ReDigi server. Because it is therefore impossible for the user to sell her "particular" phonorecord on ReDigi, the first sale statute cannot

provide a defense. Put another way, the first sale defense is limited to material items, like records, that the copyright owner put into the stream of commerce. Here, ReDigi is not distributing such material items; rather, it is distributing reproductions of the copyrighted code embedded in new material objects, namely, the ReDigi server in Arizona and its users' hard drives. The first sale defense does not cover this any more than it covered the sale of cassette recordings of vinyl records in a bygone era.

Finally, ReDigi feebly argues that the Court's reading of Section 109(a) would in effect exclude digital works from the meaning of the statute. That is not the case. Section 109(a) still protects a lawful owner's sale of her "particular" phonorecord, be it a computer hard disk, iPod, or other memory device onto which the file was originally downloaded. While this limitation clearly presents obstacles to resale that are different from, and perhaps even more onerous than, those involved in the resale of CDs and cassettes, the limitation is hardly absurd – the first sale doctrine was enacted in a world where the ease and speed of data transfer could not have been imagined. There are many reasons for why such physical limitations may be desirable. It is left to Congress, and not this Court, to deem them outmoded.

## 2 Fair Use

### Copyright Act

#### 17 U.S.C. § 107

#### *Limitations on exclusive rights: Fair use*

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

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

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

factors.

### Fair Use Checklist

The four fair use factors are a checklist of questions to ask about the facts in a given case, not a majority vote. As you see from the readings, they interrelate, and they are not all of equal importance. I find it helpful to break the factors down into a slightly more detailed checklist:

- Factor one (“purpose and character of the [defendant’s] use”):
  - Is the use for criticism, comment, or another use specifically mentioned in the flush text at the start of section 107?
  - Is the use commercial or noncommercial?
  - Is the use transformative?
- Factor two (“nature of the [plaintiff’s] copyrighted work”):
  - Is the work primarily informational or primarily expressive?
  - Is the work published or unpublished?
- Factor three (“amount and substantiality of the portion used”):
  - How much did the defendant copy quantitatively from the plaintiff’s work?
  - How qualitatively important were the copied portions to the plaintiff’s work?
  - How extensive was the defendant’s copying in light of any proffered justifications?
- Factor four (“effect of the use upon the potential market”):
  - What is the relevant market, and is it one the plaintiff can legitimately claim a right to?
  - Did the plaintiff suffer losses because the defendant’s work substituted for her own, or for some other reason?
- Miscellaneous:
  - Did the defendant give appropriate attribution to the plaintiff’s work as a source?
  - Did either party engage in any dishonest or illegal conduct that bears directly on the copying?
  - Is there anything else significant in the facts not already accounted for?

### Harper & Row, Publishers, Inc. v. Nation Enterprises

471 U.S. 539 (1985)

In February 1977, shortly after leaving the White House, former President Gerald R. Ford contracted with petitioners Harper & Row and

Reader's Digest, to publish his as yet unwritten memoirs. In addition to the right to publish the Ford memoirs in book form, the agreement gave petitioners the exclusive right to license prepublication excerpts, known in the trade as "first serial rights." Two years later, as the memoirs were nearing completion, petitioners negotiated a prepublication licensing agreement with *Time*, a weekly news magazine. *Time* agreed to pay \$25,000, \$12,500 in advance and an additional \$12,500 at publication, in exchange for the right to excerpt 7,500 words from Mr. Ford's account of the Nixon pardon. The issue featuring the excerpts was timed to appear approximately one week before shipment of the full length book version to bookstores. Exclusivity was an important consideration; Harper & Row instituted procedures designed to maintain the confidentiality of the manuscript, and *Time* retained the right to renegotiate the second payment should the material appear in print prior to its release of the excerpts.

Two to three weeks before the *Time* article's scheduled release, an unidentified person secretly brought a copy of the Ford manuscript to Victor Navasky, editor of *The Nation*, a political commentary magazine. Mr. Navasky knew that his possession of the manuscript was not authorized and that the manuscript must be returned quickly to his "source" to avoid discovery. He hastily put together what he believed was "a real hot news story" composed of quotes, paraphrases, and facts drawn exclusively from the manuscript. Mr. Navasky attempted no independent commentary, research or criticism, in part because of the need for speed if he was to "make news" by "publish[ing] in advance of publication of the Ford book." The 2,250-word article, reprinted in the Appendix to this opinion, appeared on April 3, 1979. As a result of *The Nation's* article, *Time* canceled its piece and refused to pay the remaining \$12,500.

[Harper & Row sued for copyright infringement.]

*The Nation* has admitted to lifting verbatim quotes of the author's original language totaling between 300 and 400 words and constituting some 13% of *The Nation* article. In using generous verbatim excerpts of Mr. Ford's unpublished manuscript to lend authenticity to its account of the forthcoming memoirs, *The Nation* effectively arrogated to itself the right of first publication, an important marketable subsidiary right. For the reasons set forth below, we find that this use of the copyrighted manuscript, even stripped to the verbatim quotes conceded by *The Nation* to be copyrightable expression, was not a fair use within the meaning of the Copyright Act.

III

A

Fair use was traditionally defined as “a privilege in others than the owner of the copyright to use the copyrighted material in a reasonable manner without his consent.” The statutory formulation of the defense of fair use in the Copyright Act reflects the intent of Congress to codify the common-law doctrine. Section 107 requires a case-by-case determination whether a particular use is fair, and the statute notes four nonexclusive factors to be considered. This approach was intended to restate the pre-existing judicial doctrine of fair use, not to change, narrow, or enlarge it in any way.”

As early as 1841, Justice Story gave judicial recognition to the doctrine in a case that concerned the letters of another former President, George Washington.

“[A] reviewer may fairly cite largely from the original work, if his design be really and truly to use the passages for the purposes of fair and reasonable criticism. On the other hand, it is as clear, that if he thus cites the most important parts of the work, with a view, not to criticise, but to supersede the use of the original work, and substitute the review for it, such a use will be deemed in law a piracy.”

*Folsom v. Marsh* As Justice Story’s hypothetical illustrates, the fair use doctrine has always precluded a use that “supersede[s] the use of the original.”

Perhaps because the fair use doctrine was predicated on the author’s implied consent to “reasonable and customary” use when he released his work for public consumption, fair use traditionally was not recognized as a defense to charges of copying from an author’s as yet unpublished works. This absolute rule, however, was tempered in practice by the equitable nature of the fair use doctrine. In a given case, factors such as implied consent through de facto publication on performance or dissemination of a work may tip the balance of equities in favor of prepublication use. But it has never been seriously disputed that “the fact that the plaintiff’s work is unpublished is a factor tending to negate the defense of fair use.” *Id.* Publication of an author’s expression before he has authorized its dissemination seriously infringes the author’s right to decide when and whether it will be made public, a factor not present in fair use of published works.

## B

Respondents, however, contend that First Amendment values require a different rule under the circumstances of this case. The thrust of the decision below is that the scope of fair use is undoubtedly wider when the information conveyed relates to matters of high public concern. Respondents advance the substantial public import of the sub-

H. Ball, *Law of Copyright and Literary Property* (1944)

*Folsom*: 9 F. Cas. 342 (CC Mass. 1841)

ject matter of the Ford memoirs as grounds for excusing a use that would ordinarily not pass muster as a fair use – the piracy of verbatim quotations for the purpose of “scooping” the authorized first serialization. Respondents explain their copying of Mr. Ford’s expression as essential to reporting the news story it claims the book itself represents. In respondents’ view, not only the facts contained in Mr. Ford’s memoirs, but “the precise manner in which [he] expressed himself [were] as newsworthy as what he had to say.” Respondents argue that the public’s interest in learning this news as fast as possible outweighs the right of the author to control its first publication.

Respondents’ theory, however, would expand fair use to effectively destroy any expectation of copyright protection in the work of a public figure. Absent such protection, there would be little incentive to create or profit in financing such memoirs, and the public would be denied an important source of significant historical information. The promise of copyright would be an empty one if it could be avoided merely by dubbing the infringement a fair use “news report” of the book.

Nor do respondents assert any actual necessity for circumventing the copyright scheme with respect to the types of works and users at issue here.[6] Where an author and publisher have invested extensive resources in creating an original work and are poised to release it to the public, no legitimate aim is served by pre-empting the right of first publication. The fact that the words the author has chosen to clothe his narrative may of themselves be “newsworthy” is not an independent justification for unauthorized copying of the author’s expression prior to publication.

#### IV

Whether *The Nation* article constitutes fair use under § 107 must be reviewed in light of the principles discussed above. The factors enumerated in the section are not meant to be exclusive: Since the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts. The four factors identified by Congress as especially relevant in determining whether the use was fair are: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the substantiality of the portion used in relation to the copyrighted work as a whole; (4) the effect on the potential market for or value of the copyrighted work. We address each one separately.

*Purpose of the Use.* The Second Circuit correctly identified news reporting as the general purpose of *The Nation*’s use. News reporting is one of the examples enumerated in § 107 to give some idea of the sort of activities the courts might regard as fair use under the circumstances. This listing was not intended to be exhaustive, or to single



out any particular use as presumptively a “fair” use. The drafters resisted pressures from special interest groups to create presumptive categories of fair use, but structured the provision as an affirmative defense requiring a case-by-case analysis. The fact that an article arguably is “news” and therefore a productive use is simply one factor in a fair use analysis.

We agree with the Second Circuit that the trial court erred in fixing on whether the information contained in the memoirs was actually new to the public. Courts should be chary of deciding what is and what is not news. *The Nation* has every right to seek to be the first to publish information. But *The Nation* went beyond simply reporting uncopyrightable information and actively sought to exploit the headline value of its infringement, making a “news event” out of its unauthorized first publication of a noted figure’s copyrighted expression.

The fact that a publication was commercial as opposed to non-profit is a separate factor that tends to weigh against a finding of fair use. Every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright. In arguing that the purpose of news reporting is not purely commercial, *The Nation* misses the point entirely. The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.

In evaluating character and purpose we cannot ignore *The Nation*’s stated purpose of scooping the forthcoming hard-cover and *Time* abstracts. *The Nation*’s use had not merely the incidental effect but the intended purpose of supplanting the copyright holder’s commercially valuable right of first publication. Also relevant to the “character” of the use is the propriety of the defendant’s conduct. “Fair use presupposes good faith and fair dealing. The trial court found that *The Nation* knowingly exploited a purloined manuscript. Unlike the typical claim of fair use, *The Nation* cannot offer up even the fiction of consent as justification. Like its competitor news-weekly, it was free to bid for the right of abstracting excerpts from “A Time to Heal.” Fair use “distinguishes between a true scholar and a chiseler who infringes a work for personal profit.” *Wainwright Securities Inc. v. Wall Street Transcript Corp.*

*Wainwright: 558 F.2d 91 (2d Cir. 1977)*

*Nature of the Copyrighted work.* Second, the Act directs attention to the nature of the copyrighted work. “A Time to Heal” may be characterized as an unpublished historical narrative or autobiography. The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy. See Gorman, *Fact or Fancy? The Implications for Copyright:*

29 J. Copyright Soc. 560 (1982)

Even within the field of fact works, there are gradations as to the relative proportion of fact and fancy. One may move from sparsely embellished maps and directories to elegantly written biography. The extent to which one must permit expressive language to be copied, in order to assure dissemination of the underlying facts, will thus vary from case to case.”

Even within the field of fact works, there are gradations as to the relative proportion of fact and fancy. One may move from sparsely embellished maps and directories to elegantly written biography. The extent to which one must permit expressive language to be copied, in order to assure dissemination of the underlying facts, will thus vary from case to case.

Some of the briefer quotes from the memoirs are arguably necessary adequately to convey the facts; for example, Mr. Ford’s characterization of the White House tapes as the “smoking gun” is perhaps so integral to the idea expressed as to be inseparable from it. But *The Nation* did not stop at isolated phrases and instead excerpted subjective descriptions and portraits of public figures whose power lies in the author’s individualized expression. Such use, focusing on the most expressive elements of the work, exceeds that necessary to disseminate the facts.

The fact that a work is unpublished is a critical element of its “nature.” Our prior discussion establishes that the scope of fair use is narrower with respect to unpublished works. While even substantial quotations might qualify as fair use in a review of a published work or a news account of a speech that had been delivered to the public or disseminated to the press, see House Report, at 65, the author’s right to control the first public appearance of his expression weighs against such use of the work before its release. The right of first publication encompasses not only the choice whether to publish at all, but also the choices of when, where, and in what form first to publish a work.

In the case of Mr. Ford’s manuscript, the copyright holders’ interest in confidentiality is irrefutable; the copyright holders had entered into a contractual undertaking to “keep the manuscript confidential” and required that all those to whom the manuscript was shown also “sign an agreement to keep the manuscript confidential.” While the copyright holders’ contract with *Time* required *Time* to submit its proposed article seven days before publication, *The Nation*’s clandestine publication afforded no such opportunity for creative or quality control. It was hastily patched together and contained “a number of inaccuracies.” App. 300b-300c (testimony of Victor Navasky). A use that so clearly infringes the copyright holder’s interests in confidentiality and creative control is difficult to characterize as “fair.”

*Amount and Substantiality of the Portion Used.* Next, the Act directs us to examine the amount and substantiality of the portion used in relation to the copyrighted work as a whole. In absolute terms, the words actually quoted were an insubstantial portion of “A Time to Heal.” The District Court, however, found that “[T]he Nation took what was essentially the heart of the book.” We believe the Court of Appeals erred in overruling the District Judge’s evaluation of the qualitative nature of the taking. A *Time* editor described the chapters on the pardon as “the most interesting and moving parts of the entire manuscript.” The portions actually quoted were selected by Mr. Navasky as among the most powerful passages in those chapters. He testified that he used verbatim excerpts because simply reciting the information could not adequately convey the “absolute certainty with which [Ford] expressed himself”; or show that “this comes from President Ford,”; or carry the “definitive quality” of the original. In short, he quoted these passages precisely because they qualitatively embodied Ford’s distinctive expression.

As the statutory language indicates, a taking may not be excused merely because it is insubstantial with respect to the infringing work. As Judge Learned Hand cogently remarked, “no plagiarist can excuse the wrong by showing how much of his work he did not pirate.” *Sheldon*. Conversely, the fact that a substantial portion of the infringing work was copied verbatim is evidence of the qualitative value of the copied material, both to the originator and to the plagiarist who seeks to profit from marketing someone else’s copyrighted expression.

Stripped to the verbatim quotes, the direct takings from the unpublished manuscript constitute at least 13% of the infringing article. *The Nation* article is structured around the quoted excerpts which serve as its dramatic focal points. In view of the expressive value of the excerpts and their key role in the infringing work, we cannot agree with the Second Circuit that the “magazine took a meager, indeed an infinitesimal amount of Ford’s original language.”

*Effect on the Market.* Finally, the Act focuses on “the effect of the use upon the potential market for or value of the copyrighted work.” This last factor is undoubtedly the single most important element of fair use. “Fair use, when properly applied, is limited to copying by others which does not materially impair the marketability of the work which is copied.” The trial court found not merely a potential but an actual effect on the market. *Time*’s cancellation of its projected serialization and its refusal to pay the \$12,500 were the direct effect of the infringement. The Court of Appeals rejected this factfinding as clearly erroneous, noting that the record did not establish a causal relation between *Time*’s nonperformance and respondents’ unauthorized publication of Mr. Ford’s expression as opposed to the facts taken from the memoirs. We disagree. Rarely will a case of copyright

infringement present such clear-cut evidence of actual damage. Petitioners assured *Time* that there would be no other authorized publication of any portion of the unpublished manuscript prior to April 23, 1979. Any publication of material from chapters 1 and 3 would permit *Time* to renegotiate its final payment. *Time* cited *The Nation's* article, which contained verbatim quotes from the unpublished manuscript, as a reason for its nonperformance.

More important, to negate fair use one need only show that if the challenged use should become widespread, it would adversely affect the potential market for the copyrighted work. This inquiry must take account not only of harm to the original but also of harm to the market for derivative works. "If the defendant's work adversely affects the value of any of the rights in the copyrighted work (in this case the adaptation [and serialization] right) the use is not fair."

*Nimmer* § 13.05[B]

*The Nation* conceded that its verbatim copying of some 300 words of direct quotation from the Ford manuscript would constitute an infringement unless excused as a fair use. Because we find that *The Nation's* use of these verbatim excerpts from the unpublished manuscript was not a fair use, the judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

### **Campbell v. Acuff-Rose Music, Inc.**

510 U.S. 569 (1994)

In 1964, Roy Orbison and William Dees wrote a rock ballad called "Oh, Pretty Woman" and assigned their rights in it to respondent Acuff-Rose Music, Inc.

Petitioners Luther R. Campbell, Christopher Wongwon, Mark Ross, and David Hobbs are collectively known as 2 Live Crew, a popular rap music group. In 1989, Campbell wrote a song entitled "Pretty Woman," which he later described in an affidavit as intended, "through comical lyrics, to satirize the original work." On July 5, 1989, 2 Live Crew's manager informed Acuff-Rose that 2 Live Crew had written a parody of "Oh, Pretty Woman," that they would afford all credit for ownership and authorship of the original song to Acuff-Rose, Dees, and Orbison, and that they were willing to pay a fee for the use they wished to make of it. Enclosed with the letter were a copy of the lyrics and a recording of 2 Live Crew's song. Acuff-Rose's agent refused permission, stating that "I am aware of the success enjoyed by 'The 2 Live Crews', but I must inform you that we cannot permit the use of a parody of 'Oh, Pretty Woman.'" Nonetheless, in June or July 1989, 2 Live Crew released records, cassette tapes, and compact discs of "Pretty Woman" in a collection of songs entitled "As Clean As They Wanna Be." The albums and compact discs identify the authors of "Pretty Woman" as Orbison and Dees and its publisher

as Acuff-Rose.

Almost a year later, after nearly a quarter of a million copies of the recording had been sold, Acuff-Rose sued 2 Live Crew and its record company, Luke Skywalker Records, for copyright infringement.

The first factor in a fair use enquiry is "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes." § 107(1). The central purpose of this investigation is to see, in Justice Story's words, whether the new work merely "supersede[s] the objects" of the original creation, *Folsom*, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is "transformative." Pierre Leval, *Toward a Fair Use Standard*. Although such transformative use is not absolutely necessary for a finding of fair use,<sup>11</sup> the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works. Such works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright, and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.

Suffice it to say now that parody has an obvious claim to transformative value, as Acuff-Rose itself does not deny. Like less ostensibly humorous forms of criticism, it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one. We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use under § 107. *See, e.g., Fisher v. Dees* ("When Sonny Sniffs Glue," a parody of "When Sunny Gets Blue," is fair use); *Elsmere Music, Inc. v. National Broadcasting Co.* ("I Love Sodom," a "Saturday Night Live" television parody of "I Love New York," is fair use).

The germ of parody lies in the definition of the Greek *parodeia*, as "a song sung alongside another." Modern dictionaries accordingly describe a parody as a "literary or artistic work that imitates the characteristic style of an author or a work for comic effect or ridicule," or as a "composition in prose or verse in which the characteristic turns of thought and phrase in an author or class of authors are imitated in such a way as to make them appear ridiculous." For the purposes of copyright law, the nub of the definitions, and the heart of any parodist's claim to quote from existing material, is the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works. If, on the contrary,

Leval, *Toward a Fair Use Standard*: 103  
Harv. L. Rev. 1105 (1990)

*Fisher*: 794 F.2d 432 (9th Cir. 1986)

*Elsmere*: 482 F.Supp. 741 (S.D.N.Y. 1980)

<sup>11</sup> The obvious statutory exception to this focus on transformative uses is the straight reproduction of multiple copies for classroom distribution.

the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger. Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.

The fact that parody can claim legitimacy for some appropriation does not, of course, tell either parodist or judge much about where to draw the line.

We have less difficulty in finding that critical element in 2 Live Crew's song than the Court of Appeals did, although having found it we will not take the further step of evaluating its quality. The threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived. Whether, going beyond that, parody is in good taste or bad does not and should not matter to fair use. As Justice Holmes explained, "It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke." *Bleistein*; cf. *Yankee Publishing Inc. v. News America Publishing, Inc.* ("First Amendment protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed").

While we might not assign a high rank to the parodic element here, we think it fair to say that 2 Live Crew's song reasonably could be perceived as commenting on the original or criticizing it, to some degree. 2 Live Crew juxtaposes the romantic musings of a man whose fantasy comes true, with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility. The later words can be taken as a comment on the naivete of the original of an earlier day, as a rejection of its sentiment that ignores the ugliness of street life and the debasement that it signifies. It is this joinder of reference and ridicule that marks off the author's choice of parody from the other types of comment and criticism that traditionally have had a claim to

fair use protection as transformative works.<sup>18</sup>

### **City of Inglewood v. Teixeira**

No. 15-cv-01815, 2015 WL 5025839 (C.D. Cal. Aug. 20, 2015)

In this action, the City makes two basic allegations. First, that it enjoys a copyright interest in the video recordings it makes of open public meetings of the Inglewood City Council. Second, that Teixeira has violated the City's copyright by using portions of these videos in making his own videos that criticize the City and its elected officials (the "Teixeira Videos").

The City alleges that it is the valid copyright owner of video recordings, including six of Inglewood Council meetings from 2011 to 2013 ("the "City Council Videos") for which it has submitted applications for copyright registration by the Register of Copyrights.<sup>s</sup>

Teixeira is a resident of Inglewood, California. He operates a website, *Inglewoodwatchdog.wix.com*, and posts videos on YouTube as Dehol Truth. The City alleges that Teixeira has willfully and intentionally used infringing copies of the City Council Videos in question and distributed them in online media, thereby violating the City's exclusive reproduction and distribution rights.

### III. DISCUSSION

In his Motion, Teixeira makes two arguments as to why the City's action should be dismissed. First, under California law, the City may not claim and assert a copyright interest in the City Council Videos. Second, even if the City had an enforceable copyright interest in the videos, the Teixeira Videos fall squarely within the fair use protections of § 107 of the Copyright Act.

For the reasons explained below, the Court agrees with both of Teixeira's arguments.

[Although federal law allows states and local government to claim copyright protection in works they create, the court held that California state law did not authorize local governments to do so.]

#### *B. Teixeira's Activity is Protected Fair Use*

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<sup>18</sup>Finally, regardless of the weight one might place on the alleged infringer's state of mind, compare *Harper & Row* (fair use presupposes good faith and fair dealing) (quotation marks omitted), with *Folsom* (good faith does not bar a finding of infringement); *Leval, Toward a Fair Use Standard* (good faith irrelevant to fair use analysis), we reject Acuff-Rose's argument that 2 Live Crew's request for permission to use the original should be weighed against a finding of fair use. Even if good faith were central to fair use, 2 Live Crew's actions do not necessarily suggest that they believed their version was not fair use; the offer may simply have been made in a good-faith effort to avoid this litigation. If the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use.

Because the Court has determined that the City cannot state a claim it need not address whether Teixeira's copying constitutes fair use. Because the Court is dismissing the action, however, the Court will rule on fair use so that all issues may be appealed now, if the City chooses to do so.

Teixeira argues that he uses small portions of the freely available City Council Videos in order to create his own videos that comment on and criticize activities of the City Council, and in particular Mayor James Butts. This, he contends, falls squarely within the protections of the fair use doctrine as codified at § 107 of the Copyright Act.

The City argues that fair use has never protected "such systematic infringement of copyright works for years at a time" and that "[c]opyrights would become meaningless if such wholesale theft were tolerated." The City contends that it is not trying to impinge on Teixeira's First Amendment but merely seeks to have him "stop posting substantially all of the [City Council Videos] with [Teixeira's] comments posted on top of them." The City continues to say that "[w]hat is really going on here is that the Defendant wants to criticize the City without doing his own work." The City also argues that a decision on the basis of fair use is not proper at this stage in the litigation.

A review of the videos is sufficient for the Court to rule that the Teixeira Videos are protected by the fair use doctrine as a matter of law. The Teixeira Videos use brief portions of the larger works in order to comment on, and criticize the political activities of the City Council and its members. He uses carefully chosen portions specifically for the purposes of exercising his First Amendment rights, and in doing so, substantially transforms the purpose and content of the City Council Videos.

## *2. Each Statutory Factor Favors a Finding of Fair Use*

The Court determines that each statutory factor in § 107 favors a finding of fair use.

### *a. Purpose and Character of Use ...*

There is presently no evidence before the Court as to whether Teixeira has produced the videos for a commercial purpose beyond the City's allegation that he uses them to generate income, which the Court must accept as true on a motion under Rule 12(b)(6). Teixeira notes in his Reply that should the case proceed he will show that he does not produce the videos for commercial purposes. Teixeira, however, does not rely on the non-commercial nature of the videos and the Court need not either. As the Supreme Court explained in *Campbell*, the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against



a finding of fair use. *See also Hustler Magazine Inc. v. Moral Majority Inc.* (“Even assuming that the use had a purely commercial purpose, the presumption of unfairness can be rebutted by the characteristics of the use”).

*Hustler*: 796 F.2d 1148 (9th Cir. 1986)

The videos Teixeira produces address local politics in the City of Inglewood. They consist of his narrating his criticism of Mayor Butts over slides or other text, documents—such as a report by the Inglewood city clerk—and video clips, some of which are taken from the City Council Videos over which the City claims a copyright interest. The videos range in time from 3 minutes and 43 seconds to 15 minutes long, and the clips from the City Council Videos are considerably shorter. Some of the clips are used unadorned but they are most often frequently overlaid with Teixeira’s oral and written commentary and criticism, as well as music. Even when unadorned, they form only part of longer videos, with the clips contrasted with documents, sound recordings, and other video clips, accompanied with Teixeira’s written and oral commentary.

Teixeira’s use is highly transformative. His purpose falls directly within two of the categories explicitly referenced in § 107: criticism and commentary. The Teixeira Videos are also directed at political and other matters of public concern and constitute core First Amendment protected speech. The fair use doctrine generally provides a greater scope of protection when the works involve address matters of public concern.

The City’s contention that Teixeira is “simply republishing untransformed, copies of the Copyrighted works, and free-riding on the City’s expenses” is plainly incorrect on even the most cursory review of the Teixeira videos. The City’s claim that “[t]he facts alleged a complete lack of transformativeness” is also irrelevant given the reference by the Complaint to the videos themselves.

The City’s reliance on *Los Angeles Times v. Free Republic* is also unpersuasive. The defendant hosted an online bulletin board on which “generally, exact copies of whole or substantial portions of articles [we]re posted.” The court rejected the arguments by the defendants that the works were transformative because the board did not substitute for the newspapers’ websites, and because users added comments. The court noted that “[c]opying portions of a copyrighted work for the purpose of criticism or commentary is often considered fair use.” However, the court concluded that limited commentary added to verbatim copies was not sufficient, and the amount of copying—full, verbatim copies—was too great to justify the limited commentary provided on the board. The purpose, the court concluded, was primarily to provide the content of the articles and the ancillary commentary was not sufficient to render the copying transformative because the copied works substituted for the originals. (“For

*Free Republic*: No. 98-cv07840, 2000 WL 565200 (C.D.Cal. Apr. 4, 2000)

those who visit the site regularly, therefore, the articles posted there serve as substitutes for the originals found on plaintiffs' websites or in their newspapers.")

Teixeira's use of the clips from the City Council Videos is of a wholly different sort. The clips are carefully chosen and heavily edited. Teixeira juxtaposes them with other materials, puts his own commentary over and around them, and uses specific clips to underscore and support the points he makes in his videos. No person wishing to find out what occurred during a lengthy City Council meeting would be satisfied with viewing any of the Teixeira Videos.

Indeed, the videos identified in the Complaint as infringing are quintessential transformative works for the purpose of criticism and commentary on matters of public concern. Even as used for commercial purpose—a fact which the Court assumes to be true—this factor alone would go a substantial way to support a finding of fair use.

*b. Nature of the Copyrighted Work*

The purportedly copyright material is not creative in nature. The City Council Videos are straightforward recordings of public proceedings.

The City's arguments address whether there is sufficient creativity to warrant copyright protection at all. While the videos are very likely sufficiently "creative" to fall within the scope of copyright protection, this does not mean that this factor favors the City.

Given the barely creative nature of the City Council Videos, and their informational purpose, they enjoy very narrow copyright protection. This factor therefore weighs in favor of a finding of fair use.

*c. Amount and Substantiality of the Portion Used*

As described above with regards to the first factor, Teixeira uses only small portions of the total works and uses them for very specific and particular purposes. In five of the six accused videos, he intersperses short clips of the City Council Videos between written slides, pictures, other video clips, and his own commentary.

The first and second videos are approximately 15 minutes long and contain clips from the City Council meeting held on July 20, 2010. The video of the meeting is more than four hours long. The clips used in Teixeira's first two videos, are all under a minute long, and most of them 15 seconds or less. The videos address issues regarding Mayor Butts' Inglewood residency issues that arose while he was running for mayor, and his interactions with the City's Clerk regarding a report she compiled as to his voter registration and qualification to run for mayor.

The third video is the shortest of the Teixeira videos at three minutes and 43 seconds. It is almost wholly comprised of a single clip from the City Council meeting on May 22, 2012, at which Mayor

Butts reads a statement regarding a request for information about a shooting. This is the longest clip used by Teixeira in any of the accused videos. Throughout the video there is music added by Teixeira, but more importantly, his commentary runs along the bottom of the screen as Butts talks. Teixeira ridicules Butts' physical tics as he talks, notes his apparent nervousness and stuttering, and specifically identifies points at which Teixeira alleges Butts is lying. The full video of the meeting runs more than three hours.

The City argues that Teixeira fails to meet his supposed burden of showing that it is "essential" to make the copies for his purpose of commenting on it. The City contends that each topic area of the City Council meetings is "an independent and entire work" and Teixeira cannot show why it is necessary to copy these "entire" works. However, a review of the videos makes it clear that Teixeira has copied only the parts of the City Council Videos that serve his purpose of making comment on them, or criticizing very particular statements by Butts. This use of another's material has been frequently recognized as protected fair use. *See Northland Family Planning Clinic, Inc. v. Center for Bio-Ethical Reform* (holding that using verbatim portions of plaintiff's pro-abortion video in making a video protesting abortion was fair use). The City's exceptionally narrow view of an "entire" work is without merit and contrary to the purpose of the fair use doctrine, which permits the use of reasonable quantities of a work for the purpose of criticism and comment.

*Northland: 868 F. Supp. 2d 962 (C.D. Cal. 2012)*

Teixeira's use of the clips from the City Council Videos is limited to his purpose of criticizing Butts and the City Council, and commenting on the proceedings of the City Council. Teixeira chooses small and very specific parts of lengthy proceedings to make his point in his videos. The extent of his copying is reasonable in light of his purpose. Accordingly, this factor also strongly favors a finding of fair use.

*d. Effect of Use on the Market*

This factor strongly favors Teixeira because there is no market for the City Council Videos and the accused works are not a substitute for the original works.

The City argues that the factor favors its position because Teixeira's copying denies the City of the opportunity to "recoup its expenses" and "deprives [the City] of potential revenue." This argument is without merit and flatly contradicted by the California law that governs the City's creation and use of the City Council Videos.

California law prevents public agencies from charging the public anything more than the "direct costs of duplication" when providing public records.

*Cal. Gov. Code § 6253(b)*

The City therefore may only collect fees to reimburse for the di-

rect costs of providing copies of any record it creates, including the City Council Videos. It is specifically barred by law from charging any fee to recoup the costs of original production. And it is certainly not permitted to use the City Council Videos to generate any form of revenue. There can therefore be no commercial market for the City Council Videos and no activity by Teixeira can deprive the City of any revenue.

Because copyright's purpose is to protect the commercial interest of authors so as to incentivize the creation of further works the lack of a market for the City Council Videos suggests that the City has no interest in copyright protection of the City Council Videos.

Further, even if the City could generate revenue from its works, Teixeira's videos are not a substitute. The original works are lengthy, unadorned videos of City Council meetings. Teixeira's videos are considerably shorter, contain even shorter portions of the City Council meetings, and are exclusively for the purpose of presenting Teixeira's views and commentary on Inglewood city politics).

Accordingly, this factor also strongly favors a finding of fair use.

### *3. Teixeira's Videos are Fair Use as a Matter of Law*

Having reviewed the accused videos, the Court determines that—even assuming the City has any copyright interest to assert—they are clearly protected by the fair use doctrine. Indeed, the Court can scarcely conceive of works that are more appropriately protected by the fair use doctrine and § 107 than the Teixeira Videos. He is engaged in core First Amendment speech commenting on political affairs and matters of public concern. To do so, he has taken carefully selected and short portions of significantly longer works, and embellished them with commentary and political criticism through music, his voice, and written subtitles. Even if California law allowed the City to assert a copyright claim, Teixeira's activities plainly fall within the protections of fair use.

The City accuses Teixeira of wanting “to criticize the City without doing his own work” by “posting substantially all of the full [City Council Videos] with [his] comments posted on top of them.” Even if the City's characterization of the Teixeira Videos were accurate, fair use would allow such use for the purpose of commentary.

### **Fox Broadcasting Co., Inc. v. Dish Network LLC**

723 F.3d 1067 (9th Cir. 2013)

Plaintiffs (collectively, “Fox”) own the copyrights to television shows that air on the Fox television network. Its primetime lineup includes shows such as *Glee*, *Bones*, *The Simpsons*, and *Family Guy*. One distributor that Fox contracts with is Dish Network, the third-largest pay television service provider in the United States.

In March 2012, Dish released to its customers the Hopper, a set-top box with digital video recorder (DVR) and video on demand capabilities. At the same time it released the Hopper, Dish introduced a feature called PrimeTime Anytime that works only on the Hopper. PrimeTime Anytime allows a subscriber to set a single timer to record any and all primetime programming on the four major broadcast networks (including Fox) every night of the week. To enable PrimeTime Anytime, a Hopper user presses the "\*" button on the remote control to reach the PrimeTime Anytime setup screen. The user selects "Enable," and a new menu appears where the viewer can disable recordings of certain networks on certain days of the week and change the length of time that the shows are saved (between two and eight days). By default, PrimeTime Anytime records primetime shows on all four networks each night of the week and saves all recordings for eight days.

In May 2012, Dish started offering a new feature, AutoHop, that allows users to automatically skip commercials. AutoHop is only available on shows recorded using PrimeTime Anytime, typically on the morning after the live broadcast. It is not available for all primetime programs. When a user plays back a PrimeTime Anytime recording, if AutoHop is available, a pop-up screen appears that allows the user to select the option to "automatically skip over" commercial breaks. By default, AutoHop is not selected.

If a customer enables AutoHop, the viewer sees only the first and last few seconds of each commercial break. A red kangaroo icon appears in the corner of the screen to demonstrate that AutoHop is skipping commercials. Unlike the 30-second skip feature available on many DVRs, once a user has enabled AutoHop, the user does not press anything to skip through commercials. AutoHop does not delete commercials from the recording. Customers can see the commercials if they manually rewind or fast-forward into a commercial break.

Fox sued Dish for copyright infringement and breach of contract and sought a preliminary injunction. The district court denied the motion.

The district court did not abuse its discretion in concluding that Fox was unlikely to succeed on its claim of secondary copyright infringement for the PrimeTime Anytime and AutoHop programs. Secondary liability for copyright infringement does not exist in the absence of direct infringement by a third party. Therefore, to establish secondary liability, Fox must establish that Dish's users are infringing. There is no dispute that Fox has established a prima facie case of direct infringement by Dish customers because Fox owns the copyrights to its shows and the users make copies. Thus, the burden shifts to Dish to demonstrate that it is likely to succeed on its affirmative

defense that its customers' copying was a fair use. Dish has met this burden.

As the district court recognized, the Supreme Court's analysis in *Sony* provides strong guidance in assessing whether Dish customers' copying of Fox programs is a "fair use." In *Sony*, the Supreme Court held that Sony was not liable for secondary infringement for manufacturing Betamax VCRs because customers used the machines primarily for time-shifting.

Fox and its amici argue that Dish customers use PrimeTime Anytime and AutoHop for purposes other than time-shifting – namely, commercial-skipping and library-building. These uses were briefly discussed in *Sony*, in which the Court recognized that some Betamax customers used the device to avoid viewing advertisements and accumulate libraries of tapes. In *Sony*, about 25 percent of Betamax users fast-forwarded through commercials. Additionally, a "substantial number of interviewees had accumulated libraries of tapes." One user owned about 100 tapes and bought his Betamax intending to "build a library of cassettes," but this "proved too expensive." Because the Betamax was primarily used for timeshifting, the Court in *Sony* never expressly decided whether commercial-skipping and library-building were fair uses.

Yet, as the district court held, commercial-skipping does not implicate Fox's copyright interest because Fox owns the copyrights to the television programs, not to the ads aired in the commercial breaks. If recording an entire copyrighted program is a fair use, the fact that viewers do not watch the ads not copyrighted by Fox cannot transform the recording into a copyright violation. Indeed, a recording made with PrimeTime Anytime still includes commercials; AutoHop simply skips those recorded commercials unless a viewer manually rewinds or fast-forwards into a commercial break. Thus, any analysis of the market harm should exclude consideration of AutoHop because ad-skipping does not implicate Fox's copyright interests.

Analyzing PrimeTime Anytime under the fair use factors, Dish has demonstrated a likelihood of success on its customers' fair use defense. As for the first factor, the "purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes," Dish customers' home viewing is non-commercial under *Sony*, which held that "time-shifting for private home use" was a "noncommercial, nonprofit activity." Here, the district court found that PrimeTime Anytime is used for time-shifting, and that the Hopper is available only to private consumers.

*Sony* also governs the analysis of the second and third factors, the "nature of the copyrighted work" and "the amount and substantiality of the portion used in relation to the copyrighted work as a whole," *Sony* held that "when one considers the nature of a televised copy-

righted audiovisual work, and that time-shifting merely enables a viewer to see such a work which he had been invited to witness in its entirety free of charge, the fact that the entire work is reproduced, does not have its ordinary effect of militating against a finding of fair use." The same analysis applies here, and thus the fact that Dish users copy Fox's entire copyrighted broadcasts does not have its ordinary effect of militating against a finding of fair use.

Finally, we consider the "effect of the use upon the potential market for or value of the copyrighted work. This is the "most important element of fair use." *Harper & Row* Because Dish customers' taping is "for a noncommercial purpose," the likelihood of future market harm is not presumed but "must be demonstrated." *Sony Fox* "need only show that if the challenged use should become widespread, it would adversely affect the potential market for the copyrighted work." *Harper & Row*

Because Fox licenses its programs to distributors such as Hulu and Apple, the market harm analysis is somewhat different than in *Sony*, where no such secondary market existed for the copyright-holders' programs. However, the record before the district court establishes that the market harm that Fox and its amici allege results from the automatic commercial-skipping, not the recording of programs through PrimeTime Anytime. Indeed, Fox often charges no additional license fees for providers to offer Fox's licensed video on demand, so long as providers disable fast-forwarding. This indicates that the ease of skipping commercials, rather than the on-demand availability of Fox programs, causes any market harm. And as we have discussed, the commercial-skipping does not implicate any copyright interest.

Therefore, the district court did not abuse its discretion in concluding that Fox was unlikely to succeed on its secondary infringement claim.

#### **Capitol Records, LLC v. ReDigi Inc.**

934 F. Supp. 2d 640 (S.D.N.Y. 2013)

On the record before it, the Court has little difficulty concluding that ReDigi's reproduction and distribution of Capitol's copyrighted works falls well outside the fair use defense. ReDigi obliquely argues that uploading to and downloading from the Cloud Locker for storage and personal use are protected fair use. Significantly, Capitol does not contest that claim. Instead, Capitol asserts only that uploading to and downloading from the Cloud Locker incident to sale fall outside the ambit of fair use. The Court agrees.

Each of the statutory factors counsels against a finding of fair use. The first factor requires the Court to determine whether ReDigi's use "transforms" the copyrighted work and whether it is commercial. Both inquiries disfavor ReDigi's claim. Plainly, the upload, sale, and

download of digital music files on ReDigi’s website does nothing to “add[] something new, with a further purpose or different character” to the copyrighted works. *Campbell* ReDigi’s use is also undoubtedly commercial. ReDigi and the uploading user directly profit from the sale of a digital music file, and the downloading user saves significantly on the price of the song in the primary market. ReDigi asserts that downloads for personal, and not public or commercial, use “must be characterized as noncommercial, nonprofit activity.” However, ReDigi twists the law to fit its facts. When a user downloads purchased files from the Cloud Locker, the resultant reproduction is an essential component of ReDigi’s commercial enterprise. Thus, ReDigi’s argument is unavailing.

The second factor – the nature of the copyrighted work – also weighs against application of the fair use defense, as creative works like sound recordings are close to the core of the intended copyright protection and far removed from the ... factual or descriptive work more amenable to fair use.

The third factor – the portion of the work copied – suggests a similar outcome because ReDigi transmits the works in their entirety.

Finally, ReDigi’s sales are likely to undercut the market for or value of the copyrighted work and, accordingly, the fourth factor cuts against a finding of fair use. The product sold in ReDigi’s secondary market is indistinguishable from that sold in the legitimate primary market save for its lower price. The clear inference is that ReDigi will divert buyers away from that primary market. ReDigi incredibly argues that Capitol is preempted from making a market-based argument because Capitol itself condones downloading of its works on iTunes. Of course, Capitol, as copyright owner, does not forfeit its right to claim copyright infringement merely because it permits certain uses of its works. This argument, too, is therefore unavailing.

### Chicago HOPE Problem

Compare Shepard Fairey’s famous Obama “HOPE” poster with the photograph he used as a starting point. Assume that the photograph’s copyright is owned by the Associated Press, which used it to illustrate a news story about a campaign event and then offered it for licensing through a stock photography bureau. Assume further that Fairey created the poster to support Obama, that he then licensed it for free to the Obama campaign, that the campaign has given out tens of thousands of prints to supporters and it has been distributed widely for free online. And finally, note that Fairey became significantly more famous as a result of the poster and the publicity it received, and that he initially lied under oath in trying to conceal the fact that he had used the photograph as a source. Fair use?



Obama photograph by Mannie Garcia



Obama “HOPE” poster by Shepard Fairey



### 3 Section 512

#### Copyright Act

(c) Information Residing on Systems or Networks At Direction of Users.—

17 U.S.C. § 512

*Limitations on liability relating to material online*

(1) In general.— A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider, if the service provider— ...

(C) upon notification of claimed infringement as described in paragraph (3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity.

(2) Designated agent.— The limitations on liability established in this subsection apply to a service provider only if the service provider has designated an agent to receive notifications of claimed infringement described in paragraph (3), by making available through its service, including on its website in a location accessible to the public, and by providing to the Copyright Office, substantially the following information:

(A) the name, address, phone number, and electronic mail address of the agent.

(B) other contact information which the Register of Copyrights may deem appropriate. ...

(3) Elements of notification.—

(A) To be effective under this subsection, a notification of claimed infringement must be a written communication provided to the designated agent of a service provider that includes substantially the following:

(i) A physical or electronic signature of a person authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

(ii) Identification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at

that site.

- (iii) Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material.
- (iv) Information reasonably sufficient to permit the service provider to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted.
- (v) A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law.
- (vi) A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed. ...

#### **UMG Recordings, Inc. v. Shelter Capital Partners**

667 F.3d 1022 (9th Cir. 2011)

Veoh Networks (Veoh) operates a publicly accessible website that enables users to share videos with other users. When a video is uploaded, various automated processes take place. Veoh's software automatically breaks down the video file into smaller 256-kilobyte "chunks," which facilitate making the video accessible to others. Veoh's software also automatically converts, or "transcodes," the video file into Flash 7 format. This is done because "the vast majority of internet users have software that can play videos" in this format.

Veoh's computers also automatically extract metadata from information users provide to help others locate the video for viewing. Users can provide a title, as well as tags or keywords that describe the video, and can also select pre-set categories describing the video, such as "music," "faith" or "politics." The Veoh system then automatically assigns every uploaded video a "permalink," or web address, that uniquely identifies the video and makes it available to users. Veoh employees do not review the user-submitted video, title or tags before the video is made available.

Veoh employs various technologies to automatically prevent copyright infringement on its system. In 2006, Veoh adopted "hash filtering" software. Whenever Veoh disables access to an infringing video, the hash filter also automatically disables access to any identi-

cal videos and blocks any subsequently submitted duplicates. Veoh also began developing an additional filtering method of its own, but in 2007 opted instead to adopt a third-party filtering solution produced by a company called Audible Magic. Audible Magic's technology takes audio "fingerprints" from video files and compares them to a database of copyrighted content provided by copyright holders. If a user attempts to upload a video that matches a fingerprint from Audible Magic's database of forbidden material, the video never becomes available for viewing. Approximately nine months after beginning to apply the Audible Magic filter to all newly uploaded videos, Veoh applied the filter to its backlog of previously uploaded videos. This resulted in the removal of more than 60,000 videos, including some incorporating UMG's works. Veoh has also implemented a policy for terminating users who repeatedly upload infringing material, and has terminated thousands of user accounts.

Despite Veoh's efforts to prevent copyright infringement on its system, both Veoh and UMG agree that some of Veoh's users were able to download unauthorized videos containing songs for which UMG owns the copyright. The parties also agree that before UMG filed its complaint, the only notices Veoh received regarding alleged infringements of UMG's works were sent by the Recording Industry Association of America (RIAA). The RIAA notices listed specific videos that were allegedly infringing, and included links to those videos. The notices did not assert rights to all works by the identified artists, and did not mention UMG. UMG does not dispute that Veoh removed the material located at the links identified in the RIAA notices.

In September 2007, UMG filed suit against Veoh for direct, vicarious and contributory copyright infringement, and for inducement of infringement.

#### A

We must first decide whether the functions automatically performed by Veoh's software when a user uploads a video fall within the meaning of "by reason of the storage at the direction of a user." 17 U.S.C. § 512(c)(1). Although UMG concedes that "[s]torage on computers involves making a copy of the underlying data," it argues that "nothing in the ordinary definition of 'storage' encompasses" the automatic processes undertaken to facilitate public access to user-uploaded videos. Facilitation of access, UMG argues, goes beyond "storage." Therefore the creation of chunked and Flash files and the streaming and downloading of videos fall outside § 512(c).

By its terms, § 512(c) presupposes that service providers will provide access to users' stored material, and we would thus contravene the statute if we held that such access disqualified Veoh from the safe

harbor. Section 512(c) codifies a detailed notice and takedown procedure by which copyright holders inform service providers of infringing material accessible through their sites, and service providers then “disable access to” such materials. This carefully considered protocol, and the statute’s attendant references to “disabl[ing] access” to infringing materials would be superfluous if we accepted UMG’s constrained reading of the statute. Indeed, it is not clear how copyright holders could even discover infringing materials on service providers’ sites to notify them as the protocol dictates if § 512(c) did not contemplate that there would be access to the materials.

The technological processes involved in providing web hosting services require those service providers to make, transmit and download multiple copies of users’ stored materials. To create a website, the user uploads content to the web host’s computers, which make an initial copy. Then, when another Internet user wants to access the website by clicking a link or entering the URL, all the website’s relevant content is transmitted to the user’s computer, where another copy is automatically made by the user’s web browser software in order to assemble the materials for viewing and listening. To carry out their function of making websites available to Internet users, web hosting services thus routinely copy content and transmit it to Internet users. We cannot see how these access-facilitating processes are meaningfully distinguishable from Veoh’s for § 512(c)(1) purposes.

### B

It is undisputed that, until the filing of this lawsuit, UMG had not identified to Veoh any specific infringing video available on Veoh’s system. Nevertheless, UMG contends that Veoh hosted a category of copyrightable content – music – for which it had no license from any major music company. UMG argues Veoh thus must have known this content was unauthorized, given its general knowledge that its services could be used to post infringing material. UMG urges us to hold that this sufficiently demonstrates knowledge of infringement. We cannot, for several reasons.

As an initial matter, contrary to UMG’s contentions, there are many music videos that could in fact legally appear on Veoh. Among the types of videos subject to copyright protection but lawfully available on Veoh’s system were videos with music created by users and videos that Veoh provided pursuant to arrangements it reached with major copyright holders, such as SonyBMG. If merely hosting material that falls within a category of content capable of copyright protection, with the general knowledge that one’s services could be used to share unauthorized copies of copyrighted material, was sufficient to impute knowledge to service providers, the § 512(c) safe harbor would be rendered a dead letter: § 512(c) applies only to claims of

copyright infringement, yet the fact that a service provider's website contained copyrightable material would remove the service provider from § 512(c) eligibility.

These considerations are reflected in Congress' decision to enact a notice and takedown protocol encouraging copyright holders to identify specific infringing material to service providers. They are also evidenced in the "exclusionary rule" that prohibits consideration of substantially deficient § 512(c)(3)(A) notices for purposes of "determining whether a service provider has actual knowledge or is aware of facts and circumstances from which infringing activity is apparent.. We therefore hold that merely hosting a category of copyrightable content, such as music videos, with the general knowledge that one's services could be used to share infringing material, is insufficient to meet the actual knowledge requirement under § 512(c)(1)(A)(i).

17 U.S.C. § 512(c)(3)(B)(i)

We reach the same conclusion with regard to the § 512(c)(1)(A)(ii) inquiry into whether a service provider is "aware of facts or circumstances from which infringing activity is apparent." The district court's conception of this "red flag test" properly followed our analysis in *Perfect 10, Inc. v. CCBill LLC*, which reiterated that the burden remains with the copyright holder rather than the service provider. The plaintiffs in *CCBill* argued that there were a number of red flags that made it apparent infringing activity was afoot, noting that the defendant hosted sites with names such as "illegal.net" and "stolencelebritypics.com," as well as password hacking websites, which obviously infringe. We disagreed that these were sufficient red flags because "we do not place the burden of determining whether materials are actually illegal on a service provider," and "we impose no such investigative duties on service providers." For the same reasons, we hold that Veoh's general knowledge that it hosted copyrightable material and that its services could be used for infringement is insufficient to constitute a red flag.

CCBill: 488 F.3d 1102 (9th Cir. 2007)

We are not persuaded that UMG's other purported evidence of Veoh's actual or apparent knowledge of infringement warrants trial. First, UMG points to the tagging of videos on Veoh's service as "music videos." Relying on the theory rejected above, UMG contends that this demonstrates Veoh's knowledge that it hosted a category of infringing content. Relatedly, UMG argues that Veoh's purchase of certain search terms through the Google AdWords program demonstrates knowledge of infringing activity because some of the terms purchased, such as "50 Cent," "Avril Lavigne" and "Britney Spears," are the names of UMG artists. However, artists are not always in exclusive relationships with recording companies, so just because UMG owns the copyrights for some Britney Spears songs does not mean it owns the copyright for all Britney Spears songs. Indeed, 50 Cent, Avril Lavigne and Britney Spears are also affiliated with Sony-BMG,

which gave Veoh permission to stream its videos by these artists. Furthermore, even if Veoh had not had such permission, we recognize that companies sometimes purchase search terms they believe will lead potential customers to their websites even if the terms do not describe goods or services the company actually provides. For example, a sunglass company might buy the search terms “sunscreen” or “vacation” because it believed that people interested in such searches would often also be interested in sunglasses. Accordingly, Veoh’s search term purchases do little to demonstrate that it knew it hosted infringing material.

UMG comes closer to meeting the § 512(c)(1)(A) requirements with its evidence of emails sent to Veoh executives and investors by copyright holders and users identifying infringing content. One email, sent by the CEO of Disney, a major copyright holder, to Michael Eisner, a Veoh investor, stated that the movie *Cinderella III* and various episodes from the television show *Lost* were available on Veoh without Disney’s authorization. If this notification had come from a third party, such as a Veoh user, rather than from a copyright holder, it might meet the red flag test because it specified particular infringing material. As a copyright holder, however, Disney is subject to the notification requirements in § 512(c)(3), which this informal email failed to meet. Accordingly, this deficient notice “shall not be considered under paragraph (1)(A) in determining whether a service provider has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent.” Further, even if this email could have created actual knowledge or qualified as a red flag, Eisner’s email in response assured Disney that he would instruct Veoh to “take it down,” and Eisner copied Veoh’s founder to ensure this happened “right away.” UMG nowhere alleges that the offending material was not immediately removed, and accordingly Veoh would be saved by § 512(c)(1)(A)(iii), which preserves the safe harbor for service providers with such knowledge so long as they “act[] expeditiously to remove, or disable access to, the material.”

17 U.S.C. § 512(c)(3)(B)(i)

### C

UMG appeals the district court’s determination that Veoh did not have the necessary right and ability to control infringing activity and thus remained eligible for safe harbor protection.

As discussed in the knowledge context, it is not enough for a service provider to know as a general matter that users are capable of posting unauthorized content; more specific knowledge is required. Similarly, a service provider may, as a general matter, have the legal right and necessary technology to remove infringing content, but until it becomes aware of specific unauthorized material, it cannot exercise its “power or authority” over the specific infringing item. In

practical terms, it does not have the kind of ability to control infringing activity the statute contemplates.

Our reading of § 512(c)(1)(B) is informed and reinforced by our concern that the statute would be internally inconsistent were we to interpret the “right and ability to control” language as UMG urges. First, § 512(m) cuts against holding that Veoh’s general knowledge that infringing material could be uploaded to its site triggered an obligation to “police” its services to the “fullest extent” possible. As we have explained, § 512(m) provides that § 512(c)’s safe harbor protection may not be conditioned on “a service provider monitoring its service or affirmatively seeking facts indicating infringing activity.” UMG’s reading of the “right and ability to control” language would similarly run afoul of *CCBill*, which likewise clarified that § 512(c) “impose[s] no such investigative duties on service providers,” and “place[s] the burden of policing copyright infringement ... squarely on the owners of the copyright.” We are not persuaded by UMG’s suggestion that Congress meant this limitation on the duty to monitor to apply only to service providers who do not receive a direct financial benefit under subsection (B). Rather, we conclude that a service provider must be aware of specific infringing material to have the ability to control that infringing activity within the meaning of § 512(c)(1)(B). Only then would its failure to exercise its ability to control deny it a safe harbor.

Second, § 512(c) actually presumes that service providers have the sort of control that UMG argues satisfies the § 512(c)(1)(B) “right and ability to control” requirement: they must “remove or disable access to” infringing material when they become aware of it. UMG argues that service providers have “the right and ability to control” infringing activity, § 512(c)(1)(B), as long as they have “the ability to locate infringing material” and “terminate users’ access.” Under that reading, service providers would have the “right and ability to control” infringing activity regardless of their becoming “aware of” the material. Under that interpretation, the prerequisite to § 512(c) protection under § 512(c)(1)(A)(iii) and (C), would at the same time be a disqualifier under § 512(c)(1)(B). Congress could not have intended for courts to hold that a service provider loses immunity under the safe harbor provision of the DMCA because it engages in acts that are specifically required by the DMCA.

Accordingly, we hold that the “right and ability to control” under § 512(c) requires control over specific infringing activity the provider knows about. A service provider’s general right and ability to remove materials from its services is, alone, insufficient. Of course, a service provider cannot willfully bury its head in the sand to avoid obtaining such specific knowledge. Viewing the evidence in the light most favorable to UMG, as we must here, we agree with the district court

there is no evidence that Veoh acted in such a manner. Rather, the evidence demonstrates that Veoh promptly removed infringing material when it became aware of specific instances of infringement. Although the parties agree, in retrospect, that at times there was infringing material available on Veoh's services, the DMCA recognizes that service providers who are not able to locate and remove infringing materials they do not specifically know of should not suffer the loss of safe harbor protection.

## 4 Statutory Licenses

### **WPIX, Inc. v. ivi, Inc.** 691 F.3d 275 (2d Cir. 2012)

On September 13, 2010, ivi began streaming plaintiffs' copyrighted programming over the Internet, live, for profit, and without plaintiffs' consent. ivi began by retransmitting signals from approximately thirty New York and Seattle broadcast television stations; by February 2, 2011, ivi was also retransmitting signals from stations in Chicago and Los Angeles. Within five months of its launch, ivi had offered more than 4,000 of plaintiffs' copyrighted television programs to its subscribers.

Specifically, ivi captured and retransmitted plaintiffs' copyrighted television programming live and over the Internet to paying ivi subscribers who had downloaded ivi's "TV player" on their computers for a monthly subscription fee of \$4.99 (following a 30-day free trial). For an additional fee of \$0.99 per month, subscribers were able to record, pause, fast-forward, and rewind ivi's streams.

Almost immediately after ivi's launch, several affected program owners and broadcast stations sent cease-and-desist letters to ivi. ivi responded to these letters on or about September 17, 2010, purporting to justify its operations on the ground that it was a cable system entitled to a compulsory license under § 111 of the Copyright Act.

Section 111(c)(1) of the Copyright Act provides:

17 U.S.C. § 111(c)(1)

Secondary transmissions to the public by a cable system of a performance or display of a work embodied in a primary transmission made by a broadcast station licensed by the Federal Communications Commission ... shall be subject to statutory licensing upon compliance with the requirements of subsection (d) where the carriage of the signals comprising the secondary transmission is permissible under the rules, regulations, or authorizations of the Federal Communications Commission.

A "cable system" is defined as:



a facility, located in any State, territory, trust territory, or possession of the United States, that in whole or in part receives signals transmitted or programs broadcast by one or more television broadcast stations licensed by the Federal Communications Commission, and makes secondary transmissions of such signals or programs by wires, cables, microwave, or other communications channels to subscribing members of the public who pay for such service. For purposes of determining the royalty fee under subsection (d)(1), two or more cable systems in contiguous communities under common ownership or control or operating from one headend shall be considered as one system.

17 U.S.C. § 111(f)(3)

Based on the statutory text alone, it is simply not clear whether a service that retransmits television programming live and over the Internet constitutes a cable system under § 111. That is, it is unclear whether such a service (1) is or utilizes a "facility" (2) that receives and retransmits signals (3) through wires, cables, microwave, or other communication channels.

The legislative history indicates that Congress enacted § 111 with the intent to address the issue of poor television reception, or, more specifically, to mitigate the difficulties that certain communities and households faced in receiving over-the-air broadcast signals by enabling the expansion of cable systems.

Through § 111's compulsory license scheme, Congress intended to support localized – rather than nationwide – systems that use cable or optical fibers to transmit signals through a physical, point-to-point connection between a transmission facility and the television sets of individual subscribers.

Congress did not, however, intend for § 111's compulsory license to extend to Internet transmissions. Indeed, the legislative history indicates that if Congress had intended to extend § 111's compulsory license to Internet retransmissions, it would have done so expressly – either through the language of § 111 as it did for microwave retransmissions or by codifying a separate statutory provision as it did for satellite carriers.

17 U.S.C. §§ 111, 119

To the extent that there is any doubt as to Congress's intent, however, we conclude that the position of the Copyright Office eliminates such doubt in its entirety. The Copyright Office is the administrative agency charged with overseeing § 111's compulsory licensing scheme. Although Congress has not expressly delegated authority to the Copyright Office to make rules carrying the force of law, agencies charged with applying a statute certainly may influence courts facing questions the agencies have already answered.

The Copyright Office has consistently concluded that Internet retransmission services are not cable systems and do not qualify for § 111 compulsory licenses. The Copyright Office has maintained that § 111's compulsory license for cable systems is intended for localized retransmission services; under this interpretation, Internet retransmission services are not entitled to a § 111 license. In light of the Copyright Office's expertise, the validity of its reasoning, the consistency of its earlier and later pronouncements, and the consistency of its opinions with Congress's purpose in enacting § 111, we conclude that the Copyright Office's position is reasonable and persuasive.

**Fox Television Stations, Inc. v. AereoKiller**

115 F. Supp. 3d 1152 (C.D. Cal. 2015)

The Copyright Office is not the only agency involved in this issue. As the Copyright Office acknowledged, the FCC is considering new regulations in this area. Those potential regulations are relevant in two ways to this case; one direct and one indirect. The direct way is that § 111 requires that the retransmission be permissible under FCC regulations. Currently, Plaintiffs point to no ways in which Defendants are in violation of FCC regulations. There simply do not appear to be any that address Defendants' particular transmissions, and Plaintiffs have made no showing that Defendants are in violation of any more general regulations, for example, of the type we all comply with by operating devices bearing this familiar inscription; "This device complies with part 15 of the FCC Rules. Operation is subject to the following two conditions: (1) This device may not cause harmful interference, and (2) this device must accept any interference received, including interference that may cause undesired operation."

47 C.F.R. § 15.19

The indirect way that the FCC proceedings are relevant is that the FCC is considering whether internet-based services qualify as "multichannel video programming distributors" under communications law. Plaintiffs argue that the FCC's potential future rules are irrelevant, as they will not extend a § 111 license to anybody. That might be literally true, but nevertheless the Copyright Office thinks the FCC proceedings are relevant to that question. In any event, the proposed rules appear to provide a parallel path to program access for internet retransmitters. The NPM proposes to modernize the FCC's interpretation of the term "multichannel video programming distributor ("MVPD") by including within its scope services that make available for purchase, by subscribers or customers, multiple linear streams of video programming, regardless of the technology used to distribute the programming. This is intended to "enable cable operators to untether their video offerings from their current infrastructure, and could encourage them to migrate their traditional services to Internet delivery." The NPM also requests comment on whether the proposed

retransmission consent rules would “force broadcasters to negotiate with and license their signals to potentially large numbers of Internet-based distributors.”

Defendants emphasize this second, indirect involvement by the FCC, and represent that they will comply with any applicable regulations that arise out of this rulemaking. What the FCC might or might not do does not directly impact the analysis here, which is necessarily grounded in current law. Nonetheless, the rulemaking again emphasizes that this is not the only forum in which these issues are being debated, and that this is not the only forum for resolving them.

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Other notable statutory licenses include a parallel licensing regime for satellite broadcasts, §§ 119 and 121; several music-licensing regimes, § 114 (webcasting), § 115 (cover versions), and § 116 (jukeboxes); and a system of negotiated royalties for works used in non-commercial broadcasting, § 118.

The music-licensing regimes are discussed in the Music chapter. Crazy, huh?

## 5 Miscellaneous

### Copyright Act

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#### § 108

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#### § 121(a)

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