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**DEVELOPMENTS IN U.S. COPYRIGHT LAW 2000-2001: FROM REVISING THE OLD SOUTH TO  
REDEFINING THE DIGITAL MILLENNIUM**

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#### **\*114 I. Introduction**

This article highlights developments in U.S. copyright law from September 2000 to August 2001. Given the volume of activity that has taken place during the past year, the article does not purport to be a comprehensive review of everything that has happened during this period and expressly does not cover international copyright developments. It does focus, however, on many interesting new cases, pending federal legislation, and activities of the Copyright Office, as well as follows up on

certain cases discussed in last year's version of this article.<sup>1</sup>

The past year has seen much activity in cases involving the Digital Millennium Copyright Act, most notably the "Napster" case and other cases whose core disputes concern the interplay of traditional copyright protections with the technologies of the new millennium, such as the Internet, CD-ROMs, and digital databases. Further cases of note have applied modern facts and circumstances to test the limitations of traditional copyright doctrines, including fair use and work-for-hire. Many of the cases discussed herein have had their share of attention from the popular media, as copyright issues frequently touch the lives of ordinary citizens through such means as the Internet. The terminology, characters, and concepts of several hotly litigated cases either have been or have become household words--from "Barbie" and "Scarlett O' Hara" to "Napster" and "MP3." The main players in some of the cases, such as that involving the *Gone With The Wind* parody *The Wind Done Gone*, have even made appearances before the American public on the morning talk show circuit, demonstrating that many of the cases generate interest far beyond the walls of the courtroom and confines of the legal community.

## **II. Developments Under the Digital Millennium Copyright Act**

The Digital Millennium Copyright Act ("DMCA") was enacted in 1998 and amended several sections of the Copyright Act. Such amendments include the addition of anti-circumvention provisions that address technological protection and \*115 management systems for copyrighted works, making it illegal to circumvent a technological measure that effectively controls access to a copyrighted work.<sup>2</sup> Other provisions provide a "safe harbor" from copyright infringement liability for "service providers" that meet the criteria laid out in the statute.<sup>3</sup> Predictably, in the three years following the enactment of the DMCA, several cases have made their way to the courts, providing the opportunity for judicial interpretations and applications of the DMCA. The period of time covered by this article has seen activity in several notable cases, including cases dealing with the applicability of the DMCA to digital music delivery services and posting of decryption software on the Internet.

### **A. Napster Digital Music Service Enjoined: A&M Records, Inc., v. Napster, Inc.<sup>4</sup>**

This case pits the Recording Industry Association of America ("RIAA"), on behalf of its individual record-label members, against Napster, Inc. ("Napster"), the Internet peer-to-peer music file-sharing company.<sup>5</sup> The RIAA's basic contention has been that Napster has committed both contributory and vicarious copyright infringement by offering its services and proprietary MusicShare software freely to users via its web site, enabling those users to search for, request, download, and play MP3 music files from other users.<sup>6</sup> Plaintiffs argue that, "Napster is a commercial enterprise that enables and encourages Internet users to connect to Napster's computer servers to make copies of plaintiffs' copyrighted sound recordings available to other users for unlawful copying and distribution."<sup>7</sup> The case, which has received tremendous media coverage, began with the complaint filed December 7, 1999, in the United States District Court, Northern District of California.<sup>8</sup>

In May 2000, the district court denied Napster's Motion for Summary Adjudication, rejecting Napster's argument that, as an Internet service provider (ISP), it fell within the "safe harbor" provision of Section 512 of the DMCA.<sup>9</sup> This provision exempts qualifying online service and Internet access providers from liability for acts of copyright infringement occurring online that are caused by \*116 another.<sup>10</sup> The court determined that "Napster does not meet the requirements of subsection 512(a) because it does not transmit, route, or provide connections for allegedly infringing material through its system."<sup>11</sup> The court found that the existence of genuine issues of material fact regarding Napster's compliance with Section 512(i) of the DMCA ("conditions for eligibility" provision concerning enforcement of users' compliance with copyright laws) also made summary adjudication inappropriate.<sup>12</sup>

Plaintiffs moved for injunctive relief on the grounds that Napster's continuing activities were causing serious and irreparable harm to plaintiffs by "making possible, facilitating, and encouraging the massive, continuing infringements of the sound recording and musical composition copyrights owned by plaintiffs."<sup>13</sup> In July 2000, the district court granted plaintiffs' motion for preliminary injunction, enjoining Napster from "engaging in, or facilitating others in copying, downloading, uploading, transmitting, or distributing plaintiffs' copyrighted musical compositions and sound recordings, protected by either federal or state law, without express permission of the rights owner."<sup>14</sup> The court set a bond of five million dollars.<sup>15</sup> Napster then filed an emergency petition with the Ninth Circuit Court of Appeals asking the court to enter a temporary stay of enforcement pending resolution of Napster's expedited appeal.<sup>16</sup> The court granted the stay shortly before the injunction was scheduled to take effect, surprising many people following the case.<sup>17</sup> A three-judge panel heard oral arguments from the parties in October 2000, but did not issue a decision on the appeal until February 2001.<sup>18</sup>

To succeed upon the merits of their contributory and vicarious copyright infringement claims, plaintiffs first had to show direct infringement by Napster's \*117 users.<sup>19</sup> On appeal, Napster did not dispute the district court's conclusion that plaintiffs presented a *prima facie* case of direct copyright infringement by Napster's users.<sup>20</sup> Instead, Napster's appeal focused on the following four principal defenses: (1) Napster's users do not directly infringe plaintiffs' copyrights because the users are engaged in "fair use" of the copyrighted materials, including "permissive reproduction" of materials by the artist, discussed infra on pages 114-41.<sup>21</sup> (2) Napster is not liable for users' copyright infringement, if any, because its technology is capable of "substantial noninfringing uses" under *Sony Corp. v. Universal City Studios, Inc.*;<sup>22</sup> (3) Napster's users' activities are protected under Section 1008 of the Audio Home Recording Act of 1992 ("AHRA");<sup>23</sup> and (4) Napster is shielded from liability by the "safe harbor" provided for ISPs under Section 512 of the DMCA.<sup>24</sup>

The Ninth Circuit found no abuse of discretion in the district court's grant of a preliminary injunction,<sup>25</sup> but did limit the scope of the injunction. The court shifted the burden to plaintiffs, requiring them to notify Napster of copyrighted works available on Napster's system in order to trigger Napster's obligation to disable access to the material by its users. The court stated that Napster had the burden of "policing the system within the limits of the system."<sup>26</sup> Specifics of the appellate court's ruling are discussed in further detail below.

## **1. Direct Infringement and Napster's Fair Use Defense**

The district court agreed with plaintiffs' claim of direct copyright infringement by Napster's users, and, on appeal, Napster did not dispute the district court's finding that plaintiffs had established a *prima facie* case of copyright infringement by Napster's users.<sup>27</sup> The Ninth Circuit agreed that plaintiffs demonstrated that Napster users infringed at least two of the exclusive rights held by copyright owners: the rights of reproduction and distribution of the copyrighted work.<sup>28</sup> The court indicated that plaintiffs' distribution rights were violated when Napster users uploaded file names to Napster's search index for others to copy and that plaintiffs' reproduction rights were violated when Napster users downloaded files of copyrighted music.<sup>29</sup> In response to plaintiffs' claim of direct infringement by its \*118 users, Napster asserted the affirmative defense that its users' activities constituted "fair use."<sup>30</sup> This fair use defense is discussed in detail below on pages 114-41.

## **2. Contributory and Vicarious Infringement**

Having found no error in the district court's determinations that plaintiffs were likely to succeed on their claim that Napster users directly infringed plaintiffs' copyrights and that such activities were not permitted as fair uses, the Ninth Circuit turned to the district court's findings on contributory and vicarious copyright infringement. To support its claims for both contributory and vicarious infringement, plaintiffs' case necessarily relied on its contention that Napster users directly infringed plaintiffs' copyrights.

### **a. Contributory Infringement**

Contributory infringement arises where one assists, induces, or materially contributes to the infringing conduct of another.<sup>31</sup> The Ninth Circuit found no error in the district court's determination that plaintiffs were likely to establish contributory copyright infringement on the part of Napster, stating that Napster, "by its conduct, knowingly encourages and assists the infringement of plaintiffs' copyrights."<sup>32</sup>

**Knowledge:** According to the district court, Napster, as the "secondary" infringer, had both actual and constructive knowledge of the exchanges of copyrighted music occurring between its users.<sup>33</sup> In defense, Napster claimed that it was "protected from contributory liability by the teaching of *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984)."<sup>34</sup> Sony involved the contributory liability of the manufacturer and retailers of video tape recorders based on the infringing activities of owners of the machines.<sup>35</sup> The Ninth Circuit acknowledged that it was bound by the decision in Sony and made clear that Napster's liability did not spring merely from the fact that its technology could be used to infringe plaintiffs' copyrights. Nevertheless, the court said, Napster's actual \*119 knowledge of infringement "render[ed] Sony's holding of limited assistance to Napster."<sup>36</sup> Furthermore, the Ninth Circuit disagreed with the district court's finding that Napster "failed to demonstrate that its system was capable of commercially significant noninfringing uses,"<sup>37</sup> noting that the district court's analysis improperly focused on how the Napster system was currently being used, rather than on the spectrum of future uses of which it was capable.<sup>38</sup> The court noted that the case was still in its early stages and that the factual record ultimately might

be quite different from that reviewed by the district court. In conclusion, however, the Ninth Circuit stated that Napster's actual knowledge of infringing activity occurring on its system and its lack of action to prevent such infringement gave Napster "sufficient knowledge" to impose contributory liability.<sup>39</sup>

**Material Contribution:** The Ninth Circuit further found that the facts in the record supported the district court's conclusion that Napster materially contributed to the acts of copyright infringement committed by its users.<sup>40</sup> Without Napster's services and software, its users would not be able to find and exchange plaintiffs' copyrighted works as easily, as Napster provided them the "site and facilities for direct infringement."<sup>41</sup>

### **b. Vicarious Infringement**

The Ninth Circuit next reviewed the district court's findings regarding Napster's vicarious infringement of plaintiffs' copyrights. Stating that vicarious copyright infringement is "an 'outgrowth' of respondeat superior,"<sup>42</sup> the court noted that Napster could be found liable for vicarious infringement because it had a "right and ability" to control the activities of its users, which it failed to do, and a "direct financial interest" in its users' activities.<sup>43</sup> The court distinguished defendant's reliance on Sony and denied that it applied in the context of vicarious infringement.<sup>44</sup>

**\*120 Financial benefit:** The Ninth Circuit agreed that plaintiffs had demonstrated a likelihood of success in establishing that Napster had a direct financial interest in the infringing activities of its users, as Napster's future revenue and viability was dependent on increasing its user base.<sup>45</sup> By offering more and better quality music through its system, Napster would attract new users.<sup>46</sup>

**Supervision:** The Ninth Circuit observed that the record supported the district court's conclusion that Napster failed to police its system and to prevent members from infringing plaintiffs' copyrights.<sup>47</sup> Napster had the "right and ability" to do so, because it controlled user access to the system, retained the ability to terminate user access to the system, and expressly reserved the right to refuse service to any user and to terminate a user account.<sup>48</sup> However, the panel deviated somewhat from the district court in its conclusion that Napster's architecture created some limitations on its "right and ability" to police the system.<sup>49</sup> Specifically, the Ninth Circuit acknowledged that Napster could not search the actual contents of a file, but merely the names of files in its search indices. Nevertheless, the court stated that because Napster was able to locate infringing material by reviewing its search indices, its architecture did not shield it from its responsibility to supervise users' activities.<sup>50</sup>

## **3. AHRA, DMCA and Other Defenses**

Napster argued that several defenses made entry of a preliminary injunction inappropriate, namely, that it was protected from liability by two statutes, the AHRA and the DMCA.<sup>51</sup> It also asserted affirmative defenses of waiver, implied license, and copyright misuse.<sup>52</sup>

### **a. Rejection of Audio Home Recording Act ("AHRA") defense**

In part, the AHRA protects consumers who make digital or analog music recordings for "non-commercial use" from liability for copyright infringement.<sup>53</sup>**\*121** The Ninth Circuit agreed with the district court that the AHRA did not provide Napster with a defense because it "does not cover downloading of MP3 files to computer hard drives," since computer hard drives are not "digital audio recording devices" as defined by the statute and computers do not make "digital music recordings" as defined by the statute.<sup>54</sup>

### **b. Rejection of Digital Millennium Copy Right Act ("DMCA") defense**

The district court took the position that the safe harbor provisions of the DMCA did not shelter contributory infringers.<sup>55</sup> The Ninth Circuit did not accept the district court's "blanket conclusion that section 512 of the Digital Millennium Copyright Act will never protect secondary infringers,"<sup>56</sup> and, in fact, pointed out that Congress appeared to have intended the DMCA to protect "qualifying service providers" from direct, contributory, and vicarious infringement.<sup>57</sup> The panel nevertheless indicated that the issue would be developed at trial and that plaintiffs had raised "serious questions" about the applicability of DMCA safe harbor defenses in this case.<sup>58</sup> Among the questions raised by plaintiffs were whether Napster qualified as an

“Internet service provider” under Section 512(d); what type of notice to Napster of infringing activity was required under the statute; and whether Napster had timely established a “detailed copyright compliance policy.”<sup>59</sup> The court concluded that, in the context of the preliminary injunction, plaintiffs had established that the balance of hardships weighed in their favor.<sup>60</sup>

#### **c. Affirmative Defenses: Waiver, Implied License, Copyright Misuse**

**Waiver:** “Waiver is the intentional relinquishment of a known right with knowledge of its existence and the intent to relinquish it.”<sup>61</sup> The Ninth Circuit agreed with the district court’s conclusion that plaintiffs’ provision of technology to **\*122** facilitate the copying and distribution of MP3 files did not constitute a waiver of control over the “control and distribution” of MP3 files.<sup>62</sup>

**Implied License:** An implied license is one, which is presumed to have been given based on the actions of one authorized to grant a license.<sup>63</sup> The Ninth Circuit agreed with the district court that the record contained “no evidence” to support Napster’s contention that plaintiffs granted an implied license by “encouraging MP3 file exchange over the Internet,” and in fact, plaintiffs explicitly objected to Napster’s activities.<sup>64</sup>

**Copyright Misuse:** “The defense of copyright misuse forbids a copyright holder from ‘securing an exclusive right or limited monopoly not granted by the Copyright Office’.”<sup>65</sup> According to Napster, online distribution is outside the scope of plaintiffs’ exclusive copyrights.<sup>66</sup> Both the district court and the Ninth Circuit panel rejected this defense, noting that plaintiffs sought to protect their constitutionally and statutorily granted rights to reproduction and distribution of their copyrighted works, which did not amount to copyright misuse.<sup>67</sup>

### **4. Scope of the Injunction; Bond**

The Ninth Circuit concluded by stating that the preliminary injunction issued by the district court was overbroad and delineating certain limits for the district court to follow on remand.<sup>68</sup> In particular, the panel cautioned that “contributory liability may potentially be imposed only to the extent that Napster: (1) receives reasonable knowledge of specific infringing files with copyrighted musical compositions and sound recordings; (2) knows or should know that such files are available on the Napster system; and (3) fails to act to prevent viral distribution of the works.”<sup>69</sup> Vicarious liability could be found to the extent that Napster failed to “affirmatively. . .patrol its system and preclude access to potentially infringing files listed in its search index.”<sup>70</sup> The court also declined to address directly Napster’s arguments that a preliminary injunction violated its First Amendment rights but noted that “Napster users are not fair users” and that “[u]ses of copyrighted material **\*123** that are not fair uses are rightfully enjoined.”<sup>71</sup> Finally, the Ninth Circuit refused to find that the district court abused its discretion in setting the bond at five million dollars (Napster wanted a higher bond). The court also refused to impose a compulsory licensing scheme on the parties in lieu of an injunction, as such a scheme would force plaintiffs into a business relationship with an infringer and would provide Napster the luxury of deciding whether to continue its own business and pay royalties to plaintiffs or simply to shut down.<sup>72</sup>

### **5. Aftermath of the Injunction**

On remand, the district court entered an order in March 2001, preliminarily enjoining Napster from “engaging in or facilitating others in copying, downloading, uploading, transmitting, or distributing copyrighted sound recordings in accordance with this order.”<sup>73</sup> The burden then shifted to plaintiffs to provide Napster with notice of the title, artist, and file name of each allegedly infringed work on Napster’s system, as well as certification of plaintiffs’ ownership or control of the work.<sup>74</sup> The court considered such lists to provide Napster with “reasonable knowledge” of specific infringing files.<sup>75</sup> The court further ordered that the burden of compliance with the order be shared in the sense that Napster was obligated to police its system “within the limits of the system.”<sup>76</sup> Napster’s burden was not lessened by the “transitory nature” of its file indexing system, i.e., that the files on the system differed from moment to moment, depending on what users were logged onto the system.<sup>77</sup> Rather, the court suggested that Napster search its files against the lists of copyrighted materials provided by plaintiffs.<sup>78</sup>

As of this writing, Napster has settled with one plaintiff in the case, Bertelsmann AG, a German entertainment conglomerate.<sup>79</sup> Bertelsmann is reported to have been the only plaintiff in the case that supported Napster’s settlement proposal to convert itself into a subscription-based service and pay plaintiffs a one billion dollar royalty over a period of five

years.<sup>80</sup> Apparently, the band Metallica \*124 and rap producer Dr. Dre also have settled their own lawsuits against Napster.<sup>81</sup> Napster is continuing to develop its technology to block trading of copyrighted music on its system, and the parties have appeared before the district court to argue about the comprehensiveness and effectiveness of that technology.<sup>82</sup>

The record label plaintiffs continue trying to develop their own Internet delivery of MP3 music files and digital music subscription services while they battle public perceptions that digitized music is in some way different from traditional music media forms and should be freely available.<sup>83</sup> The record labels also are fighting a war on several fronts as they go after services other than Napster that are trying to fill the gap left by Napster in the wake of the injunction.<sup>84</sup> Plaintiffs appear to be trying to regain lost footing in the digital download market by continuing legal action against allegedly infringing Napster-like competitors, including another online music delivery service, Aimster.<sup>85</sup>

#### **B. Sufficient Notice under Section 512(c) of the Digital Millennium Copyright Act: ALS Scan, Inc. v. Remarq Communities, Inc.**

ALS Scan<sup>86</sup> came before the Fourth Circuit on appeal from the district court's grant of a defendant ISP's motion to dismiss for fatally defective notice.<sup>87</sup> The Fourth Circuit panel framed the issue in the case as "an issue of first impression--whether an [ISP] enjoys a safe harbor from copyright infringement as provided by Title II of the Digital Millennium Copyright Act ("DMCA") when it is put on \*125 notice of infringement activity on its system by an imperfect notice."<sup>88</sup> The court found that plaintiff's notice "substantially complied" with the DMCA's notification requirements, reversed the district court's grant of "summary judgment" in favor of defendants, and remanded the case for further proceedings.<sup>89</sup>

Briefly, plaintiff's business involves creating and marketing "adult" photographs, in which it claims copyrights.<sup>90</sup> Defendant is an ISP that provides access to "over 30,000 newsgroups" to its subscribing members.<sup>91</sup> Defendant does not monitor the content of articles posted in the newsgroups, but can filter information in the newsgroups, as well as "screen members from logging onto certain newsgroups."<sup>92</sup> Plaintiff sent defendant a cease-and-desist letter complaining that its adult photos were being posted to two specific newsgroups by defendant's subscribers and that by providing access to those newsgroups, defendant enabled "illegal transmission" of the images.<sup>93</sup> Defendant did not comply with plaintiff's demand that it cease carrying the newsgroups but indicated that it would "eliminate individual infringing items" if plaintiff identified the items "with sufficient specificity."<sup>94</sup> Plaintiff responded that the newsgroups contained thousands of its copyrighted works and existed for the purpose of "illegally posting, transferring, and disseminating" plaintiff's copyrighted photos.<sup>95</sup> Discussions broke down and eventually plaintiff filed a complaint, citing defendant's "actual knowledge" of infringement and failure to "remove or block access to the material."<sup>96</sup>

The Fourth Circuit agreed with the district court's determination that, as a "passive conduit" for copyrighted material, defendant was not liable for direct copyright infringement under the DMCA,<sup>97</sup> holding that a person cannot be held liable for direct infringement simply on the basis of operating a bulletin board).<sup>98</sup> The court then turned to the issue of whether plaintiff's notice to defendant was sufficient to deny defendant a "safe harbor" under Section 512(c)(3)(A) of the DMCA.

\*126 Defendant claimed that it did not have knowledge of infringing postings "as a matter of law," because plaintiff provided defective notice.<sup>99</sup> Plaintiff argued that it "substantially complied" with the notice requirements of Section 512 in that it (1) notified defendant of two newsgroups containing allegedly infringing material (that were defined by plaintiff's name -- "alt.als" and "alt.binaries.pictures.erotica.als"); (2) stated that "virtually" all the photos on the sites belonged to plaintiff (and contained plaintiff's name and copyright information next to them); and (3) "referred [defendant] to two web addresses where [defendant] could find pictures of ALS Scan's models and obtain ALS Scan's copyright information."<sup>100</sup>

The Fourth Circuit found that the steps plaintiff had taken to identify the allegedly infringed works "substantially complied" with the notification requirement.<sup>101</sup> It also indicated that the owner of multiple works does not have to specifically identify each individual work to comply with the DMCA's notice requirements.<sup>102</sup> Plaintiff's letter provided "notice equivalent to a list of representative works that can be easily identified by the service provider," and, accordingly, "the notice substantially complie[d] with the notification requirements of 17 U.S.C. § 512(c)(3)(A)."<sup>103</sup>

#### **C. Posting and Linking of DVD Decryption Code on the Internet Enjoined: Universal Studios, Inc. v. Shawn C. Reimerdes**

Last year, in *Universal City Studios, Inc. v. Reimerdes*,<sup>104</sup> the Southern District of New York enjoined defendants from posting “DeCSS” code on their Internet web site and from linking to other sites that did so.<sup>105</sup> “DeCSS” is software code designed to circumvent the encryption system “CSS,” which prevents copying of movies on DVDs.<sup>106</sup> Plaintiffs, eight major motion picture studios, claimed that posting DeCSS and linking to sites that posted DeCSS violated the anti-circumvention provisions of the DMCA.<sup>107</sup> Defendants claimed that the DMCA should not apply to their actions because it would prohibit distribution of DeCSS to those using the technology for fair use purposes.<sup>108</sup> Defendants also claimed that \*127 computer code was “speech” protected by the First Amendment and that the DMCA’s anti-circumvention provisions were unconstitutional as applied to code.<sup>109</sup> After plaintiffs filed suit, defendants launched a campaign of “electronic civil disobedience” by linking to additional web sites that posted DeCSS.<sup>110</sup> The facts of this case and the legal issues involved have led some to characterize the case as the “Napster” of the film industry.<sup>111</sup>

In May 2001, Reimerdes went on appeal before a three-judge panel of the Second Circuit, which heard the parties’ arguments and engaged in extensive questioning of counsel for the parties, in particular defendant’s counsel, Kathleen Sullivan, Dean of Stanford Law School.<sup>112</sup> Plaintiffs continued to argue that defendants violated anti-circumvention provisions of the DMCA, principally, Sections 1201(a)(1) and 1201(a)(2), which prevent circumvention of “a technological measure that effectively controls access” to a protected work and prevent manufacturing, offering, or importing of, as well as trafficking in, such technology.<sup>113</sup> Defendants continued to argue the unconstitutionality of the DMCA as applied to their activities in that the injunction prevented use of the technology for fair use purposes.<sup>114</sup> Dean Sullivan “equated the district court’s injunction to barring the publication of blueprints for a photocopy machine simply because the machine can be used to violate the copyright laws.”<sup>115</sup> The parties were given until May 10, 2001 to submit briefs addressing the various issues raised during oral arguments.<sup>116</sup> A decision can be expected at any time.

#### **D. First Test of Criminal Provisions of the DMCA: United States v. Sklyarov**

On August 30, 2001, Dmitri Sklyarov plead not guilty in the first major criminal case brought under Section 1201 of the Digital Millennium Copyright Act.<sup>117</sup> His trial date is scheduled to be set in April, 2002.<sup>118</sup> Sklyarov’s case will \*128 test the anti-circumvention measures of the DMCA in a variety of ways, as it has spurred a wide range of reactions from various segments of society, including Adobe Systems, Inc.’s withdrawal of an original complaint to the FBI after being targeted by protestors.<sup>119</sup>

Section 1201 of the Copyright Act, passed in 1998 as part of the DMCA, prohibits circumvention of “a technological measure that effectively controls access to a work protected” by copyright,<sup>120</sup> as well as trafficking in circumvention devices.<sup>121</sup> Sklyarov, a Russian citizen, is a Ph.D. student at Moscow State Technical University.<sup>122</sup> On July 15, 2001, he gave a presentation in Las Vegas on how to decrypt the software used to protect electronic books at the annual DefCon conference, self-described as the largest convention in the world for hackers.<sup>123</sup> Sklyarov was arrested the next day; both he and his employer, ElcomSoft, are charged with four counts of trafficking in illegal technology and one count of conspiracy.<sup>124</sup> Sklyarov is one author, and his employer is the publisher of a software package that decrypts protection codes used by Adobe.<sup>125</sup> The DMCA violations carry penalties of up to \$500,000 and five years in prison.<sup>126</sup> As of this writing, both Sklyarov and ElcomSoft pleaded not guilty, arguing in part that the software in question is legal in Russia. No trial date has been set yet. The trial is likely to raise issues of jurisdiction, fair use, and, according to Sklyarov’s attorney, possibly the constitutionality of the anti-circumvention provision of the DMCA.<sup>127</sup>

### **III. Ownership of Electronic Versions of Copyrighted Works: Digital Databases and E-Books**

With the rise of the Internet and the corresponding ease of transmission of information and images via the Internet, tensions have intensified between freelance writers and photographers and the publishers who disseminate their work through licensing arrangements.<sup>128</sup> Freelancers, as opposed to salaried staff, sell their work to periodicals, journals, newspapers, and magazines on a per-piece basis.<sup>129</sup> Section 106 of the Copyright Act of 1976 automatically vests in the \*129 freelancer rights to her own individual contribution to a collective work, and in the owner of the collective work rights to her own contributions to the collective work.<sup>130</sup> Under Section 103(b), the owner of a compilation (e.g., a collective work) has a copyright that covers only the “material contributed by the author of such work, as distinguished from the preexisting material employed in the work” and therefore has rights that are separate from, and do not overlap with, the freelancer’s copyright in her personal contribution.<sup>131</sup>

Section 201(c) of the 1976 Copyright Act specifies the default rights of the publisher with respect to the freelancer's contribution:

"Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of the copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series."<sup>132</sup>

The "specified, limited privileges" granted by Section 201(c) to the owner of a collective work can only be exercised by that owner, and cannot, "without [the] freelancers' permission, be transferred to third parties."<sup>133</sup> Section 201(c) codified an arrangement where freelancers retained the benefit of later use of their work for "secondary publication" in other periodicals, magazines, and so forth.<sup>134</sup> For example, following initial publication in a collective work, freelancers can earn additional income on the same piece by syndicating publishing rights to a newspaper, licensing a reprint in a magazine, or using it as a springboard for a larger work, such as an anthology or a book.<sup>135</sup>

**\*130** With the evolution of digital technology, the Internet, and massive searchable databases such as NEXIS and WESTLAW, selling and marketing individual stand-alone copies of articles on a wide scale became economically feasible for the first time.<sup>136</sup> For a fee, publishers license copies of their collective works (containing individual articles) to these databases, and the database publishers then allow their paying users to search for, retrieve, download, and print copies of the individual articles.<sup>137</sup> The copyright owner of the individual work is left out of the equation, except for facing a "shrunken market for secondary sales of their works."<sup>138</sup> This is the context for the Tasini<sup>139</sup> and Greenberg<sup>140</sup> cases, discussed below.

#### **A. Republication of individual articles in electronic databases not privileged "revision" under Section 201(c): N.Y. Times Co., Inc. v. Tasini**

On June 25, 2001, in *New York Times Co. v. Tasini*, the Supreme Court affirmed the Second Circuit's ruling that defendant publishers of electronic databases and print periodicals infringed plaintiff freelance authors' copyrights by reproducing and distributing plaintiffs' articles ("Articles"), or authorizing such reproduction and distribution, "in a manner not authorized by [plaintiffs] and not privileged by § 201(c)" of the Copyright Act.<sup>141</sup>

Between 1990 and 1993, six freelance authors ("Authors") contributed articles to various periodicals published by The New York Times Company, Newsday, Inc., and Time, Inc. ("Print Publishers").<sup>142</sup> Each Author had registered individual copyrights in the Articles, and the Print Publishers registered collective-work copyrights in each edition in which an Article originally appeared.<sup>143</sup> The contracts signed by the Authors did not grant the Print Publishers the right to place their Articles in electronic databases.<sup>144</sup>

All three of the Print Publishers had licensing agreements with LEXIS/NEXIS, providing a "batch" of all articles published in each of Print Publishers' periodical editions.<sup>145</sup> LEXIS/NEXIS owns the NEXIS database, a searchable online database that contains articles from hundreds of journals, \*131 newspapers, and magazines, spanning several years, displayed in text-only format.<sup>146</sup> After a user enters a search term, NEXIS scans its database and presents a list of relevant articles, each of which can be individually printed, viewed, or downloaded.<sup>147</sup> When recalled, each article appears on the computer screen with source-identifying information, but outside of its original context - the display includes no formatting, links to other parts of the periodical in which the article appears, nor any of the pictures, advertisements, or other articles that would be seen in the print version surrounding the recalled article.<sup>148</sup> The New York Times also had licensing agreements with, University Microfilms International ("UMI"), which permitted the reproduction of the Times on two CD-ROM products, New York Times OnDisc ("NYTO") and General Periodicals OnDisc ("GPO").<sup>149</sup>

The Authors sued, claiming that the placement of their articles in the NEXIS, NYTO, and GPO databases ("Databases") infringed Authors' copyrights.<sup>150</sup> The Authors sought declaratory and injunctive relief and damages in district court.<sup>151</sup> However, the district court granted summary judgment for the Publishers, "holding that §201(c) shielded the Database reproductions."<sup>152</sup> The Second Circuit reversed the district court's decision, holding that the Databases were not "revisions" as defined by Section 201(c), and, therefore, by including the Articles in the Databases, defendants infringed Author's copyrights in their individual works.<sup>153</sup> The Supreme Court, in a 7-2 decision written by Justice Ginsburg, agreed.<sup>154</sup>

Section 201(c), the Supreme Court explained, grants a newspaper or magazine publisher the privilege (as opposed to the right) to “reproduce or distribute an article contributed by a freelance author . . . only ‘as part of’ any (or all) of three categories of collective works: (a) ‘that collective work’ to which the author contributed her work, (b) ‘any revision of that collective work,’ or (c) ‘any later \*132 collective work in the same series.’”<sup>155</sup> For example, an encyclopedia publisher could reprint an author’s contribution in later editions of that encyclopedia but could not revise the article itself or include it in a different collective work.<sup>156</sup> Thus, Section 201(c) ensures that the freelancer retains the ability to take advantage of other markets for her work.<sup>157</sup>

The Supreme Court acknowledged that the Publishers had exercised “at least some rights that § 106 initially assigns exclusively to the Authors,” including the rights of reproduction and distribution of the copyrighted material.<sup>158</sup> Publishers did not argue that they had an agreement with Authors to do so, nor did they argue that their actions constituted “fair use” of the Articles.<sup>159</sup> Instead, they based their defense solely upon Section 201(c), arguing that the Articles licensed to the electronic publishers were reproduced and distributed through the databases “as part of” a “revision” of the original collective works in which they appeared.<sup>160</sup>

In rejecting this interpretation of Section 201(c), the Supreme Court noted that whether or not the databases constituted a “revision” was to be determined from the point of view of the user.<sup>161</sup> The Court indicated that the Articles were displayed in a manner sufficiently removed from their original context that it was unable to understand how the Database versions could be described “as part of” either the original edition or a “revision” of that edition.<sup>162</sup> Articles in the GPO database were displayed as an image only of the page on which the initial version of the article appeared and included no material from additional pages of the journal in question, while the NEXIS and NYTO databases printed the text of the Articles only, without formatting, graphics, or other content from the pages on which the articles originally appeared. Those facts justified the conclusion that end-users of the Databases would not perceive the Articles to be part of the original collective work.<sup>163</sup> As the Court analogized, “[t]he Database no more constitutes a ‘revision’ of each constituent edition than a 400-page novel quoting a sonnet in passing would represent a ‘revision’ of that poem. ‘Revision’ denotes a new ‘version,’ and a version is, in this setting, a ‘distinct form of something regarded by its creators or \*133 others as one work.’”<sup>164</sup> The electronic databases were more akin to a new anthology than a revision.<sup>165</sup>

Following its finding of infringement, the Court remanded the case to the district court to determine the remedies. In so doing, the Court was careful to note that the district court need not feel compelled to enjoin the inclusion of the Articles in the Databases, suggesting that a licensing arrangement might be a more appropriate remedy.<sup>166</sup> A finding for the Authors, the Court stated, need not punch “gaping holes in the electronic record of history.”<sup>167</sup> The Court affirmed the Court of Appeals’ ruling that Publishers were liable for infringement and that the Section 201(c) privilege did not extend to Publishers’ actions.<sup>168</sup> Justices Stevens and Breyer dissented, stating that the Section 201(c) revision privilege did protect the actions of Publishers, as such actions did not “deprive those electronic versions of their status as mere ‘revision[s]’ of the original collective works.”<sup>169</sup> The dissenting Justices also expressed concern about the effect of the decision on the “comprehensiveness of electronic databases.”<sup>170</sup>

Despite the Supreme Court’s caution about the appropriateness of enjoining the publication of the Articles in the Databases, in the wake of the ruling, it is reported that the New York Times chose to remove the Articles from the NYTO database rather than negotiate a licensing fee for the use of the Articles.<sup>171</sup> Several publishing and electronic trade associations have indicated their intention to avoid compensating free-lancers by seeking a legislative remedy in Congress.<sup>172</sup>

The Supreme Court’s decision is in line with recommendations by Marybeth Peters, Register of Copyrights at the U.S. Copyright Office.<sup>173</sup> The Copyright Office took the position that the Publishers’ interpretation of Section 201(c) would allow the Publishers to indefinitely “exploit an article on a global scale immediately \*134 following its initial publication,” interfering with the Authors’ own ability to exploit secondary markets.<sup>174</sup> This result would expand the scope of Section 201(c) and run contrary to the intent of the 1976 Copyright Act.<sup>175</sup> Ms. Peters also urged the Supreme Court to advocate monetary relief for the Authors, rather than issue an injunction that would demand the Publishers to withdraw the Articles from the Databases.<sup>176</sup>

## **B. “Revision Privilege” Examined by Eleventh Circuit: National Geographic CD-ROM version not privileged under Section 201(c): *Greenberg v. National Geographic Society***

As in Tasini, the issue in *Greenberg* was whether a publisher’s new version of a periodical containing works contributed by

freelancers constituted an infringement or a privileged “revision” under Section 201(c).<sup>177</sup> Although Greenberg was decided prior to Tasini, the three-member panel of the Eleventh Circuit essentially came to the same ultimate conclusion as did the Supreme Court in Tasini, namely that the modification of the work in question was substantial enough to render it more than merely a revision of the original collective work.<sup>178</sup> In an opinion issued on March 22, 2001, the Eleventh Circuit found that “The Complete National Geographic” (CNG), a thirty-CD-ROM library consisting of a digital version of every issue published from 1888 to 1996, infringed a freelance photographer’s copyrights in his pictures that appeared in the original publications.<sup>179</sup>

As in Tasini, the plaintiff in Greenberg was a freelancer who owned the copyrights to his photographs, while National Geographic (the “Society”) owns the copyrights to the collective works in which the photographs appeared (the “Magazines”).<sup>180</sup> The CNG consisted of three primary parts: (1) the moving covers sequence, a set of ten animated photographic clips accompanied by music and sound effects that plays any time a CD is activated (“Sequence”); (2) the digitally reproduced issues of the Magazines themselves, which differ from the printed versions only with respect to size and resolution (“Replica”); and (3) the computer program that serves as the storage repository and retrieval system for the images and that makes the Replica easily accessible to the user (“Program”).<sup>181</sup> Plaintiff Jerry Greenberg alleged that the use of his photographs in the Sequence \*135 specifically, and in the CNG generally, infringed his exclusive rights as an author under Section 106 of the Copyright Act of 1976.<sup>182</sup> As was the case in Tasini, the Society based its defense on the privileges granted to it in Section 201(c), arguing that its rights in the Magazines themselves gave it the right to reproduce and distribute Greenberg’s photographs in the CNG.<sup>183</sup> The district court, following the district court opinion in Tasini, “held that the CNG constituted a ‘revision’ of the paper copies”<sup>184</sup> of the Magazines under Section 201(c) and granted summary judgment for the defendants.<sup>185</sup>

The Eleventh Circuit reversed, as it did not agree with the Society that the CNG, in combining 1,200 independent back issues of the magazine with the Sequence and Program, constituted a “revision” of “that collective work,” as required by Section 201(c).<sup>186</sup> The court suggested, without deciding, that the Replica might be encompassed by the terminology “that particular collective work” in Section 201(c), but that the entire new version, with the addition of the Sequence and Program, would not.<sup>187</sup> “[T]he Society. . . has created a new product. . . in a new medium, for a new market that far transcends any privilege of revision or other mere reproduction envisioned in § 201(c).”<sup>188</sup> The court noted that in doing so, the Society forfeited whatever privilege it might have had with respect to the Replica, standing alone.<sup>189</sup>

The court also pointed out that its conclusion was consistent with the position taken by the Society itself on its copyright registration form when it responded “no” to the question: “Has registration for this work, or for an earlier version of this work, already been made in the Copyright Office?”<sup>190</sup> The court interpreted that answer to mean that the CNG was a new work, not a revision.<sup>191</sup> Further, the court rejected the Society’s argument that the CNG constituted a fair or de minimis use of Greenberg’s photographs that did not violate his exclusive copyrights. It noted that the use of Greenberg’s diver photograph in the Sequence “effectively diminished, if not extinguished, any opportunity Greenberg might have had to license the photograph to other potential users.”<sup>192</sup> The court concluded that the Society’s unauthorized use of the photographs in the CNG constituted copyright \*136 infringement that was not within the scope of the privileges granted in Section 201(c) of the Copyright Act and, accordingly, reversed and remanded.<sup>193</sup>

### **C. Rights of Publisher of Printed Books Do Not Extend to Interactive E-books: Random House, Inc. v. Rosetta Books, LLC<sup>194</sup>**

In another victory for authors, the Southern District of New York ruled on July 11, 2001, that Random House, Inc. (“Random House”) was not entitled to a preliminary injunction enjoining Rosetta Books LLC (“Rosetta”) from selling in digital format eight works whose authors previously had granted Random House the right to “print, publish and sell [the works] in book form.”<sup>195</sup> The court held that Random House was unable to establish a likelihood of success on the merits or a showing of irreparable harm, because under traditional rules of contract interpretation, Random House did not own the right to digitally publish the authors’ works in “e-book” form.<sup>196</sup>

Rosetta is an Internet start-up that entered into agreements with eight authors to publish their books in a digital format readable from a computer or other electronic device.<sup>197</sup> The text of the e-book is identical to the text of the printed book, but the e-book offers several features through its digital format that are not available in the printed version.<sup>198</sup> For example, e-books can be searched electronically for specific words and phrases, as well as be electronically highlighted and bookmarked, and thus be automatically indexed, allowing later access through hyperlinks.<sup>199</sup> E-book users can also make

electronic notes that are stored with the related text, personalize the font size and style of the text, and display the definition of any word in the text.<sup>200</sup> These features all require software to interact with the e-book data.<sup>201</sup> Despite these features, e-books have yet to supplant the traditional market for books in print because “few books are available, and almost no one is buying them.”<sup>202</sup> Nevertheless, publishers still hold out hope \*137 for an alternative market to traditional book sales and fear that their own entrance into the digital market will be undercut by companies like Rosetta.<sup>203</sup>

In concluding that the authors had retained the rights to electronic publishing of their works, the court made several observations. First, separate grant language had been used in the authors’ various contracts to convey the rights to Random House to publish, for example, book club editions, reprint editions, abridged forms, and Braille editions of the book.<sup>204</sup> If the disputed language “in book form” were given the broad definition advocated by Random House, i.e., that it encompassed e-books, such specifications would have been superfluous.<sup>205</sup> The court concluded that, because the authors had specifically reserved certain rights in their contracts for themselves, all indications suggested that the authors intended to grant Random House narrow publishing rights.<sup>206</sup>

Moreover, the court used New York state contract law to interpret whether the parties to the copyright licenses contemplated granting Random House the right to publish e-books.<sup>207</sup> The court concluded that electronic publishing represented a “new use” of the works that was unlikely to have been intended by the contractual language.<sup>208</sup> The court thus distinguished the instant case from two previous Second Circuit cases dealing with “new use problems,” Boosey & Hawkes Music Publishers Ltd. v. Walt Disney Co.<sup>209</sup> and Bartsch v. Metro-Goldwyn-Mayer.<sup>210</sup> According to the court, in Boosey, Disney, the copyright licensee, was permitted to use the musical composition from its motion picture “Fantasia” in the videocassette version of the film because the copyright license was broad enough to encompass the particular new use of the work.<sup>211</sup> Similarly, the Bartsch court found that the granting language of the copyright license included transmission of a motion picture over the television.<sup>212</sup>

The district court described the “new use” in both cases as falling “squarely within the same medium as the original grant,” and thus not controlling in \*138 Rosetta.<sup>213</sup> The court noted that in Rosetta, “the ‘new use’—electronic digital signals sent over the Internet—is a separate medium from the original use—printed words on paper.”<sup>214</sup> Citing Greenberg, discussed supra at 114, the court found that the e-books were actually a “new work based on the material from the licensor” and that digital distribution via the Internet was a “new use”, as “information stored digitally can be manipulated in ways that analog information cannot.”<sup>215</sup> In conclusion, the court found that Random House could not establish a *prima facie* case of copyright infringement and was therefore not entitled to a presumption of irreparable harm and a preliminary injunction.<sup>216</sup>

#### IV. Traditional Copyright Doctrine

##### A. Fair Use

Section 106 of the Copyright Act enumerates the exclusive rights of owners of a copyrighted work.<sup>217</sup> These rights include the rights to reproduce the work in copies or phonorecords, to prepare a derivative work based on the copyrighted work, to distribute copies of the work, to publicly perform the work, to publicly display the work, and, in the case of sound recordings, to perform the work publicly by means of a digital audio transmission.<sup>218</sup> Section 107, the “fair use” section, places limitations on these exclusive rights, allowing unauthorized uses under limited and specific circumstances.<sup>219</sup> Specifically, Section 107 allows for “fair use” of a copyrighted work for such purposes as criticism, comment, news reporting, teaching, scholarship, and research.<sup>220</sup> Whether a use is “fair” is determined by the application of a four-factor test provided in Section 107 and interpreted in case law.<sup>221</sup> If a use that would otherwise invade the exclusive rights given to copyright owners under Section 106 is considered to be a “fair use” under Section 107, that use is not an infringement of copyright. Not surprisingly, defendants in copyright litigation frequently attempt to defend their actions on the grounds of “fair use.” The cases below are recent examples of when the fair use defense does and does not prevail.

##### \*139 1. Napster Users Not Fair Users: A&M Records, Inc. v. Napster, Inc.

As discussed above on page 114, Napster asserted in defense to the claim of copyright infringement that its users’ exchange of MP3 music files over the Internet with the assistance of Napster software constituted fair use.<sup>222</sup> According to the court, Napster identified “three specific alleged fair uses: sampling, where users make temporary copies of a work before purchasing; space-shifting, where users access a sound recording through the Napster system that they already own in audio

CD format; and permissive distribution of recordings by both new and established artists.”<sup>223</sup> The Ninth Circuit agreed with the district court’s conclusion that the activities in which Napster users engaged did not constitute fair use of plaintiffs’ copyrighted works and examined the district court’s application of the fair use factors enumerated in Section 107 of the Copyright Act to the facts of the case.<sup>224</sup>

**Purpose and Character of Use:** Under this factor, courts look to whether the new work is “transformative” of the copyrighted work, i.e., whether the new work “adds a further purpose or different character” to the copyrighted work, or “merely replaces” it.<sup>225</sup> A transformative work is more likely to succeed in a fair use claim than is a “mere replacement.”<sup>226</sup> The district court found that “downloading MP3 files does not transform the copyrighted work.”<sup>227</sup>

Courts also look to whether the purpose and character of the use is commercial or non-commercial.<sup>228</sup> When a use is non-commercial, this factor weighs in favor of a fair use finding. According to the district court, Napster users’ activities amounted to commercial use of plaintiffs’ copyrighted materials, because sending a file to an anonymous requester was not a “personal use” and “Napster users get for free something they would ordinarily have to buy.”<sup>229</sup> The court, citing *Worldwide Church of God v. Philadelphia Church of God*,<sup>230</sup> discussed infra at page 114, stated that commercial use could be found even without a showing of direct economic benefit and that “repeated and exploitative copying of copyrighted works, \*140 even if the copies are not offered for sale, may constitute a commercial use.”<sup>231</sup> Thus, the first factor weighed against a finding of fair use.

**The Nature of the Use:** The second factor asks whether a work is creative or factual in nature. Creative works generally are afforded more protection under copyright law than are factual works.<sup>232</sup> The Ninth Circuit found no error in the district court’s determination that plaintiffs’ “copyrighted musical compositions and sound recordings are creative in nature . . . which cuts against a finding of fair use under the second factor.”<sup>233</sup> The second factor also weighed against a finding of fair use.

**The Portion Used:** This factor considers the amount and substantiality of the portion used in relation to the copyrighted work as a whole. Napster users copied and transferred files containing entire works; therefore, the district court found that this factor also weighed in favor of plaintiffs.<sup>234</sup>

**Effect of Use on the Potential Market:** The final factor looks at the effect of the use in question on the potential market of the work, asking what effect the use would have if engaged in on a large scale by numerous users. Plaintiffs asserted that use of Napster’s software and services to share music files harmed the market for plaintiffs’ copyrighted works in two ways: (1) by reducing actual sales of audio CDs to Napster users, particularly college students; and (2) by raising “the barriers to plaintiffs’ entry into the market for digital downloading of music.”<sup>235</sup> The district court agreed, citing studies submitted by plaintiffs in support of their claims.<sup>236</sup> Although defendant challenged the district court’s reliance on these studies, the Ninth Circuit concluded that the district court did not abuse its discretion in making its findings on this factor, nor were its findings of fact clearly erroneous.<sup>237</sup> Thus, the final factor also weighed against a finding of fair use.

**Identified Uses: Sampling and Space-shifting not fair use; Permissive use by copyright owner not enjoined:** Napster argued that certain of the uses of plaintiffs’ copyrighted works should have been considered fair uses, namely, sampling and space-shifting.<sup>238</sup> The district court found, however, that these uses were not permissible fair uses.<sup>239</sup>

**\*141** With regard to sampling, the court pointed out that many record companies collect royalties from song samples available on the Internet.<sup>240</sup> Thus, the court concluded that sampling by Napster users was a “commercial use”, even if some users ended up buying the music (which the court determined that, overall, Napster’s users were actually less likely to do after having access to entire songs for free via Napster).<sup>241</sup> The district court also found that widespread sampling would adversely impact the market for plaintiffs’ audio CDs, as well as negatively affect plaintiffs’ ability to expand into the digital download market.<sup>242</sup> On appeal, the Ninth Circuit found no error in these determinations.

Napster then attempted to argue that space-shifting of musical compositions and sound recordings was a fair use, citing previous decisions by the Ninth Circuit regarding space-shifting and fair use.<sup>243</sup> Nevertheless, the court refused to apply the space-shifting rationale from those cases, because they did not involve the distribution of the copyrighted material to “the general public,” but only to the original user of the material simply at a different point in time.<sup>244</sup>

Finally, the court noted that reproduction of copyrighted works done with permission of the copyright owner was not enjoined by the district court and not challenged by plaintiffs on appeal.<sup>245</sup>

## 2. Injunction Against Publication of *Gone With The Wind* “Parody” Vacated: *Suntrust Bank v. Houghton Mifflin Co.*

In *Suntrust Bank v. Houghton Mifflin Company*,<sup>246</sup> the Northern District of Georgia issued a preliminary injunction to stop the production, display, distribution, advertising, sale, or offer for sale of the book *The Wind Done Gone*, by Alice Randall, finding that the plaintiff established the elements necessary for injunctive relief.<sup>247</sup> On appeal, the Eleventh Circuit vacated the preliminary injunction as an \*142 abuse of discretion and unlawful prior restraint in violation of the First Amendment.<sup>248</sup>

The plaintiff in the case is Suntrust Bank (“Suntrust”), trustee of The Mitchell Trust, which is the owner of the copyrights in Margaret Mitchell’s *Gone With the Wind*.<sup>249</sup> Defendant is Houghton Mifflin Co., publisher of *The Wind Done Gone*, by Alice Randall. Suntrust filed an action seeking a temporary restraining order and preliminary injunction to prevent further publication and distribution of Randall’s book.<sup>250</sup> Suntrust based its copyright infringement claim on the argument that *The Wind Done Gone* is an unauthorized sequel to *Gone With the Wind*, in that it “(1) explicitly refers to *Gone With the Wind* in its foreword; (2) copies core characters, character traits, and relationships from *Gone With the Wind*; (3) copies and summarizes famous scenes and other elements of the plot from *Gone With the Wind*; and (4) copies verbatim dialogues and descriptions from *Gone With the Wind*.<sup>251</sup>

In *The Wind Done Gone*, Alice Randall purports to tell the story of the mulatto half-sister of Scarlett O’Hara. Defendant argued that in her re-formulation of Mitchell’s famous novel, Randall “reverses the stereotypes of the earlier novel” and “mocks and ridicules *Gone With the Wind*” to achieve a “parodic effect.”<sup>252</sup> In her novel, Randall adds elements of antebellum Southern history not present in *Gone With the Wind*, such as racial violence and prejudice and the presence of mulattos and mulatto culture.

The district court analyzed the elements plaintiff was required to show to obtain injunctive relief, focusing primarily on the first element, likelihood of success on the merits.<sup>253</sup> The court noted that plaintiff was required to demonstrate “ownership of a valid, existing copyright and copying of copyrighted material by the defendant,”<sup>254</sup> since mere copying cannot be equated with copyright infringement; rather, only the copying original elements of a protected work can support a copyright infringement claim.<sup>255</sup> In the absence of direct proof of copying, copying is proven by circumstantial evidence, namely, defendant’s access to the allegedly infringed work and “substantial similarity” of the works at issue, viewed from the perspective of whether “an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work.”<sup>256</sup>

\*143 In support of its finding that *The Wind Done Gone* is substantially similar to *Gone With the Wind*, the court noted similarities between the two books in their characters, settings, plots, dialogues, and texts.<sup>257</sup> The court also emphasized that the characters of *Gone With The Wind* are copyrightable, aside from the story itself, and that these characters cannot be used in a new work without the copyright owner’s permission.<sup>258</sup> Houghton Mifflin denied that the works at issue were substantially similar, arguing that, at most, Randall borrowed “ideas” from *Gone With the Wind* and that there was no “substantial similarity in a protectable expression.”<sup>259</sup>

Houghton Mifflin also asserted the fair use defense of parody, arguing that any similarities between *Gone With the Wind* and *The Wind Done Gone* existed to underscore the ridiculousness and stereotypes of antebellum Southern life inherent in the former work.<sup>260</sup> In analyzing Houghton Mifflin’s parody defense, the court applied the four-factor fair use test from Section 107 of the Copyright Act.<sup>261</sup> The court concluded that *The Wind Done Gone* was not protected as a fair use parody, but, in fact, functioned as an unauthorized sequel to *Gone With the Wind*, despite the presence of “some parodic elements”.<sup>262</sup> According to the court, *The Wind Done Gone* was “unquestionably a fictional work that has an overarching economic purpose.”<sup>263</sup> The court found that Randall used “far more of the original” work, in both quantitative and qualitative terms, than was necessary to achieve a parodic effect and that Randall’s work would have a negative impact on the market for the original *Gone With the Wind* or licensed derivatives of the original novel by serving as a “market substitute” for such works.<sup>264</sup> The court focused on the possibility that the publication and distribution of Randall’s work could threaten The Mitchell Trusts’ ability to control authorized sequels of *Gone With the Wind*, which it had previously done.

The court concluded by noting that when a *prima facie* showing of copyright infringement can be made, irreparable harm is presumed.<sup>265</sup> The court found that the balance of harms in issuing the injunction weighed in favor of Suntrust and that \*144 the public interest would best be served by protecting the rights of the copyright owner.<sup>266</sup> The court did not discuss First Amendment issues such as censorship.

On appeal, the Eleventh Circuit vacated the preliminary injunction, stating that the district court’s issuance of the injunction

was an abuse of discretion, as the injunction represented “unlawful prior restraint in violation of the First Amendment.”<sup>267</sup> The Eleventh Circuit further stated that Suntrust did not carry its burden of demonstrating the presence of each of the four prerequisites for an injunction and noted that a preliminary injunction is an extraordinary and drastic remedy that should only be granted if the movant clearly carries its burden of persuasion on each prerequisite.<sup>268</sup> The court’s order vacating the injunction was limited and will be followed by a more comprehensive opinion.

### **3. Church Enjoined from Copying and Distribution of Religious Text Owned by Parent Church: Worldwide Church of God v. Philadelphia Church of God**

In Worldwide Church of God,<sup>269</sup> the Ninth Circuit held that a religious organization’s copying and distribution of an entire copyrighted religious text was not justified under either the free exercise or free speech clauses of the First Amendment or as a “fair use” under Section 107 of the Copyright Act.<sup>270</sup> The Ninth Circuit reversed the judgment of the Central District of California granting summary adjudication in favor of the defendant, Philadelphia Church of God (“PCG”). That decision denied plaintiff’s, Worldwide Church of God (“WCG”), motion for partial summary judgment on its copyright infringement claims as well as its motion for preliminary injunction to halt PCG from further printing and/or distributing WCG’s copyrighted religious text.<sup>271</sup> The Ninth Circuit found that WCG was entitled to a permanent injunction against PCG’s copying and distribution of the text, as well as a reversal of the judgment for PCG.<sup>272</sup> The Ninth Circuit then remanded the case for entry of a preliminary injunction pending a trial on any damages and final adjudication of the case.<sup>273</sup>

The factual background of the case stems from a dispute between WCG and PCG, both non-profit religious organizations, over PCG’s unauthorized copying and distribution of a text written by the late Herbert Armstrong, founder of \*145 WCG.<sup>274</sup> Shortly before his death, Armstrong wrote and published the religious book *Mystery of the Ages*, over nine million copies of which were distributed free of charge by WCG to its followers and the public. Upon his death, Armstrong left his entire estate, including the copyright in *Mystery of the Ages*, to WCG.<sup>275</sup> After Armstrong’s death, WCG withdrew *Mystery of the Ages* from publication and use because of the book’s outdated and racist views and because of WCG’s changed religious stances on divorce, remarriage, and divine healing since the book’s publication.<sup>276</sup>

A few years later, two former members of WCG formed a new church, Philadelphia Church of God (PCG), which claimed to follow the religious teachings of Armstrong.<sup>277</sup> PCG asserted that *Mystery of the Ages* was “central to its religious practice and required reading for all members hoping to be baptized into” PCG.<sup>278</sup> After relying for some time on existing copies of *Mystery of the Ages*, PCG began copying the book in its entirety without permission from WCG.<sup>279</sup> PCG deleted from the original text of the book only the copyright page, a warning against reproduction without permission, and a “Suggested Reading” page.<sup>280</sup> WCG filed suit after PCG ignored WCG’s cease-and-desist demands.<sup>281</sup>

WCG alleged that PCG’s reproduction, distribution, promotion, and advertisement of copies of *Mystery of the Ages* constituted infringement of WCG’s copyrights in the text.<sup>282</sup> PCG denied WCG’s ownership of the copyrights in the text and also asserted that WCG’s claim should be barred by the free exercise and free speech clauses of the First Amendment, the Religious Freedom Restoration Act (RFRA), and the fair use doctrine of Section 107 of the Copyright Act.<sup>283</sup>

As noted in footnote 276, the Ninth Circuit concluded that WCG owned the copyrights to *Mystery of the Ages* and that, accordingly, it was entitled to the exclusive rights to reproduce and distribute copies of the book under Section 106 of the Copyright Act.<sup>284</sup> The court did not find persuasive PCG’s First Amendment \*146 and fair use defenses that it used *Mystery of the Ages* for “non-profit religious and educational purposes,” stating that to accept such a defense in this case would “leave religious organizations at the mercy of anyone who appropriated their property with an assertion of religious right to it.”<sup>285</sup> The court then went on to analyze PCG’s defense using the four factors set forth in Section 107 of the Copyright Act.<sup>286</sup>

The first factor evaluates the “purpose and character” of the allegedly infringing use.<sup>287</sup> The Court stated that, although PCG’s use ostensibly was for religious, non-profit purposes (a fact that “eliminates the presumption of unfairness”), PCG “unquestionably” benefited from the use in that it attracted new members who tithed to PCG.<sup>288</sup> The second factor examines the “nature of the copyrighted work,” which the Court found to be creative, original, and imaginative, rather than “factual” (despite the fact that some believers may take Armstrong’s text as “fact”).<sup>289</sup> The third factor evaluates the “amount and substantiality of the portion used in relation to the copyrighted work as a whole.”<sup>290</sup> The court did not accept PCG’s argument that the religious nature of PCG’s use of *Mystery of the Ages* justified copying the entire book verbatim.<sup>291</sup> The first three factors, therefore, all weighed against a holding of fair use.

Finally, the fourth factor evaluates “the effect of the use upon the potential market for or value of the copyrighted work.”<sup>292</sup> WCG argued that PCG’s distribution of the unauthorized version of Mystery of the Ages harmed “WCG’s goodwill by diverting potential members and contributions from WCG,” as well as impacted WCG’s ability to publish at a later date an updated, annotated version of Mystery of the Ages.<sup>293</sup> Even though WCG had withdrawn the book from distribution that too is the right of the copyright owner. Conversely, PCG pointed out that the book had been out of distribution for ten years and that WCG had no concrete plan to republish Mystery of the Ages or to publish a new version.<sup>294</sup>\***147** Again, the Court did not find PCG’s argument persuasive, holding that overall, PCG’s fair use defense failed.<sup>295</sup>

#### **4. Posting of Entire Copyrighted Articles on Defendants’ Media Criticism Web Site Not Fair Use: Los Angeles Times v. Free Republic**

In *Los Angeles Times v. Free Republic*,<sup>296</sup> defendants operated an electronic bulletin board that allowed members to post the full texts of plaintiffs’ news stories on its bulletin board, ostensibly for purposes of criticizing the mainstream media.<sup>297</sup> In reality, however, the court noted that defendants’ users tended to comment more on the underlying news story itself than on the way in which news was selected, researched, and reported.<sup>298</sup> Plaintiffs, Los Angeles Times and The Washington Post Company, sued for copyright infringement, alleging that such unauthorized activity violated their copyrights in the subject articles.<sup>299</sup> Defendants countered that its activity was protected by the First Amendment and the doctrine of fair use.<sup>300</sup> The court rejected both the First Amendment and fair use defenses, denied defendants’ motion for summary judgment, and granted plaintiffs’ motion for summary adjudication.<sup>301</sup>

In November 2000, the court entered a final judgment, permanently enjoining defendants from “copying, posting, uploading, downloading, republishing, distributing, displaying, using, transferring, retaining, or archiving any of plaintiffs’ copyrighted works” or encouraging others to do so.<sup>302</sup> The order further prohibited defendants from “operating or controlling any website, bulletin board service, listserv, and/or user group that copies, posts, uploads, downloads, republishes, distributes, displays, uses, transfers, retains, or archives any of Plaintiffs’ copyrighted works” unless done with plaintiffs’ express permission.<sup>303</sup> Defendant also is enjoined from permitting or allowing such activities and from advertising, promoting, or linking to any service that engages in any activity from which \***148** defendant is enjoined.<sup>304</sup> Defendants were given ninety days to render inaccessible and erase or destroy all copies of plaintiffs’ copyrighted works in defendants’ possession and to post the Final Judgment on its web sites for ninety days.<sup>305</sup> Defendants, Free Republic and James C. Robinson, the owner and operator of Free Republic, were held jointly and severally liable for one million dollars in statutory damages.<sup>306</sup>

#### **5. Artist’s Photographs of “Barbie” Dolls Not Infringing Works, but Parodies: Mattel, Inc. v. Walking Mountain Productions<sup>307</sup>**

In August 2001, a federal judge for the Central District of California dismissed a lawsuit for copyright and trademark infringement filed by Mattel, Inc. against an artist based on his photographs of Mattel’s Barbie doll.<sup>308</sup> In 1999, Mattel sued Utah artist Tom Forsythe for infringement stemming from Forsythe’s depictions of the company’s famous “Barbie” doll in various bizarre positions, including baking in a toaster over, naked in a blender, and wrapped in tortillas and smothered in enchilada sauce.<sup>309</sup> Mattel claimed that such depictions infringed and disparaged one of the company’s most valuable intellectual property assets.<sup>310</sup> Forsythe defended his artwork as a parody protected by the fair use provisions of the Copyright Act.<sup>311</sup> His position was that his “Food Chain Barbie” artwork was meant to comment on and satirize mass consumerism and the “impossible beauty myth” created by Barbie.<sup>312</sup> According to lawyers for the American Civil Liberties Union (“ACLU”), this lawsuit is only one of many filed by Mattel against artists to protect its trademarked and copyrighted Barbie doll, a fact that prompted the ACLU to assist Forsythe in the defense of this case.<sup>313</sup>

Mattel suffered a series of defeats in the litigation, including losing its motion for preliminary injunction to enjoin Forsythe from photographing the doll and \***149** selling the photos, which were later upheld by the Ninth Circuit.<sup>314</sup> Finally, the lawsuit was dismissed on August 13, 2001, by Judge Ronald Lew, who ruled that the photographs were a parody and would not harm Mattel’s marketing of the doll.<sup>315</sup> Mattel has indicated that it would appeal the judge’s ruling.<sup>316</sup>

#### **6. Another Blow for Digital Music Services: Teevee Toons, Inc. v. MP3.com, Inc.**

In *Teevee Toons, Inc. v. MP3.com*,<sup>317</sup> plaintiff music copyright owners sued defendant for copyright infringement arising from defendant’s Internet-based digital music service.<sup>318</sup> Defendant essentially copied plaintiff’s CD-ROMs onto its computer

servers and then provided access to those CDs to defendant's subscribers. The subscribers could listen to their own CDs from any place with an Internet connection, rather than having to carry around the CDs.<sup>319</sup>

The court held that MP3.com was collaterally estopped from claiming that its service did not willfully infringe plaintiffs' copyrights.<sup>320</sup> Collateral estoppel on the issue of willful infringement was appropriate because plaintiffs were in the same position as the primary plaintiff in UMG Recordings Inc. v. MP3.com Inc., and infringement had already been found in that case.<sup>321</sup> The court was not persuaded by defendant's argument that factual differences in the instant case made collateral estoppel inappropriate.<sup>322</sup>

For example, defendant argued that plaintiffs "themselves permitted free downloading of their musical recordings on their website (as well as, allegedly, on the Napster online service)."<sup>323</sup> The court stated that even if plaintiffs engaged in such activities, defendant's activities were not excused and still violated plaintiffs' copyrights and also deprived plaintiffs of the ability to license the musical recordings to others.<sup>324</sup> Defendant also argued that, because plaintiffs were not as \*150 well-known as the record label plaintiffs in the UMG, its activities had "no negative effect on plaintiffs' record sales and has caused no increase in the amount of piracy of plaintiffs' copyrights."<sup>325</sup> The court also rejected this defense, stating that defendant was found to have willfully infringed UMG plaintiffs' copyrights, even assuming that defendant's activities had increased sales of the plaintiffs' musical recordings.<sup>326</sup> Thus, defendant was precluded from asserting the defense in the instant case, and furthermore, would not in any event be allowed to "usurp" plaintiffs' new market, even if defendant positively impacted plaintiffs' existing market.<sup>327</sup>

The court also stated that plaintiffs who owned copyrights in infringed musical compositions as well as different plaintiffs who owned copyrights in infringed sound recordings could each recover separate statutory damages.<sup>328</sup> In copyright terms, a "musical composition" is a separate work from the "sound recording" of that musical composition.<sup>329</sup> The copyrights in the musical composition are often owned by the author of the composition, while the copyrights in the sound recording are often owned by the artist or record label.<sup>330</sup> Finally, despite possible inaccuracies in plaintiffs' copyright applications regarding the "work for hire" status of some of the infringed works, the court noted that plaintiffs appeared to own valid copyrights either as a work for hire or by assignment.<sup>331</sup> Thus, the issues at trial really would only involve a determination of which works were willfully infringed and an assessment of damages for the infringement.<sup>332</sup>

## **7. Use of Excerpts of Copyrighted Broadcasts in Fundraising Video Not Fair Use: World Wrestling Federation Entertainment, Inc. v. Bozell**

In World Wrestling Federation Entertainment, Inc. v. Bozell,<sup>333</sup> World Wrestling Federation Entertainment, Inc. ("WWFE") sued defendant Parents Television Council ("PTC") and related entities for violations of the Lanham Act and copyright infringement, among other claims.<sup>334</sup> The WWFE is the media and entertainment company that markets wrestling shows such as "WWF \*151 SMACKDOWN!" under the World Wrestling Federation mark.<sup>335</sup> PTC is a non-profit organization that monitors and criticizes "what it considers inappropriate [television] programs."<sup>336</sup> In 1999, PTC began a campaign attacking WWFE's programs as excessively violent and inappropriate for children, citing the recent deaths of several children caused by other children allegedly mimicking wrestling moves seen on WWFE's programs.<sup>337</sup> PTC filed a motion to dismiss, which the court denied.<sup>338</sup>

Regarding WWFE's copyright infringement claims, PTC used excerpts of WWFE broadcasts without permission in a video it circulated to members and prospective members.<sup>339</sup> PTC argued that it "used the WWFE's material 'only for the purpose of criticism and that use is therefore within the bounds of fair use doctrine'."<sup>340</sup> The court rejected this argument, saying that the video clips were not used only for the purpose of criticizing the violence of professional wrestling, but additionally for publicity and financial gain for the organization.<sup>341</sup>

## **8. Documentary Including Movie Clips and Photos Was Noninfringing Fair Use: Hofheinz v. AMC Productions<sup>342</sup>**

Susan Nicholson Hofheinz ("Hofheinz"), the widow of James Nicholson, a producer of "B" movies of the "monster and teenage motion picture genre," sued AMC Productions ("AMC") for, among other claims, copyright infringement for using clips, posters, and photos from her late husband's movies, as well as photos of Nicholson himself in a documentary without authorization.<sup>343</sup> AMC, a subsidiary of the American Movie Classic Company, is a cable TV service that produced the documentary about American International Pictures, the studio that made the movies at issue.<sup>344</sup> The parties had been

involved in negotiations for the use of the materials when AMC showed the documentary in a small theater in Beverly Hills so that it could be considered for an Academy Award for that year.<sup>345</sup> Hofheinz \*152 promptly filed for a temporary restraining order and a preliminary injunction, both of which were denied.<sup>346</sup>

In denying the preliminary injunction, the court found that plaintiff failed to meet her burden of showing irreparable harm with respect to all claims other than the copyright infringement claim.<sup>347</sup> The court assumed that Hofheinz had established a *prima facie* case of copyright infringement (i.e., her ownership of a valid copyright and unauthorized copying by AMC), which then entitled her to a presumption of irreparable harm.<sup>348</sup> However, to be entitled to a preliminary injunction, Hofheinz had to demonstrate irreparable harm and “either (1) a likelihood of success of the merits, or (2) sufficiently serious questions going to the merits to make them fair grounds for litigation and a balance of hardships tipping decidedly in [plaintiff’s] favor.”<sup>349</sup> The court noted that AMC’s use of the copyrighted materials was likely to be considered fair use, not only because of the “transformative” and educational nature of the documentary, but also because it was “probable that plaintiff gave defendants express and implied licenses that authorized the conduct plaintiff now characterizes as infringing.”<sup>350</sup>

Under the four-factor fair use analysis, the transformative and educational nature of the documentary weighed in AMC’s favor, while the creative nature of the movie clips, posters and photographs weighed in Hofheinz’s favor.<sup>351</sup> Addressing the third factor, the amount and substantiality of the portion used, the court noted that the film clips could not be considered substantial, since some lasted as little as ten seconds, nor did they get at “the heart of the copyrighted works.”<sup>352</sup> The court also noted that defendant took no more of Hofheinz’s copyrighted works than was necessary to tell the story of the development of the movie genre covered by the documentary.<sup>353</sup> Finally, addressing the fourth factor, the court found that Hofheinz was unable to state in “any tangible way” how the documentary would negatively affect the market value of the copyrighted works.<sup>354</sup> The court also rejected Hofheinz’s argument that the licensing value of the works would be adversely affected.<sup>355</sup> Ultimately, given the probability that Hofheinz would not prevail at trial and that AMC’s use of the copyrighted materials was fair use, and, further, given the amount of money and time invested by AMC in the documentary, \*153 the court found that the balance of hardships did not favor Hofheinz and accordingly denied the injunction.<sup>356</sup>

## **9. Unauthorized Use of Wearable Art in National Advertisement Not Fair Use: On Davis v. The Gap<sup>357</sup>**

Davis, a designer of non-functional eyeglass jewelry, sued The Gap for copyright infringement after The Gap ran a national advertisement showing a model wearing a pair of Davis’ eyeglasses. The eyeglasses belonged to the model and were not specifically provided by The Gap for the photo shoot.<sup>358</sup> Davis had not licensed or otherwise authorized use of the eyeglasses in the advertisement.<sup>359</sup> The Second Circuit vacated the district court’s grant of summary judgment for The Gap, stating that the unauthorized use of Davis’ eyeglasses was neither a *de minimis* nor a fair use.<sup>360</sup>

The Gap argued that showing models in their own eyeglasses and wristwatches was *de minimis* and that, therefore, the case should be dismissed.<sup>361</sup> The Second Circuit felt otherwise, noting that “Davis’s design and concept are strikingly bizarre” and that the wearer of the glasses stood out prominently from the other models in the ad.<sup>362</sup> Furthermore, the ad created the impression that the models “have been outfitted from top to bottom, including eyewear, with Gap merchandise.”<sup>363</sup> The Gap also argued that its use of the glasses was a fair use.<sup>364</sup> The Second Circuit again was not persuaded, noting that all of the fair use factors favored Davis.<sup>365</sup> First, the use of the glasses in the advertisement was commercial and not transformative.<sup>366</sup> Secondly, Davis’ work was artistic expression, the core of what copyright law is designed to protect.<sup>367</sup> Thirdly, the photo was a head-on view of the sunglasses, in essence taking the entire work.<sup>368</sup> Finally, The Gap’s \*154 “taking for free Davis’s design for its ad” and avoiding paying a licensing fee harmed Davis’ ability to license the work.<sup>369</sup>

## **B. Works Made for Hire**

In copyright law, ownership of a copyright is usually vested in the creator of the work, unless the parties specifically contract otherwise or the work is a work for hire under the Copyright Act.<sup>370</sup> As defined by the statute, 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.”<sup>371</sup> If the work falls under that definition, the employer or entity ordering or commissioning the work is deemed to be the owner of the copyright.<sup>372</sup>

Sound Recordings: In 1999, the definition of work for hire was expanded by the Intellectual Property and Communications Omnibus Reform Act of 1999 (“IPCORA”) to add “as a sound recording” to the list of specifically enumerated works under Section 101(2).<sup>373</sup> This change was made pursuant to a request from the recording industry, which in practice typically registers sound recordings as works for hire and which advocated the change as a technical amendment to bring the statute into conformity with practice.<sup>374</sup> The change was not without significant controversy and criticism, however, as artists would potentially lose copyrights in their sound recordings and be bound to unfavorable contracts with their record labels.<sup>375</sup> The Register of Copyrights sided with the recording artists, noting that the addition of sound recordings to the definition was “a substantive change in the law, not a technical amendment as some have claimed.”<sup>376</sup>

At the root of the problem, and the reason why artists care so much about the work for hire status of sound recordings, is the fact that works made for hire cannot be terminated under Section 203 of the Copyright Act, which provides authors a \*155 “second chance to renegotiate their contracts.”<sup>377</sup> Therefore, in the year 2000, the IPCORA amendment was repealed by Public Law 106-379, which deleted “sound recordings” from the “works made for hire” definition, effectively restoring the status quo prior to IPCORA’s enactment.<sup>378</sup> The statute explicitly states under the definition of “work made for hire”, however, that neither the addition nor deletion of sound recordings to or from the definition should be considered, interpreted, or in any way given legal significance when considering whether a work qualifies as a work made for hire under the statute.<sup>379</sup>

The implications of the amendment and the addition of the cautionary language stated above were debated in UMG Recordings, Inc. v. MP3.com Inc., mentioned above in connection with the Teevee Toons case on page 114 and at FN 321. In the damages stage of the litigation, MP3.com argued that UMG was not the work-made-for-hire owner of the sound recordings at issue in the case.<sup>380</sup> UMG denied the relevancy of the deletion of sound recordings from the statute to its case and asserted that MP3.com offered no evidence to refute UMG’s ownership of the works in question, but rather only argued that sound recordings are not works made for hire.<sup>381</sup> Ultimately, the court awarded UMG and the other plaintiffs in the case \$53,400,000 in statutory damages, costs, and attorneys’ fees.<sup>382</sup> However, the discussion of this point is unpublished, therefore, the court’s reasoning is not known.

### **C. Idea/Expression Dichotomy**

A fundamental principal of copyright law is that copyrights only extend to original expression, not to the ideas underlying the expression. Ideas are free to be copied. Thus, much copyright litigation involves disputes over whether the defendant copied plaintiff’s expression, which is actionable, or merely copied plaintiff’s idea, which is not actionable.

#### **\*156 1. Similarities in Two Photographs Extended Only to Non-copyrightable Subject Matter: Kaplan v. The Stock Market Photo Agency Inc.**

In Kaplan,<sup>383</sup> a federal district judge for the Southern District of New York granted summary judgment for defendants and dismissed photographer Peter Kaplan’s claims of copyright infringement of his photograph, “Wing Tips Over the Edge.”<sup>384</sup> In comparing Kaplan’s photo with defendants’ allegedly infringing photo, the court concluded that there was no substantial similarity of copyrightable elements.<sup>385</sup>

Kaplan, a professional photographer, created his “Wing Tips Over the Edge” photograph in 1988.<sup>386</sup> The subject matter of the photo is “a businessperson standing perilously on the ledge or roof of a tall building” and looking down on a busy city street.<sup>387</sup> The photo is taken from the perspective of the businessman.<sup>388</sup> Kaplan registered his copyright in the photo in 1989, and the photo was published in The Creative Black Book, a book distributed to photographic, advertising, and design agencies, as well as professional photographers.<sup>389</sup> Kaplan brought suit after losing a bid to create an advertisement for a camera lens manufacturer using a photo similar in concept to “Wing Tips Over the Edge.”<sup>390</sup> After the advertisement ran using another photographer’s photo that also depicted a businessman on a city building ledge, Kaplan brought suit for copyright infringement and unfair competition.<sup>391</sup> Defendants in the case were The Stock Market Photo Agency, an agency for photographers, Bruno Benvenuto, the photographer who took the allegedly infringing photo, and Fox News Network and Crain Communications, media companies that ran the advertisement that featured the allegedly infringing photograph.<sup>392</sup>

The court acknowledged that copyright only protects the original expression of an idea, not the idea itself,<sup>393</sup> and further noted

that, in photography, copyright “derives from ‘the photographer’s original conception of his subject, not the subject \*157 itself.”<sup>394</sup> While the subject matter of a photograph is not copyrightable, elements that may be copyrightable “include posing the subjects, lighting, angle, selection of film and camera, [and] evoking the desired expression.”<sup>395</sup> In comparing the works at issue in the instant case, the court stated: “Nearly all the similarities between the works arise from noncopyrightable elements, thus rendering the works not substantially similar. The subject matter of both photographs is a businessperson contemplating a leap from a tall building onto the city street below.”<sup>396</sup> Any similarities between the photos, such as pinstripe suits and wing-tip shoes, flowed “predictably from the underlying subject matter.”<sup>397</sup> However, the court concluded that the two photographs differed in such protectable elements as background, perspective, lighting, shading, and color.<sup>398</sup>

The court’s analysis also focused on the doctrine of scenes a faire, which holds not protectable under copyright law “sequences of events necessarily resulting from the choice of setting or situation”<sup>399</sup> or “incidents, characters or settings which are as a practical matter indispensable, or at least standard, in the treatment of a given topic.”<sup>400</sup> Specifically, the court concluded that the doctrine of scenes a faire precluded copyright ownership in the idea of an “exasperated businessperson” contemplating a leap from a tall building.<sup>401</sup> In dismissing the unfair competition claim, the court also rejected Kaplan’s contention that defendants had misappropriated his photograph and attempted to pass off Benvenuto’s work as Kaplan’s original work, noting that such a claim must fail, because Kaplan did not establish substantial similarity between the two photographs.<sup>402</sup>

## **2. Interview with Inmate Not Copyrightable Expression: Taggart v. WMAQ Channel 5 Chicago<sup>403</sup>**

An inmate’s statements and answers provided during a taped interview did not rise to the level of copyrightable expression, therefore, copyright infringement claims brought by the inmate against the interviewer, the cameraman, a local \*158 television station, and others (“WMAQ”) were dismissed for failure to state a claim.<sup>404</sup>

At the time of the interview, the plaintiff, Arthur J. Taggart, was an inmate at Big Muddy River Correctional Center following his 1989 conviction for aggravated assault involving two minor boys.<sup>405</sup> Taggart, a former summer camp director, was contacted by defendant WMAQ for an interview, to which he agreed.<sup>406</sup> During the videotaped interview, Taggart answered various questions about his conduct with children at his camp, including sleeping in the nude with the children.<sup>407</sup> Taggart allegedly requested that defendants not use the interview in any manner.<sup>408</sup> Several weeks later, WMAQ aired a piece on the dangers of summer camp, which included an excerpt from Taggart’s interview.<sup>409</sup>

Taggart, a pro se plaintiff, then sued WMAQ for copyright infringement and various state law tort claims.<sup>410</sup> As to the copyright claims, Taggart claimed that the interview was a “performance” in which he owned copyrights and that the performance was “fixed” on the videotape.<sup>411</sup> Since WMAQ published his “performance” without authorization, Taggart argued, it was liable for copyright infringement.<sup>412</sup> WMAQ responded by asserting that Taggart had failed to register his alleged copyrights as required by the Copyright Act and, moreover, even if he had, “an individual does not have a copyrightable interest in thoughts uttered during an interview.”<sup>413</sup>

The court agreed that Section 411(a) of the Copyright Act provides that registration of a copyright is a prerequisite to filing an infringement action.<sup>414</sup> Nevertheless, even if Taggart had obtained a registration, he would still fail to state a claim upon which relief can be granted, because his “utterances made during an interview are not an expression of an idea for the purpose of copyright law, they are simply an idea, and thus not subject to copyright protection.”<sup>415</sup> The court also likened Taggart to Falwell v. Penthouse International, where the Reverend Jerry Falwell sued Penthouse for copyright infringement under the same circumstances -- \*159 publication of an interview without his permission.<sup>416</sup> The court in Taggart followed the Falwell court’s reasoning that the substance of the interview, even though “fixed,” did not contain literary or intellectual creativity that merited copyright protection.<sup>417</sup> Since Taggart did not have a copyrightable interest in his statements made during the interview, Taggart’s claim was dismissed.

## **3. Subject Matter of Magazine Uncopyrightable Idea: Bell v. Blaze Magazine<sup>418</sup>**

The facts of this case are somewhat similar to Taggart, discussed above. In this case, pro se plaintiff and inmate James Bell brought a lawsuit against defendants Vibe/Spin Ventures LLC (the publisher of Blaze and Vibe magazines), the magazine writers, and others for copyright infringement, alleging that defendants published infringing articles in Blaze Magazine.<sup>419</sup> The Southern District of New York granted defendants’ motion to dismiss, stating that any similarities between defendants’

articles and Bell's manuscripts related to uncopyrightable ideas.<sup>420</sup>

Bell was an inmate at the time he submitted a manuscript for a magazine proposal titled "Hip Hop Behind the Walls" to Blaze Magazine. The magazine would discuss the life of artists in prison and other topics from the perspective of inmates, including news, weather, interviews with drug dealers, and everyday life.<sup>421</sup> Blaze Magazine allegedly lost Bell's manuscript, but several months later came out with a series of articles on prison life, including a cover article titled "Hip Hop Behind Bars" and another article under the same title that featured an interview with a drug dealer.<sup>422</sup> Other articles in the prison life series covered the same topics allegedly discussed in Bell's manuscript, such as hip hop, private prisons, drugs, and so forth.<sup>423</sup> Bell claimed that defendants took his ideas and manuscript and paraphrased them.<sup>424</sup>

The court thought otherwise, noting that Bell's claim failed for several reasons.<sup>425</sup> As to the similarities between Bell's title "Hip Hop Behind the Walls" and defendants' title "Hip Hop Behind Bars," the court noted that words and short \*160 phrases, such as titles and slogans, are not copyrightable.<sup>426</sup> Additionally, since copyright does not extend to ideas or concepts, defendants would have to have taken more than Bell's ideas for stories on prison life to commit copyright infringement.<sup>427</sup> Rather, defendants' articles and the copyrightable elements of Bell's manuscript would have to be substantially similar.<sup>428</sup> On this point, the court found that the ideas in both Bell's manuscript and defendants' articles--hip hop, everyday life, prison--were "not novel."<sup>429</sup> According to the court, the manner in which those ideas were expressed was quite different.<sup>430</sup> Even if the articles used similar subject matter and formats--for example, interviews--Bell's copyright infringement claim failed, because it amounted to an assertion of rights in the underlying ideas themselves.<sup>431</sup>

#### **4. Idea of Diamond Ring Design Not Copyrightable: Diamond Direct LLC v. Star Diamond Group Inc.**

In Diamond Direct,<sup>432</sup> plaintiff Diamond Direct sued defendant Star Diamond Group for copyright and trade dress infringement of Diamond Direct's "ballerina-style" diamond rings.<sup>433</sup> The Southern District of New York granted Star Diamond's motion for summary judgment and dismissed both claims.<sup>434</sup>

Diamond Direct claimed that its ring designs, though of the common "ballerina" style, had original copyrightable elements that distinguished them from other ballerina rings.<sup>435</sup> Specifically, in place of a large central stone typically found in the design, the Diamond Direct designs featured a tiered cluster of smaller stones.<sup>436</sup> Diamond Direct registered these designs with the U.S. Copyright Office.<sup>437</sup> Star Diamond disputed the validity of these copyrights, however, arguing that Diamond Direct's ballerina ring designs were of minimal creativity and possessed "no elements of originality to set them apart from the multitude of other pear-shaped ballerina rings existing before 1996."<sup>438</sup>

\*161 The court observed that the only difference between Diamond Direct's non-copyrighted ballerina and the rings at issue in the case was the tiered multi-stone central setting.<sup>439</sup> While the court suggested that such a minor difference may not possess the minimal level of creativity required for copyright, the court ultimately did not decide on the validity of Diamond Direct's copyright.<sup>440</sup> Instead, the court noted that "the idea of a ballerina ring with a small cluster of stones at the center is not protectible."<sup>441</sup> As applied to the rings at issue in the case, the court found that the similarities between plaintiff's and defendant's rings related to the non-copyrightable idea of a ballerina ring with a small cluster of stones at the center, not the expression of that idea.<sup>442</sup> The rings were similar in concept, but not substantially similar as to the copyrightable elements of the designs.<sup>443</sup> The court thus dismissed Diamond Direct's copyright claim without deciding on the validity of its copyright and also dismissed its trade dress infringement claim for failure to establish that the ring design had acquired secondary meaning.<sup>444</sup>

#### **D. Useful Articles: Diamond Ring Not Utilitarian Article: Weindling Int'l Corp. v. Kobi Katz, Inc.**

The Weindling<sup>445</sup> case involved a declaratory judgment action by Weindling International Corp. ("Weindling") against Kobi Katz, Inc. ("Kobi Katz") over gold and diamond "bridge" rings sold by both companies.<sup>446</sup> Weindling sought a declaration of non-infringement of Kobi Katz's ring design and the invalidity of Kobi Katz's copyright registration for its ring.<sup>447</sup> Kobi Katz brought a counterclaim for copyright infringement.<sup>448</sup> The Southern District of New York dismissed Weindling's declaratory judgment claims, found Weindling liable for copyright infringement, and granted Kobi Katz injunctive relief.<sup>449</sup>

In 1992, Kobi Katz designed and began selling a gold and diamond "bridge ring" that featured channel-cut princess diamonds on the shank of the ring, a suspended marquis-shaped central diamond, and flared gold supports that held the marquis

diamond “in a tension setting.”<sup>450</sup> The design allegedly was inspired by the \*162 Golden Gate Bridge.<sup>451</sup> After three attempts, Kobi Katz obtained a copyright registration for the design.<sup>452</sup> In 1998, Weindling designed two of its own bridge rings, which the court found to be virtually identical in appearance to the Kobi Katz ring.<sup>453</sup> Weindling nevertheless contested the validity of Kobi Katz’s copyright in its design and presented expert testimony in court that the Kobi Katz ring used design elements that were known in the jewelry trade and that were dictated more by functional considerations than by aesthetic considerations.<sup>454</sup> Weindling argued that Kobi Katz’s modifications to these known elements were trivial and unoriginal.<sup>455</sup>

The court was not persuaded by the expert testimony for several reasons. First, it noted that the range of options in jewelry design, “while far from infinite, are considerably more numerous than the narrow choices available to the publishers of judicial opinions discussed in Matthew Bender. . .,” the case heavily relied upon by Weindling.<sup>456</sup> Second, the court was not persuaded that Kobi Katz’s design was driven purely by functional considerations, as “design is at the heart of the jewelry business.”<sup>457</sup> In this regard, the court distinguished jewelry from the judicial opinions and telephone books at issue in Matthew Bender and Feist Publications, Inc. v. Rural Telephone Co.<sup>458</sup> Third, the court pointed out that a comparison of the components of each ring was improper, as the Kobi Katz copyright claim was for the “overall distinctive feel” of the combination of design components in the ring.<sup>459</sup> Finally, the court noted that Weindling was not able to produce any evidence of a ring design substantially similar to Kobi Katz’s design existing before 1992, when the Kobi Katz design was created.<sup>460</sup> The court stressed that the Kobi Katz ring was a work of art and disagreed with another case that “treated diamond rings as utilitarian articles,” describing them instead as works of art or ornamental sculpture.<sup>461</sup>

#### **\*163 E. Architectural Works: Conceptually Separable Artistic Design on Building Not Protected: Leicester v. Warner Bros.**

In Leicester v. Warner Brothers,<sup>462</sup> the Ninth Circuit affirmed a district court ruling that Warner Bros. did not infringe Andrew Leicester’s copyrights when it filmed a building in the movie “Batman Forever” that featured Leicester’s sculptural work.<sup>463</sup>

Several years prior to the filming of the movie, R & T Development Corporation (“R&T”) built the “801 Tower,” an office building in Los Angeles.<sup>464</sup> As part of the development requirements, R&T was required to make an expenditure for art for the building.<sup>465</sup> R&T commissioned Leicester to create an artistic work in a courtyard space on the south side of the building, subject to certain requirements set by the Los Angeles Community Redevelopment Agency (“CRA”).<sup>466</sup> One of these requirements was to create a “streetwall” that would essentially extend the 801 Tower to the edge of the property, since the building did not actually use the entire lot.<sup>467</sup> Another requirement was to use common artistic and architectural elements in the courtyard entrance and building facade.<sup>468</sup> Leicester’s resulting creation, “Zanja Madre,” told part of Los Angeles’ history through several artistic, sculptural elements.<sup>469</sup> These elements included a fountain in the courtyard, two sets of two towers each in the courtyard, and also five more towers and gates that border the street, forming the “streetwall” and entrance to the courtyard and 801 Tower.<sup>470</sup> It is primarily these sculptural elements that comprise “Zanja Madre” and that were at issue in the case.<sup>471</sup>

In 1994, Warner Bros., with permission from R&T, filmed part of “Batman Forever” at the 801 Tower and certain parts of “Zanja Madre” appear in the movie as the Gotham City bank.<sup>472</sup> Warner Bros. did not get permission from Leicester to film “Zanja Madre,” so Leicester registered the work as a sculptural work and sued Warner Bros. for copyright infringement, among other claims.<sup>473</sup> Warner Bros. argued that Section 120(a) of the Copyright Act shielded it from copyright \*164 infringement liability.<sup>474</sup> Section 120(a) “exempts pictorial representations of architectural works from copyright infringement,” if the building in which the work is embodied is located in or ordinarily visible from a public place.<sup>475</sup> Leicester argued that “Zanja Madre” was a “sculptural work” that was “conceptually separable” from the 801 Tower and thus entitled to separate copyright protection.<sup>476</sup> The district court agreed with Warner Bros.

On appeal, the Ninth Circuit panel reviewed the district court’s decision for clear error.<sup>477</sup> The district court’s determination that the part of “Zanja Madre” pictured in “Batman Forever” was an architectural work and part of the 801 Tower was reviewed from this standard.<sup>478</sup> The district court determined that the section of “Zanja Madre” at issue was an architectural work for several reasons. First, it considered the towers that appeared in the film as “an integrated concept” and part of the design plan of the building.<sup>479</sup> Second, the towers formed part of the “streetwall” that had been mandated by CRA, not independently conceived by Leicester as artistic elements.<sup>480</sup> Third, the towers matched the building because they were constructed with the same materials as the building, were spaced consistently with architectural features on the building, and two towers were topped with lanterns that matched the lanterns on the building.<sup>481</sup> Finally, the towers served the functional

purpose of “channeling traffic into the courtyard.”<sup>482</sup> These determinations by the district court led it to the decision that Warner Bros. did not infringe Leicester’s copyrights under Section 120(a).<sup>483</sup>

Leicester argued that “Zanja Madre” should not be considered an architectural work because it was not useful or inhabitable, certain decorative elements on the towers served no functional purpose, and “Zanja Madre” as a whole was “conceptually separable” from the 801 Tower.<sup>484</sup> Leicester further argued that the 1990 amendments to the Copyright Act, which included the addition of Section 120(a), were not intended by Congress to take away the protection for sculptural \*165 works that formed part of a building that was available before 1990.<sup>485</sup> The Ninth Circuit panel rejected these arguments, and affirmed the district court ruling, noting in particular that Section 120(a) would make no sense if it allowed pictorial representations of some, but not all, parts of a single architectural work.<sup>486</sup> The concurrence noted that the issue of “conceptually separability” was moot as applied architectural works, reading the AWCPA as “rejecting application of the conceptual separability test where the architectural work and the artistic work are so closely and functionally intertwined as in this case.”<sup>487</sup> The dissent argued that if the streetwall towers were conceptually separable from the 801 Tower, it should receive protection as a sculptural work pursuant to Section 102(5) of the Copyright Act.<sup>488</sup>

## **V. The Constitution and Copyright Cases**

### **A. Injunction Against Copying and Distribution of Religious Text Not Unconstitutional: Worldwide Church of God v. Philadelphia Church of God, Inc.**

In Worldwide Church of God, the facts of which are discussed in more detail at pages 114-46, the Ninth Circuit held that a religious organization’s copying and distribution of an entire copyrighted religious text was not justified under the free exercise or free speech clauses of the First Amendment.<sup>489</sup> The court noted that PCG’s free speech rights were protected by the law’s refusal to recognize a copyright in facts.<sup>490</sup> Moreover, any exemptions for infringement accorded to religious uses of a copyrighted work were limited by Section 110(3) of the Copyright Act (limiting exemption to performance or display of certain works in the course of services or religious assembly).<sup>491</sup> PCG’s activities went far beyond the narrow privilege set forth in Section 110(3).<sup>492</sup>

In addition to its fair use defense, PCG argued an affirmative defense under the Religious Freedom Restoration Act (“RFRA”) that the court’s enforcement of WCG’s copyrights would “substantially burden” PCG’s free exercise of its religion, namely, the distribution of Mystery of the \*166 Ages to current and potential church members.<sup>493</sup> As its central religious text, PCG members consider Mystery of the Ages to be essential to their daily religious practice.<sup>494</sup> Assuming the constitutionality and applicability of RFRA to federal laws (themselves undecided points), the court found that PCG failed to prove that the copyright laws subject it to a “substantial burden” in the exercise of its religion.<sup>495</sup> According to the court, a substantial burden must be “more than an inconvenience” of asking permission and paying for the right to use a copyrighted work.<sup>496</sup>

### **B. Constitutionality of Statutory Damages Provision of Copyright Act Challenged: Columbia Pictures Industries, Inc. v. Krypton Broadcasting of Birmingham, Inc.<sup>497</sup>**

Section 504(c) of the Copyright Act provides for an award of statutory damages to a plaintiff for infringement of “any one work.”<sup>498</sup> However, the statute does not define the meaning of “any one work,” except to say, that “all parts of a compilation or derivative work constitute one work.”<sup>499</sup> Thus, in some cases, it becomes difficult to determine how many works were infringed to arrive at a calculation of statutory damages. Section 504(c) also does not provide specifically for a right to a trial by jury to determine issues related to an award of statutory damages. These issues were in dispute in Columbia Pictures Industries v. Krypton Broadcasting.<sup>500</sup>

In this case, the Ninth Circuit affirmed the district court’s denial of defendant’s motion for new trial.<sup>501</sup> Although the procedural history of this case is somewhat complicated, the basic situation is as follows. Plaintiff Columbia Pictures (“Columbia”) licensed television programs to defendant Krypton Broadcasting’s subsidiary television stations (hereinafter referred to as “Feltner” after the company’s sole shareholder, C. Elvin Feltner).<sup>502</sup> After Feltner failed to make timely licensing payments, the licenses were terminated; however, Feltner continued showing the television programs.<sup>503</sup> After a bench trial, Feltner was found liable for \$8,800,000 in statutory damages pursuant to Section 504(c), based the infringement of 440 separate works.<sup>504</sup> The court treated the question of the number of infringements as a question of law for the court to

decide and found that \*167 each episode of each series was a separate work.<sup>505</sup> The court denied Feltner's request for a trial by jury.<sup>506</sup>

Feltner ultimately appealed to the United States Supreme Court, arguing that the court of appeals incorrectly concluded that the Seventh Amendment does not provide a right to a jury trial on statutory damages.<sup>507</sup> The Supreme Court reversed the lower court rulings, holding that "the Seventh Amendment guarantees Feltner the right to a jury trial 'on all issues pertinent to an award of statutory damages under Section 504(c) of the Copyright Act, including the amount itself'."<sup>508</sup> The Ninth Circuit then remanded the case for a jury trial on the issue of damages only, but not on the question of the number of infringements.<sup>509</sup> A jury returned a verdict for Columbia of \$31.68 million in statutory damages, equaling \$72,000 for each of the 440 works willfully infringed.<sup>510</sup>

Feltner's motion for a new trial was denied, so he appealed again to the Ninth Circuit.<sup>511</sup> As to the damages issue, Feltner asserted that the Supreme Court held that Section 504(c) was unconstitutional in its entirety and thus unenforceable.<sup>512</sup> The Ninth Circuit disagreed, stating that "what the Supreme Court held is that to the extent § 504(c) fails to provide a jury trial right, it violates the Seventh Amendment and is therefore unconstitutional. However, this holding in no way implies that copyright plaintiffs are no longer able to seek statutory damages under the Copyright Act."<sup>513</sup> Rather, the Seventh Amendment guarantees a right to a jury trial on all issues related to an award under Section 504(c) "if a party so demands."<sup>514</sup> The Ninth Circuit interpreted that the Supreme Court's holding did not require a court to strike down Section 504(c) and "wait for Congress to reenact [it] with a jury trial provision."<sup>515</sup> Rather, under the Seventh Amendment, a court must merely grant a defendant's request for a jury trial on statutory damages under Section 504(c).<sup>516</sup>

\*168 On appeal, Feltner also claimed that the issue of the number of works infringed was "an issue pertinent to an award of statutory damages" under Section 504(c), and thus should have been a question of fact decided by a jury, rather than a question of law decided by the district court (which had reaffirmed its prior ruling that Feltner committed 440 acts of infringement).<sup>517</sup> The Ninth Circuit also rejected this argument, noting that in this case, the definition of a work for the purposes of calculating the award under Section 504(c) was a question of law.<sup>518</sup> The Court stated that every circuit recognized a "work" as those works that "live their own copyright life."<sup>519</sup> In this case, each episode lived its own copyright life, so each episode aired without a license was an act of infringement, leaving "no underlying factual issues for a jury to resolve."<sup>520</sup>

### C. Sonny Bono Copyright Term Extension Act Not Unconstitutional: *Eldred v. Ashcroft* (formerly *Eldred v. Reno*)

In *Eldred*,<sup>521</sup> a case of first impression, plaintiffs filed a suit against the U.S. Attorney General, challenging the constitutionality of the Sonny Bono Copyright Term Extension Act ("CTEA") and alleging that CTEA violates the First Amendment and the Copyright Clause in the Constitution, which grants Congress the power to give authors "exclusive right" to their works "for limited times."<sup>522</sup> The CTEA extended the copyright term for most copyrights for an additional twenty years.<sup>523</sup> These extensions of copyright apply to subsisting copyrights (retrospectively), as well as to future copyrights (prospectively).<sup>524</sup> The plaintiffs in the case are various entities that depend for their businesses or other activities on works that are in the public domain, such as a non-profit that distributes public domain e-books over the Internet, a company that reprints rare books, sheet music vendors, and a company that restores old films.<sup>525</sup>

Plaintiffs' allege that the CTEA is "beyond the power of Congress and therefore unconstitutional" because it: (1) violates the First Amendment in its application to both existing and as yet uncreated works; (2) violates the originality requirement of the Copyright Clause in its application to preexisting works; and (3) violates the "limited times" language of the Copyright Clause as applied to \*169 subsisting copyrights.<sup>526</sup> At the district court level, plaintiffs unsuccessfully sought a declaration that the CTEA is unconstitutional.<sup>527</sup> After the court entered judgment on the pleadings in favor of the U.S. government and dismissed the case, plaintiffs appealed.<sup>528</sup> On appeal, the D.C. Circuit affirmed the district court decision, holding that "the CTEA is a proper exercise of Congress' power under the Copyright Clause."<sup>529</sup>

Regarding plaintiffs' First Amendment claims, the appellate court noted that the salient question was "whether [a] party has a first amendment interest in a copyrighted work,"<sup>530</sup> concluding that plaintiffs had "no cognizable first amendment interest in the copyrighted works of others."<sup>531</sup> The court observed that the idea/expression dichotomy in copyright law, which allows plaintiffs to freely use ideas contained in copyrighted works but not the expression of those ideas, sufficiently protects First Amendment rights.<sup>532</sup> In short, the court refused to recognize a First Amendment right to use copyrighted expression.<sup>533</sup>

Regarding originality, plaintiffs attempted to argue that “the CTEA cannot extend an extant copyright because the copyrighted work already exists and therefore lacks originality,”<sup>534</sup> or as the court phrased it, “plaintiffs’ underlying point seems to be that there is something special about extending a copyright beyond the combined initial and renewal terms for which it was initially slated.”<sup>535</sup> The court rejected this argument on the ground that copyrighted works have by definition met the originality requirement, since they could not have been copyrighted in the first place without having crossed the originality threshold.<sup>536</sup> According to the court, the issue of originality is relevant to the determination of copyrightability, not to whether Congress may extend the term of a work already copyrighted.<sup>537</sup>

Finally, with respect to plaintiffs’ “limited times” argument, the court noted that the CTEA brought U.S. copyright law into closer conformity with that of the \*170 European Union.<sup>538</sup> The court further stated that Congress’ decision to extend the copyright term would only be reviewed for rationality, and that plaintiffs’ did “not dispute that the CTEA satisfies this standard of review.”<sup>539</sup> The court further observed that the Copyright Clause was not a substantive limit on Congress’s power to protect the works of authors “for limited times.”<sup>540</sup>

After this decision, plaintiffs’ petitioned for a rehearing en banc, again asserting that the CTEA violated both the First Amendment and Copyright Clause and that the court did not properly consider an amicus brief that was filed on appeal.<sup>541</sup> The appellate court concluded that it would be inappropriate to reach the merits of the amicus’s position, as it raised new issues not addressed at trial.<sup>542</sup> The amicus brief asserted that the preamble of the Copyright Clause was a substantive limit on Congress’ power to extend the term of copyright, a position that plaintiffs’ were “diametrically opposed to” previously in the case.<sup>543</sup> In conclusion, the court noted that “even if we considered the amicus’ position we would not reach a different result in the case,” as the CTEA still “pass[ed] muster under the ‘necessary and proper’ review applicable to Congress’s exercise of power enumerated in Article I.”<sup>544</sup> Accordingly, the court denied plaintiffs’ petition for a rehearing en banc. Plaintiffs have since filed a petition for certiorari.

#### **D. Copyright Ownership in Local Building Codes: Veeck v. Southern Building Code Congress International, Inc.**

In Veeck v. Southern Building Code Congress International, Inc.,<sup>545</sup> declaratory judgment plaintiff Veeck appealed from a grant of summary judgment in favor defendant Southern Building Code Congress International (“SBCCI”).<sup>546</sup> The Eastern District of Texas held that by posting SBCCI’s model building codes on the Internet, Veeck infringed SBCCI’s copyrights in the codes.<sup>547</sup> The Fifth Circuit affirmed the district court’s decision.<sup>548</sup>

\*171 SBCCI is a nonprofit organization that develops, promotes, and promulgates model building codes.<sup>549</sup> SBCCI then encourages local governments to enact the codes into law, but SBCCI maintains copyright ownership of the codes and retains the exclusive rights to publish and license the codes.<sup>550</sup> Although citizens can obtain copies of the codes from their local governments or libraries, SBCCI also sells copies of the model codes to raise funds for its operations and activities.<sup>551</sup> Plaintiff Veeck maintains a nonprofit informational web site by the name of RegionalWeb, which features information about North Texas.<sup>552</sup> Veeck purchased model codes for certain North Texas towns from SBCCI and then posted them on his web site.<sup>553</sup> SBCCI sent Veeck a cease and desist order, claiming his activities violated SBCCI’s copyrights.<sup>554</sup> Veeck then sued for a declaration of non-infringement and SBCCI counterclaimed.<sup>555</sup> In defense of SBCCI’s counterclaim, Veeck asserted the defenses of fair use, copyright misuse, waiver, merger, and due process.<sup>556</sup> The district court rejected Veeck’s defenses, dismissed Veeck’s declaratory judgment action, and granted summary judgment for SBCCI.<sup>557</sup>

On appeal, Veeck argued that “once SBCCI’s model codes are enacted into public law they lose their copyright protection under principles of due process, freedom of speech, and the affirmative defenses of merger, misuse, waiver, and fair use.”<sup>558</sup> As to Veeck’s due process claims, the court noted that “due process requires that the public have notice of what the law is so that the people may comply with its mandates.”<sup>559</sup> Although the codes were supposed to be available through local governments and libraries, Veeck alleged that he was unable to obtain complete copies of local codes after visiting approximately twenty North Texas towns.<sup>560</sup> Veeck asserted that his copying of SBCCI’s codes was excused because the codes entered the public domain when they were enacted into local law, as the “public’s due process interest in free access to the building codes extinguish[ed] SBCCI’s copyright.”<sup>561</sup>

\*172 The court rejected Veeck’s arguments, responding that Veeck “apparently never attempted to view or copy the SBCCI codes in any city clerk’s or other municipal office.”<sup>562</sup> According to the court, since Veeck could have copied the codes in city offices and/or obtained the codes from SBCCI, the record did not indicate that Veeck “was actually prevented or substantially hindered from viewing the public law.”<sup>563</sup> The court also stated that since the codes were available to the public, the balance

of policy interests favored encouraging activities of private entities such as SBCCI, because otherwise the government would have to shoulder the expense of drafting the model codes themselves.<sup>564</sup> Denying copyright protection to the codes would remove any incentive of SBCCI to continue its valuable service.<sup>565</sup> Thus, the court concluded that the copyrighted codes had not become part of the public domain simply by being enacted into law and that due process considerations did not excuse Veeck's infringement of SBCCI's codes.<sup>566</sup>

The court also rejected Veeck's other defenses raised on appeal. Regarding his First Amendment defense, the court stated that SBCCI did not "stifl[e] free speech" because it did not use its copyright to block public access to the codes.<sup>567</sup> Additionally, Veeck purchased the codes from SBCCI and then published them on the Internet despite the copyright notice and license agreement that was present with the codes when he purchased them.<sup>568</sup> The court indicated that Veeck's actions were not the case of a citizen obtaining the codes from a government office and then posting them on the Internet, which the court considered more akin to fair use.<sup>569</sup>

While the court also rejected Veeck's merger, copyright misuse, and fair use defenses, it cautioned that its holding was restricted to "the narrow set of facts and circumstances" before it.<sup>570</sup> As to Veeck, the court concluded that "copyright protection of privately authored model codes does not simply evanesce *ipso facto* when the codes are adopted by local governments . . . as long as the citizenry has reasonable access to such publications . . ."<sup>571</sup>

**\*173** The Second Circuit cited Veeck in *County of Suffolk v. First American Real Estate Solutions*,<sup>572</sup> a copyright case involving Suffolk County tax maps.<sup>573</sup> In *First American*, the Second Circuit held that Suffolk County's copyrights in its tax maps was not abrogated by its obligation to allow for public inspection and copying of its maps under New York's Freedom of Information Law.<sup>574</sup> The county could retain its copyrights in the maps and still comply with its obligations to allow public access to the maps.<sup>575</sup> The case cited Veeck for the proposition that due process was not compromised where the facts of the case indicated that members of the public did not have difficulty obtaining the maps.<sup>576</sup>

## VI. Practical Considerations for Copyright Litigation

The following cases concern issues that are of practical importance to copyright practitioners and copyright litigants, namely, statutory prerequisites to bringing a claim of copyright infringement and possible remedies available to prevailing parties in copyright litigation.

### A. Statutory Prerequisite to Litigation: Registration of Copyright

Section 411 of the Copyright Act sets forth the requirement that, with certain exceptions, the owner of a copyrighted work must register her copyright prior to bringing an action for copyright infringement.<sup>577</sup> Section 412 specifies that registration is also a prerequisite to obtaining certain remedies for infringement, namely, attorney's fees, and statutory damages.<sup>578</sup> The following cases demonstrate the importance of the registration requirement in practice.

#### 1. Description of Deposit Specimen Rather than Copyrighted Work in "Nature of Work" Space on Form PA Does Not Invalidate Registration: *Raquel v. Education Management Corp., et. al.*

In *Raquel*,<sup>579</sup> plaintiff was a partnership of artists who authored the music, lyrics and arrangement of the song "Pop Goes the Music."<sup>580</sup> The song was licensed to defendants Education Management Corporation ("EMC") and Elias/Savon \*174 Advertising Agency, Inc. for use in a commercial.<sup>581</sup> Raquel received a separate four-minute music video in return as compensation for its license of the song.<sup>582</sup> Subsequently, Raquel filed a federal copyright registration for the song.<sup>583</sup> When the commercial allegedly continued airing beyond the time period established in the license agreement and was also used in a music video for the group Nirvana, Raquel filed a copyright infringement action against EMC, Geffen Records, and Nirvana.<sup>584</sup> EMC filed a third party complaint against Elias/Savon seeking indemnification and/or contribution.<sup>585</sup>

The District Court for the Western District of Pennsylvania dismissed Raquel's complaint for lack of subject matter jurisdiction on the grounds that Raquel "did not have a copyrightable interest in the work that formed the basis of its lawsuit."<sup>586</sup> According to the district court, the works that formed the basis of the lawsuit were the "musical video and TV commercial."<sup>587</sup> On the copyright application form, Raquel had specified that the "nature of authorship" was "all music and lyrics and arrangement" of the song.<sup>588</sup> However, Raquel submitted a videotape deposit specimen of the commercial and the

video and identified the “nature of the work” as an “Audiovisual Work.”<sup>589</sup> The audiovisual work was actually authored by Elias/Savon.<sup>590</sup> The district court concluded that it had no subject matter jurisdiction because the complaint was based on an infringement claim in the commercial, which Raquel did not own.<sup>591</sup>

Raquel then filed a supplemental registration form in an attempt to clarify that it claimed copyrights in the song, not the audiovisual work, and also filed a second copyright infringement action.<sup>592</sup> Defendants moved to dismiss again, asserting among other things that the copyright registration did not support an action for infringement of the song.<sup>593</sup> The court again dismissed the case, “based on its conclusion that neither Raquel’s copyright registration nor its supplemental \*175 registration was sufficient to confer jurisdiction in an action for infringement of the Song.”<sup>594</sup>

On appeal, the Third Circuit affirmed the district court ruling, noting that “the issue is whether Raquel has met the jurisdictional prerequisite for maintaining a copyright infringement action, namely, a valid registration in the work that has allegedly been subject to an infringing use.”<sup>595</sup> In reaching its decision that Raquel did not hold a valid copyright registration in its song, the appeals court concluded that Raquel had misrepresented the nature of its copyrighted work in the copyright application as an “audiovisual work” rather than a musical work.<sup>596</sup> The court further concluded that such misrepresentation was material because, “[h]ad the Register of Copyrights known that Raquel did not author the audiovisual work identified in its registration, it is likely that this rather fundamental misstatement would have occasioned the rejection of Raquel’s application.”<sup>597</sup> The court rejected Raquel’s assertion that the misdesignation was an inadvertent and immaterial error and that the action should be allowed to go forward.<sup>598</sup>

After the Third Circuit decision, Raquel petitioned for certiorari. Meanwhile, the case caught the attention of the Copyright Office, as the Copyright Office perceived that the Third Circuit had “misunderstood the Copyright Office’s registration practices” with respect to the “Nature of This Work” space on the application Form PA for performing arts.<sup>599</sup> Specifically, the Copyright Office typically reviews the “nature of authorship” section on the application, rather than the “nature of work” section.<sup>600</sup> Thus, it would have looked to Raquel’s claim to the song, rather than the description of the specimen submitted. In response to Raquel, the Copyright Office published a Statement of Policy on July 5, 2000 to clarify its registration practices and to indicate that it knew Raquel’s copyright claim was for a musical, not audiovisual work.<sup>601</sup> The Office stated that with respect to the “nature of work” space, “it has been and continues to be acceptable to describe the physical nature of the deposit submitted with the application.”<sup>602</sup> The clarification was intended to prevent other courts from relying on Raquel as precedent.<sup>603</sup> The U.S. Supreme Court granted plaintiff Raquel’s petition for certiorari, vacating the Third Circuit’s decision and remanding the case for further consideration in light of \*176 both an amicus brief filed at the urging of the Copyright Office and the Copyright Office’s Statement of Policy.<sup>604</sup>

## 2. Application to Register; Uncopyrightable Subject Matter; Collective Works

In *City Merchandise v. King Overseas Corp.*,<sup>605</sup> the District Court for the Southern District of New York rejected plaintiff City Merchandise’s contention that its copyright infringement claim should not be dismissed for failure to meet the registration requirement.<sup>606</sup> City Merchandise had applied to register its copyright, but had not actually received a registration certificate. The court stated that merely applying to register a copyright was insufficient to commence litigation.<sup>607</sup>

In *Taggart v. WMAQ*, discussed above on pages 114-58, prison inmate Taggart sued television station WMAQ for copyright infringement arising from an interview with Taggart that WMAQ aired without Taggart’s permission.<sup>608</sup> The court agreed that Section 411(a) of the Copyright Act provides that registration of a copyright is a prerequisite to filing an infringement action.<sup>609</sup> The court then dismissed Taggart’s suit for failure to state a claim, noting that Taggart had failed to register his copyright and that, even if he had, Taggart’s statements made during the interview were not copyrightable expression.<sup>610</sup>

Finally, in *Morris v. Business Concepts, Inc.*,<sup>611</sup> the Second Circuit affirmed the ruling of the district court that it did not have subject matter jurisdiction to hear a copyright infringement case where plaintiff had not registered her copyrights.<sup>612</sup> Plaintiff Morris had over the years submitted various articles for publication to the magazine *Allure*, which is published by Conde Nast Publications.<sup>613</sup> While Conde Nast had registered its copyrights in the magazines, Morris had never registered her copyrights in the articles themselves.<sup>614</sup> When Business Concepts reprinted her articles in its newsletters, Morris sued.<sup>615</sup> The court stated that registration of a \*177 magazine (a collective work) by the copyright owner did not constitute registration of individual articles in the magazine that were authored by plaintiff.<sup>616</sup>

## **B. Copyright Infringement Remedies**

Sections 502, 504, and 505 of the Copyright Act lay out a variety of remedies for copyright infringement.<sup>617</sup> In particular, Section 502 makes available injunctive relief, Section 504 makes available damages and profits in certain situations, and Section 505 makes available costs, including attorney's fees to the "prevailing party" (importantly, the prevailing party can be either plaintiff or defendant).<sup>618</sup> The following cases explore the application of these remedies to specific copyright disputes.

### **1. Copyright Infringement Plaintiff Can Pursue Lost Licensing Fee as Measure of Actual Damages: On Davis v. The Gap, Inc.**

In *Davis v. The Gap*, the facts of which are discussed above at 114-53, the Second Circuit vacated the district court's grant of The Gap's summary judgment motion as to Davis' actual damages claim, stating that Section 504(b) of the Copyright Act permits "a copyright owner to recover actual damages, in appropriate circumstances, for the fair market value of a license covering the defendant's infringing use."<sup>619</sup>

In granting summary judgment for The Gap, the district court noted that Davis was not eligible for statutory damages because he had not timely registered his copyright pursuant to Section 412 of the Copyright Act.<sup>620</sup> The court also denied Davis' claims for The Gap's profits, the loss of a licensing fee for use of the eyeglasses, and punitive damages.<sup>621</sup>

The Second Circuit affirmed the grant of summary judgment for The Gap with respect to Davis' claims for profits from the advertisement and for punitive damages.<sup>622</sup> The court noted that Davis failed to show any causal connection between The Gap's net sales of \$1.668 billion, an increase of \$146 million from the previous year, and the infringement.<sup>623</sup> The court agreed with the district court that "it was incumbent on Davis to submit evidence at least limited to the gross \*178 revenues of the Gap label stores, and perhaps also limited to eyewear . . ."<sup>624</sup> The Second Circuit also upheld the district court ruling that Davis was not entitled to punitive damages, as punitive damages are intended to prevent malicious conduct and generally are not awarded in copyright infringement actions, because the statute allows for statutory damages for willful conduct.<sup>625</sup>

However, the Second Circuit vacated the district court's grant of summary judgment for The Gap regarding Davis' claim for actual damages under Section 504(b) of the Copyright Act.<sup>626</sup> Davis asserted that as a measure of actual damages he was entitled to a licensing fee of \$2.5 million, which the district court rejected on two grounds: (1) it was too speculative; and (2) prior case law in the jurisdiction precluded an actual damages award of the fair market value of a licensing fee.<sup>627</sup> The court rejected the first reason, noting that Davis' evidence supported a claim to a licensing fee with a fair market value of at least fifty dollars, the amount that Davis was once paid by Vibe magazine to use his eyeglasses in a photo.<sup>628</sup> The court rejected the second reason by distinguishing its previous decision in *Business Trends*, the case cited by the district court, which, according to the court, dealt with infringer's profits rather than actual damages.<sup>629</sup> The court further commented that *Business Trends* was a fact-specific case and that at the time, the court had attempted to make clear that it was not laying down an absolute rule about the proper measure of actual damages.<sup>630</sup> The court further recognized that "finding the fair market value of a reasonable license fee may involve some uncertainty. But that is not sufficient reason to refuse to consider this as an eligible measure of actual damages."<sup>631</sup>

### **2. Error in Damages Calculation by Juror Leads to New Trial: Teevee Toons, Inc. v. MP3.com, Inc.**

As discussed above on page 114, MP3.com was estopped from denying willful infringement in this case.<sup>632</sup> In a bizarre twist, however, after a jury award of \$300,000 in damages to plaintiffs, no judgment was entered and a retrial was ordered due to a miscalculation in the total award.<sup>633</sup> After the \$300,000 award was announced on the local news, the foreperson and another juror called the court to \*179 report that the jury's total award was actually supposed to be \$3,000,000. The jurors had decided on a total award for each plaintiff, and then added them together for a grand total award.<sup>634</sup> However, the verdict sheet required the total to be broken down for each act of infringement, so one juror made all the calculations on her Palm Pilot handheld device, which were not double-checked.<sup>635</sup> The jurors were interviewed individually and unanimously agreed that \$300,000 was not the correct amount.<sup>636</sup> Nevertheless, since neither the grand total nor the breakdown for each plaintiff could be reproduced from interviews with the jurors, the judge declined to enter a final judgment and ordered a new trial instead.<sup>637</sup>

### **3. Attorney's Fees: Attia v. Society of New York Hospital and Matthew Bender v. West Publishing Co.**

The Attia<sup>638</sup> case demonstrates a situation where a defendant in a copyright infringement case can collect attorney's fees as a prevailing party. In Attia, the plaintiff misrepresented that he had copyrights in certain works when he in fact did not.<sup>639</sup> The district court rejected Attia's claim that his misrepresentation was a technical mistake, and accordingly, awarded attorney's fees to defendant to compensate it for costs incurred in preparation of that portion of its defense that related to the misrepresented copyrights.<sup>640</sup> On appeal, the Second Circuit held that the district court did not abuse its discretion by granting attorneys fees to defendants.<sup>641</sup> The Second Circuit recognized that defendant spent unnecessary time and money on its defense that was caused by Attia's misrepresentation.<sup>642</sup>

In *Matthew Bender & Co. v. West Publishing Co.*,<sup>643</sup> the Second Circuit vacated an award of attorney's fees of over \$800,000 to declaratory judgment plaintiff HyperLaw.<sup>644</sup> HyperLaw sold a CD-ROM product containing federal appellate and Supreme Court cases.<sup>645</sup> Plaintiff Matthew Bender also sold a CD-ROM product containing judicial opinions.<sup>646</sup> Both companies wanted to use \*180 West's "star pagination" in the texts of the opinions to show how the pages appeared in the West printed reporters.<sup>647</sup> HyperLaw also wanted to use other editorial features associated with the West case reports.<sup>648</sup> Matthew Bender sued West for a declaration that West's copyrights did not extend to the page numbering used in its case reports.<sup>649</sup> HyperLaw intervened, seeking a declaration of noninfringement on both the pagination issue and on its use of certain other editorial features.<sup>650</sup> The district court granted summary judgment for Matthew Bender and HyperLaw, which was affirmed by the Second Circuit.<sup>651</sup>

As the prevailing party, HyperLaw then moved for attorney's fees and costs under 17 U.S.C. § 505.<sup>652</sup> The district court awarded over \$800,000 in fees to HyperLaw, stating that West did not comply with the copyright notice provision in Section 403 relating to publications that incorporate government works.<sup>653</sup> The court also said the award was justified because West conducted the litigation in bad faith.<sup>654</sup> The Second Circuit vacated the award of attorney's fees, stating that Section 403 did not impose a requirement on West to provide a specific form of copyright notice on its opinions, indicating in exactly which elements of the case reports West claimed copyrights.<sup>655</sup> Rather, West's failure to provide notice as specified in Section 403 merely made the "innocent infringer" defense available to HyperLaw and Matthew Bender.<sup>656</sup> The Second Circuit also disagreed with the district court on the issue of West's bad faith, noting that West "did not act unreasonably in refusing to cooperate with HyperLaw" (a suspected infringer) before the suit,<sup>657</sup> nor was West's motion to dismiss frivolous.<sup>658</sup> The Second Circuit concluded that the district court abused its discretion in awarding attorney's fees to HyperLaw because it did not provide sufficient examples of West's alleged bad faith to justify the award. The court then vacated the award, and remanded the case to the district court so it could "clarify whether it relied on any other specific . . . misconduct by West" before or during the litigation.<sup>659</sup>

**\*181** Back in the district court, the court again entered an award of over \$800,000 in attorney's fees and costs to HyperLaw, stating that "the totality of West's conduct indicates that it knowingly attempted to maintain a monopoly in the vastly lucrative market for judicial opinions when it knew that it was likely that the courts would reject its copyright claims."<sup>660</sup> Again, the court did not cite to specific acts of misconduct, but was persuaded by an alleged pattern of behavior by West to stifle competition, accusing West of stalling tactics and general bad faith.<sup>661</sup> The court recognized, however, that because HyperLaw did not link specific acts of bad faith to fees it incurred in the litigation as a result of those acts, the court's award was an "all or nothing affair."<sup>662</sup> Either the Second Circuit would have to be convinced that the general pattern of West's behavior made the award of attorney's fees appropriate, or it would again overturn the award because HyperLaw did not establish a clear link between any specific act and the fees incurred.<sup>663</sup>

## VII. U.S. Federal Legislative and Administrative Developments

### A. Legislation

Statutory Change Affecting Works Made for Hire: As discussed above on page 114, the Intellectual Property and Communications Omnibus Reform Act of 1999 ("IPCORDA") added "sound recordings" to the list of works that could be made "for hire" under Section 101 of the Copyright Act.<sup>664</sup> The Work Made For Hire and Copyright Corrections Act of 2000, H.R. 5107, amended that addition by striking "as a sound recording" from Section 101, thereby eliminating sound recordings from the definition of "works made for hire" and restoring the status quo as it existed before IPCORDA.<sup>665</sup>

Copyright Exemption Bill for Distance Education: Earlier this year, the Senate introduced legislation (S. 487) to broaden the infringement exemptions in Sections 110(2) and 112 of the Copyright Act that relate to instructional activities by

governments and non-profit educational institutions.<sup>666</sup> Those sections specify that certain activities that might otherwise infringe a copyright owner's rights are non-infringing if they relate to instructional activities by governments or educational \*182 institutions.<sup>667</sup> However, the infringement exemptions traditionally have only applied to teaching activities conducted in a physical classroom setting.<sup>668</sup> The proposed legislation, which adopts recommendations made by the Copyright Office, would remove many restrictions to on-line transmission of "non-dramatic literary or musical works" as part of distance educational instruction.<sup>669</sup> Limitations in the bill include the requirements that the performance or display of a work must be under the supervision of an instructor, and the transmitting body must apply measures to prevent recipients of the transmission from saving it for longer than the class session.<sup>670</sup> S. 487 passed the Senate and has been approved by the House Subcommittee on Courts, the Internet and Intellectual Property.<sup>671</sup>

## B. U.S. Copyright Office Rules and Regulations

Rulemaking and Related Actions Concerning Webcasting: A musical recording implicates two separate copyrightable works: the musical work - the composition itself, as represented on a score or in the lyrics - and the sound recording - the actual recorded version of that musical work. Until 1995, only the copyright in a musical work included the exclusive right to publicly perform the work.<sup>672</sup> The Digital Performance Right in Sound Recordings Act of 1995 added Section 106(6) to the Copyright Act, granting to owners of a copyright in a sound recording the exclusive right of public performance only "by means of a digital audio transmission".<sup>673</sup> Among the types of performances excluded by this limitation are analog performances transmitted via AM and FM broadcasts.<sup>674</sup> The DPSRA also implemented compulsory licensing for this new right, codified in Section 114(f), which applied to non-interactive, digital subscription transmissions.<sup>675</sup>

In response to uncertainties created by new technologies, primarily the Internet, the DMCA expanded Section 114 to include, among others, nonsubscription transmissions.<sup>676</sup> Nonsubscription transmissions are described as \*183 "non-interactive" services.<sup>677</sup> Thus, a "non-interactive" digital transmission service, whether subscription-based or not, may take advantage of the statutory license for sound recordings, while interactive services are liable for infringement unless they obtain individual permission from the copyright owner of each sound recording they transmit.<sup>678</sup> The limitation to "non-interactive" services was a concession to the Recording Industry Association of America ("RIAA") and its member record label companies, who feared losing sales of recorded music if listeners are able to customize broadcasts.<sup>679</sup>

### Issue 1- Traditional radio broadcasts transmitted over a digital medium: Ruling on exemptions under Section 114(d)(1)(A)

In 2000, the RIAA petitioned the Copyright Office to make a ruling "clarifying that a broadcaster's transmission of its AM or FM radio station over the Internet [i.e., a digital transmission] . . . is not exempt from copyright liability under section 114(d)(1)(A)," as is the traditional AM or FM transmission over the radio itself.<sup>680</sup> The Copyright Office analyzed the statutory language and legislative history of Section 114, noting the "critical point" that the DMCA amendment to Section 114 did not change the scope of the exemption.<sup>681</sup> The Office concluded that "transmissions of a broadcast signal over a digital communications network, such as the Internet, are not exempt from copyright liability under section 114(d)(1)(A)."<sup>682</sup> Such transmissions are, however, subject to a statutory license as long as the transmissions are not interactive.<sup>683</sup>

In response to the ruling on exemptions, a group composed of hundreds of owners of radio stations across the country, joined by the National Association of Broadcasters, filed suit against the Copyright Office and RIAA, challenging the ruling.<sup>684</sup> Seeking judicial review of the ruling, plaintiffs claimed that the ruling exceeded the Copyright Office's statutory authority.<sup>685</sup> More specifically, plaintiffs argued that webcasting should qualify for the Section 114(d)(1) exemption, which \*184 the ruling specifically denied,<sup>686</sup> and that broadcasters should be entitled under Section 112 to make ephemeral copies, an integral part of the webcasting process.<sup>687</sup> The court dismissed the case with prejudice, stating that "the Copyright Office's public policy findings [are] supported by substantial amounts of documentation and [are] certainly reasonable" and that, in the Office's place, the court "would come to the same conclusion."<sup>688</sup>

### Issue 2- Defining "interactive" under Section 114(d)(2), (3), and (f)

In April 2000, the Digital Media Association ("DiMA") petitioned the Copyright Office to amend Section 114 and the definition of an "interactive service", clarifying that "a service is not interactive simply because it offers the consumer some degree of influence over the programming offered by the webcaster."<sup>689</sup> The Copyright Office stated that the determination of how much influence a consumer can have on programming before the service is considered to be interactive must be made on a case-by-case basis.<sup>690</sup> Noting that the statute provides the standards necessary to make such a determination, the Office then

stated that DiMA had not succeeded in persuading it that a new ruling was necessary on the issue of what constitutes an interactive service.<sup>691</sup>

Copyright Office Clarifies “Nature of Work” Language on Form PA: In response to the decision of the Third Circuit in *Raquel v. Education Management Corp.*, discussed above on pages 114-75, the Copyright Office issued a Statement of Policy to clarify acceptable ways to fill out the space regarding “Nature of This Work” on Form PA.<sup>692</sup> The Copyright Office said that it remains acceptable to describe in this space the “physical nature” of the deposit specimen submitted with the application, rather than the nature of authorship of the work itself.<sup>693</sup> The Copyright Office stated that in practice, it does not look to the “nature of this work” space to determine exactly the scope of the copyright claim.<sup>694</sup> The primary source for this information is the “nature of authorship” space on the application.<sup>695</sup>

Group Registration of Photographs: The Copyright Office issued a final rule on July 17, 2001 that permits a single group registration of an unlimited number of photographs, provided that the photographs were taken by the same photographer \*185 and published within the same calendar year.<sup>696</sup> This rule emerged after eight years of debate and discussion on the issue.<sup>697</sup> Now, photographers are relieved of the burden of having to submit a single application for each image in which they own copyrights.<sup>698</sup> Under the new rule, the photographer still must submit a copy of each image he seeks to register, but the deposit specimens containing the images can be CD-ROMs, DVDs, unmounted prints (3 inches by 3 inches minimum), contact sheets, slides, clippings, photocopies, or videotapes.<sup>699</sup> The claimant also must specify a publication date for each image or a range of publication dates.<sup>700</sup> If the claimant wants to avail himself of the statutory damages and attorney’s fees available under the Copyright Act, he must register the group of photographs within three months of their publication.<sup>701</sup>

### VIII. Conclusion

While the subject matter of copyright disputes in the last year has ranged from beloved, well-established works of fiction to the role of cutting edge technology in popular culture, all have in some way tested the limits of established copyright law. Copyright law has grappled with some of these issues for years, such as determining how broadly the parody defense should apply, while other issues have emerged only in recent years with the advent of new technology, as in the Napster case. This article has attempted to give readers a sample of the wide range of developments of the past year, as they are representative of the types of challenges copyright practitioners and owners can expect to face in the future - a mixture of old and new issues, as old law adapts to changing circumstances and new law is created to address situations we may not have ever anticipated.

#### Footnotes

<sup>1</sup> Alicia Morris Groos is an associate in the Intellectual Property and Technology Section of Fulbright & Jaworski LLP. She recognizes Gretchen Hoffmann of Fulbright & Jaworski for her written contribution to the sections of this article titled “First Test of Criminal Provisions of the DMCA: United States v. Sklyarov,” “Rulemaking and Related Actions Concerning Webcasting,” and the conclusion. She recognizes Natalie Timmers for her written contribution to Section III “Ownership of Electronic Versions of Copyrighted Works.” She extends special thanks to her husband, Cuatro Groos, for his support, and also thanks Neil Netanel, Gretchen Hoffmann, and Marlys West for their thoughtful comments and editing. Any remaining errors in the article belong solely to the author.

<sup>2</sup> See Neil W. Netanel, From the Dead Sea Scrolls to the Digital Millennium: Recent Developments in Copyright Law, 9 Tex. Intell. Prop. L.J. 19 (2000).

<sup>3</sup> 17 U.S.C. § 1201, (a) - (b) (1998).

<sup>4</sup> 239 F.3d 1004, 57 U.S.P.Q.2d (BNA) 1729 (9th Cir. 2001).

<sup>5</sup> Id.

6 A&M Records, Inc. v. Napster, Inc., 54 U.S.P.Q.2d (BNA) 1746 (N.D. Cal. 2000).

7 Complaint for Contributory and Vicarious Copyright Infringement, Violations of California Civil Code Section 980(a)(2), and Unfair Competition, A&M Records, Inc. v. Napster, Inc., 54 U.S.P.Q.2d (BNA) 1746 (N.D. Cal. 2000) (Case No. C-99-5183 MHP).

8 Doug Reece, RIAA Sues Napster (Dec. 8, 1999), at <http://www.mp3.com/news/471.html>.

9 A&M Records, 54 U.S.P.Q.2d at 1752.

10 17 U.S.C. § 512(a) (1998); A&M Records, 54 U.S.P.Q.2d at 1748.

11 A&M Records, 54 U.S.P.Q.2d at 1753.

12 Id. For a more detailed discussion of the decision, see Neil W. Netanel, From the Dead Sea Scrolls to the Digital Millennium; Recent Developments in Copyright Law, 9 Tex. Intell. Prop. L.J. 19, 26-28 (2000).

13 Notice of Joint Motion and Joint Motion of Plaintiffs for Preliminary Injunction, A&M Records, Inc. v. Napster, Inc., 54 U.S.P.Q.2d (BNA) 1746 (N.D. Cal. 2000) (Case No. C-99-5183 MHP). For further discussion of the arguments presented by both sides and the scope of the injunction, see Neil W. Netanel, From the Dead Sea Scrolls to the Digital Millennium; Recent Developments in Copyright Law, 9 Tex. Intell. Prop. L.J. 19, 32.

14 A&M Records, Inc. v. Napster, Inc., 114 F. Supp. 2d 927, 55 U.S.P.Q.2d (BNA) 1780, 1803 (N.D. Cal. 2000).

15 Id., 55 U.S.P.Q.2d at 1803.

16 A&M Records, Inc. v. Napster, Inc., 2000 U.S. App. LEXIS 18688 (9th Cir. 2000).

17 Id.; see also J. Dossick Harrison and David Halberstadter, Entertainment Law: Facing the Music, 24 Los Angeles Lawyer 34, 36 (April, 2001).

18 A&M Records, 239 F.3d 1004, 57 U.S.P.Q.2d 1729.

19 Id. at 1014, 57 U.S.P.Q.2d at 1733.

20 Id. at 1013, 57 U.S.P.Q.2d at 1733. (The district court agreed with plaintiffs that Napster's users were engaged in wholesale reproduction and distribution of copyrighted works.).

21 Id. at 1014, 1019, 57 U.S.P.Q.2d at 1734, 1738.

22 Id. at 1020, 57 U.S.P.Q.2d at 1739; see also Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984).

<sup>23</sup> Id. at 1024, 57 U.S.P.Q.2d at 1742.

<sup>24</sup> A&M Records, 239 F.3d at 1025, 57 U.S.P.Q.2d at 1743.

<sup>25</sup> Id. at 1026, 57 U.S.P.Q.2d at 1744.

<sup>26</sup> Id. at 1027, 57 U.S.P.Q.2d at 1745.

<sup>27</sup> Id. at 1013, 57 U.S.P.Q.2d at 1733.

<sup>28</sup> Id. at 1014, 57 U.S.P.Q.2d at 1734; 17 U.S.C. §§ 106(1), (3) (1995).

<sup>29</sup> A&M Records, 239 F.3d at 1014, 57 U.S.P.Q.2d at 1734.

<sup>30</sup> Id.

<sup>31</sup> Id. at 1019, 57 U.S.P.Q.2d at 1738.

<sup>32</sup> Id. at 1020, 57 U.S.P.Q.2d at 1739.

<sup>33</sup> Id. FN 5, noting that the evidence in the record supporting the finding of actual knowledge included a document authored by Napster's co-founder that explained the company's desire to remain ignorant of users' names and IP addresses because they were "exchanging pirated music." Plaintiffs had also alerted Napster to over 12,000 infringing files on the system. Evidence in the record supporting constructive knowledge of copyright infringement included Napster executives' experience with copyright laws, the recording industry, and enforcement of intellectual property rights in other instances. Id.

<sup>34</sup> A&M Records, 239 F.3d at 1020, 57 U.S.P.Q.2d at 1739.

<sup>35</sup> See Sony, 464 U.S. 417. "The Sony Court refused to hold the manufacturer and retailers of video tape recorders liable for contributory infringement despite evidence that such machines could be and were used to infringe plaintiffs' copyrighted television shows." A&M Records, 239 F.3d at 1020, 57 U.S.P.Q.2d at 1739. The court refused to impute constructive knowledge of the infringing activities to defendants, where defendants made "equipment capable of both infringing and 'substantial non-infringing uses'." Id.

<sup>36</sup> A&M Records, 239 F.3d at 1020-21, 57 U.S.P.Q.2d at 1739.

<sup>37</sup> Id. at 1021, 57 U.S.P.Q.2d at 1740.

<sup>38</sup> Id. "framing inquiry as whether the video tape recorder is 'capable of commercially significant noninfringing uses' ", citing Napster, 114 F. Supp.2d at 916, 917-18; Sony, 464 U.S. at 442-43. The "substantial non-infringing uses" doctrine from Sony is also known as a "modified staple article of commerce doctrine." Id. According to the circuit court, the district court "placed undue weight on the proportion of current infringing use as compared to current and future noninfringing use." A&M Records, 239 F.3d at 1021; see generally *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 264-67 (5th Cir. 1997) ("single noninfringing use implicated Sony").

<sup>39</sup> A&M Records, 239 F.3d at 1021-22, 57 U.S.P.Q.2d at 1740.

<sup>40</sup> Id. at 1022, 57 U.S.P.Q.2d at 1740; citing Napster, 114 F. Supp. 2d at 919-20.

<sup>41</sup> Id., 57 U.S.P.Q.2d at 1740-41, citing Fonovisa, Inc. v Cherry Auction, Inc., 76 F.3d 259, 264.

<sup>42</sup> Id., 57 U.S.P.Q.2d at 1741.

<sup>43</sup> Id., 57 U.S.P.Q.2d at 1741, citing Fonovisa, 76 F.3d at 262.

<sup>44</sup> Id. at 1022-23, 57 U.S.P.Q.2d at 1741. After the Ninth Circuit panel's decision on the preliminary injunction appeal, on February 23, 2001 Napster petitioned for en banc review of the decision. Among Napster's arguments was that the panel improperly limited the decision in Sony to contributory infringement only. Napster argued that Sony shielded it from both contributory and vicarious infringement because Napster's technology fell under the category of a "staple article...of commerce suitable for substantial noninfringing uses." Napster Seeks En Banc review Citing Conflict with Supreme Court Rulings, 61 Pat., Trademark & Copyright J. (BNA) 416, 417 (2001). The petition for a rehearing was denied in June, 2001. Napster Denied Rehearing on Injunction, The Internet Newsletter, July 2001, at 8.

<sup>45</sup> A&M Records, 239 F.3d at 1023, 57 U.S.P.Q.2d at 1741; Napster, 114 F. Supp. 2d at 921-22, 55 U.S.P.Q.2d at 1799.

<sup>46</sup> A&M Records, 239 F.3d at 1023, 57 U.S.P.Q.2d at 1741.

<sup>47</sup> Id., 57 U.S.P.Q.2d at 1742.

<sup>48</sup> Id.

<sup>49</sup> Id. at 1023-24, 57 U.S.P.Q.2d at 1742.

<sup>50</sup> Id. at 1024, 57 U.S.P.Q.2d at 1742.

<sup>51</sup> Id.

<sup>52</sup> A&M Records, 239 F.3d at 1025-26, 57 U.S.P.Q.2d at 1744.

<sup>53</sup> 17 U.S.C. § 1008 (2001).

<sup>54</sup> A&M Records, 239 F.3d at 1024-25, 57 U.S.P.Q.2d at 1743.

<sup>55</sup> Id. at 1025, 57 U.S.P.Q.2d at 1743 citing Napster, 114 F. Supp. 2d at 919 N.24, 55 U.S.P.Q.2d at 1797 N.24.

<sup>56</sup> Id.

<sup>57</sup> Id. citing Melville B. Nimmer & David Nimmer, Nimmer on Copyright: Congressional Committee Reports on the Digital Millennium Copyright Act and Concurrent Amendments (2000); Charles S. Wright, Actual Versus Legal Control: Reading Vicarious Liability for Copyright Infringement Into the Digital Millennium Copyright Act of 1998, 75 Wash. L. Rev. 1005, 1028-31 (2000).

<sup>58</sup> Id.

<sup>59</sup> Id.

<sup>60</sup> A&M Records, 239 F.3d at 1025, 57 U.S.P.Q.2d at 1743.

<sup>61</sup> Id. at 239 F.3d at 1026, 57 U.S.P.Q.2d at 1744 citing United States v. King Features Entm't, Inc. 843 F.2d 394, 399 (9th Cir. 1988).

<sup>62</sup> Id.

<sup>63</sup> Black's Law Dictionary 634 (6th ed. 1990).

<sup>64</sup> A&M Records, 239 F.3d at 1026, 57 U.S.P.Q.2d at 1744; Napster, 114 F. Supp. 2d at 924-25, 55 U.S.P.Q.2d at 1801-02.

<sup>65</sup> A&M Records, 239 F.3d at 1026, 57 U.S.P.Q.2d at 1744, citing Lasercomb Am., Inc. v. Reynolds, 911 F.2d 970, 977-79 (4th Cir. 1990), quoted in Practree Mgmt. Info. Corp. v. Am. Med. Ass'n, 121 F.3d 516, 520 (9th Cir.), amended by 133 F.3d 1140 (9th Cir. 1997).

<sup>66</sup> A&M Records, 239 F.3d at 1026, 57 U.S.P.Q.2d at 1744.

<sup>67</sup> Id. at 1027, 57 U.S.P.Q.2d at 1745.

<sup>68</sup> See generally Id. at 1027-28, 57 U.S.P.Q.2d at 1745-46.

<sup>69</sup> Id. at 1027, 57 U.S.P.Q.2d at 1745

<sup>70</sup> Id. at 1027, 57 U.S.P.Q.2d at 1745.

<sup>71</sup> Id. at 1028, 57 U.S.P.Q.2d at 1746.

<sup>72</sup> A&M Records, 239 F.3d at 1028-29, 57 U.S.P.Q.2d at 1746.

<sup>73</sup> A&M Records, Inc. v. Napster, Inc., 2001 U.S. Dist. LEXIS 2186, \*3 (2001).

<sup>74</sup> Id. at \*4-5.

75 Id. at \*6.

76 Id. at \*5.

77 Id. at \*6.

78 Id.

79 J. Dossick Harrison and David Halberstadter, *Entertainment Law: Facing the Music*, 24 L.A. Lawyer 34, 36 (2001); Maggie A. Lange, *Digital Music Distribution Technologies Challenge Copyright Law: A Review of RIAA v. MP3.com and RIAA v. Napster*, 45 Boston Bar J. 14, 31 (2001).

80 Industry Gives Napster's \$1 Billion Settlement Offer the Cold Shoulder, *Software Law Bulletin*, July 2001, at 10.

81 July 17, 2001 press information at <http://www.napster.com>.

82 Napster's Legal Battle Continues, *Intell. Prop. Strategist*, July 2001, at 7 (discussing Ninth Circuit's stay of order of district court that Napster's new file identification and screening architecture had to achieve 100% effectiveness).

83 Record Labels Clash with Songwriters, *Music Publishers Over Online Music Licensing*, 62 Pat., Trademark & Copyright J. (BNA) 83 (2001). See also J. Dossick Harrison and David Halberstadter, *Entertainment Law: Facing the Music*, 24 L.A. Lawyer 34, 39 (2001). "What is remarkable, however, is that a considerable amount of public opinion seems to consider the court's rulings to be an encroachment on the public's supposed right to free access to music.... Many Napster users speak as though they have an inalienable right to free music and that the Ninth Circuit's opinion is tantamount to censorship." Id.

84 J. Dossick Harrison & David Halberstadter, *Entertainment Law: Facing the Music*, 24 Los Angeles Lawyer 34, 39 (April, 2001) ("Napster may be just the first in a long line of music pirates that will need to be pursued.").

85 Id.; see also, Record Companies File Copyright Infringement Suit Against Aimster in New York, 9 Mealey's Litigation Report: Intellectual Property 17 (June 4, 2001).

86 *ALS Scan, Inc. v. Remarq Cmtys. Inc.*, 239 F.3d 619, 57 U.S.P.Q.2d (BNA) 1996 (4th Cir. 2001).

87 Id. Defendant filed a motion to dismiss, or in the alternative, for summary judgment. The district court treated it as a motion to dismiss. Id. at 621, 57 U.S.P.Q.2d at 1998. The Fourth Circuit pointed out that had the district court actually reviewed the complaint under the Rule 12(b)(6) standard, it would have had to accept as true plaintiff's statement in its complaint that defendant had actual knowledge of infringement by the newsgroups. Id. at 623, 57 U.S.P.Q.2d at 1997. As a result, it would have had to rule for plaintiff under the first prong of Section 512(c)(1)(A), which shields a service provider from liability if the service provider "does not have actual knowledge" of the infringing activity or material on its system or network. Id. at 623-24, 57 U.S.P.Q.2d at 2000; 17 U.S.C. § 512(c)(1)(A)(i) (1998).

88 *ALS Scan, Inc.*, 239 F.3d at 619; 57 U.S.P.Q.2d at 1997.

89 Id. at 625-26, 57 U.S.P.Q.2d at 2002.

90 Id. at 620, 57 U.S.P.Q.2d at 1997.

91       Id.

92       Id.

93       Id.

94       ALS Scan, Inc., 239 F.3d at 621, 57 U.S.P.Q.2d at 1998.

95       Id.

96       Id.

97       Which codified the decision in Religious Technology Center v. Netcom On-Line Communication Services, Inc., 907 F. Supp. 1361, 1368-73 (N.D. Cal. 1995).

98       ALS Scan, Inc., 239 F.3d at 622, 57 U.S.P.Q.2d at 1999.

99       Id.

100      Id. at 625, 57 U.S.P.Q.2d at 2002.

101      ALS Scan, Inc., 239 F.3d at 625, 57 U.S.P.Q.2d at 2002.

102      Id., 57 U.S.P.Q.2d at 2001-02 (burden reduced for “holders of multiple copyrights who face extensive infringement of their works”).

103      Id., 57 U.S.P.Q.2d at 2002.

104      111 F. Supp. 2d 294, 55 U.S.P.Q.2d (BNA) 1873 (S.D.N.Y. 2000).

105      Id. For further discussion of the case, see Neil W Netanel, From the Dead Sea Scrolls to the Digital Millennium; Recent Developments in Copyright Law, 9 Tex. Intell. Prop. L.J. 19 (2000).

106      Reimerdes, 111 F. Supp. 2d at 303, 55 U.S.P.Q.2d at 1876.

107      Id., 55 U.S.P.Q.2d at 1875-76; 17 U.S.C. § 120 (a)-(b) (1998).

108      Reimerdes, 111 F. Supp. 2d at 304, 55 U.S.P.Q.2d at 1876.

109      Id.

<sup>110</sup> Id. at 303-04, 55 U.S.P.Q.2d at 1876.

<sup>111</sup> Arguments heard in DeCSS case, 6 The Internet Newsletter including legal.online 6 (2001); Second Circuit Hears Arguments on Posting DVD Code on the Internet, 62 Pat., Trademark & Copyright J. (BNA) 8 (2001) (quoting counsel for plaintiffs urging the Second Circuit to uphold the district court's ruling and stating the DMCA "makes the Napsterization of motion pictures less likely").

<sup>112</sup> Second Circuit Hears Arguments on Posting DVD Code on the Internet, 62 Pat., Trademark & Copyright J. (BNA) 8 (2001).

<sup>113</sup> 17 U.S.C. § 1201(a)(1), (2) (1998).

<sup>114</sup> Second Circuit Hears Arguments on Posting DVD Code on the Internet, 62 Pat., Trademark & Copyright J. (BNA) 8 (2001).

<sup>115</sup> Id.

<sup>116</sup> Id.

<sup>117</sup> Jennifer Lee, Man Denies Digital Piracy in First Case Under '98 Act, N.Y. Times, Aug. 31, 2001, at C3.

<sup>118</sup> <http://news.cnet.com/news/0-1005-200-7983072.html>, [http://www.siliconvalley.com/docs/news/reuters\\_wire/1681562I.htm](http://www.siliconvalley.com/docs/news/reuters_wire/1681562I.htm).

<sup>119</sup> See, e.g., Amy Harmon, Adobe Opposes Prosecution in Hacking Case, N.Y. Times, July 24, 2001, at C7.

<sup>120</sup> 17 U.S.C. 1201(a)(1)(A) (1998).

<sup>121</sup> 17 U.S.C. § 1201(a)(1)(E)(2) (1998).

<sup>122</sup> Jennifer Lee, U.S. Arrests Russian Cryptographer as Copyright Violator, N.Y. Times, July 18, 2001, at C8.

<sup>123</sup> Id.; See DefCon Home Page, at <http://www.defcon.org>.

<sup>124</sup> Lee, *supra* note 122.

<sup>125</sup> Id.

<sup>126</sup> 17 U.S.C. § 1204 (1998).

<sup>127</sup> See Jennifer Lee, Russian in Digital Copyright Case is Released on Bail, N.Y. Times, Aug. 7, 2001, at C4.

<sup>128</sup> See generally, John D. Shuff & Geoffrey T. Holtz, Copyright Tensions in a Digital Age, 34 Akron L. Rev. 555, 555-57 (2001).

<sup>129</sup> *Id.* at 557-58.

<sup>130</sup> 17 U.S.C. § 106 reserves to the owner of a copyright the rights: (1) to reproduce the copyrighted work in copies or phonorecords; (2) to prepare derivative works based upon the copyrighted work; (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

17 U.S.C. § 106 (2001). See also, William Patry, *New York Times v. Tasini: Call for Common (Not Horse) Sense*, 61 Pat., Trademark & Copyright J. (BNA) 602, 603 (2001).

<sup>131</sup> 17 U.S.C. § 103(b) (1994); Patry, *supra* note 130, at 603.

<sup>132</sup> 17 U.S.C. § 201(c) (1994).

<sup>133</sup> Patry, *supra* note 130, at 603.

<sup>134</sup> Shuff & Holtz, *supra* note 128, at 558.

<sup>135</sup> *Id.*

<sup>136</sup> *Id.* at 559.

<sup>137</sup> *Id.*

<sup>138</sup> *Id.*

<sup>139</sup> *N.Y. Times Co., Inc. v Tasini*, 121 S. Ct. 2381, 59 U.S.P.Q.2d (BNA) 1001 (2001).

<sup>140</sup> *Greenberg v. Nat'l Geographic Soc'y*, 244 F.3d 1267, 58 U.S.P.Q.2d (BNA) 1267 (11th Cir. 2001).

<sup>141</sup> *Tasini*, 121 S. Ct. at 2394, 59 U.S.P.Q.2d at 1012.

<sup>142</sup> *Id.* at 2385, 59 U.S.P.Q.2d at 1004.

<sup>143</sup> *Id.*

<sup>144</sup> *Id.*

<sup>145</sup> *Id.* at 2385, 59 U.S.P.Q.2d at 1005.

146        Id.

147        Tasini, 121 S. Ct. at 2385, 59 U.S.P.Q.2d at 1005.

148        Id.

149        Id. at 2385-86, 59 U.S.P.Q.2d at 1005. New York Times OnDisc (“NYTO”) is a “text-only system” similar to NEXIS, and General Periodicals OnDisc (“GPO”) is an image-based system, which burns the images contained in approximately 200 different publications onto the CD exactly as they appear in the print version. Articles are accessed from the two CDs in much the same way as they are accessed from NEXIS and those recalled from NYTO are displayed similarly, without any links to adjoining articles in the same print volume. When an article is recalled from the GPO the pages on which the article appears are displayed, along with all of other material that appears on those pages in the print publication (but the pages preceding and following the article are not shown). UMI and LEXIS/NEXIS are collectively referred to by the court as “Electronic Publishers.”

150        Id. at 2386, 59 U.S.P.Q.2d at 1005-06.

151        Id., 59 U.S.P.Q.2d at 1006.

152        Id.

153        Tasini, 121 S. Ct. at 2387, 59 U.S.P.Q.2d at 1006.

154        Id.

155        Id. at 2389, 59 U.S.P.Q.2d at 1008.

156        Id.

157        Id.

158        Id. at 2390, 59 U.S.P.Q.2d at 1008.

159        Tasini, 121 S. Ct. at 2387, 59 U.S.P.Q.2d at 1009.

160        Id.

161        Id.

162        Id. at 2391, 59 U.S.P.Q.2d at 1009.

163        Id.

<sup>164</sup> *Id.*

<sup>165</sup> *Tasini*, 121 S. Ct. at 2391, 59 U.S.P.Q.2d at 1009. The Court likewise rejected the Publishers' analogy between the Databases and microfilm and microfiche because the latter media present the individual articles in the context of the entire publication in which they appear, not as separate articles divorced from any context. The Court also rejected the Publishers' "media neutrality" argument that the "transfer of the work between media" did not "alter the character of the work for copyright purposes." The Court stated that the Publishers were not simply converting the "intact periodicals (or revisions for periodicals) from "one medium to another." *Id.* at 2392, 59 U.S.P.Q.2d at 1010.

<sup>166</sup> *Id.* at 2393, 59 U.S.P.Q.2d at 1011.

<sup>167</sup> *Id.* at 2384, 59 U.S.P.Q.2d at 1003.

<sup>168</sup> *Id.* at 2394, 59 U.S.P.Q.2d at 1012.

<sup>169</sup> *Id.* at 2403, 59 U.S.P.Q.2d at 1014.

<sup>170</sup> *Id.* at 2403, 59 U.S.P.Q.2d at 1020. (Stevens, J., dissenting).

<sup>171</sup> Tony Mauro, *New York Times' Response to Tasini Ruling Is Inappropriate, Authors Guild Charges*, 10 *Intell. Prop. Strategist* 9 (July, 2001).

<sup>172</sup> *Id.*

<sup>173</sup> *Revision Rights in Collective Work Do Not Include Right to Display on Computer*. 61 *Pat., Trademark & Copyright J. (BNA)* 492, 505 (2001).

<sup>174</sup> *Id.* at 506.

<sup>175</sup> *Id.*

<sup>176</sup> *Id.*

<sup>177</sup> 17 U.S.C.S. § 201 (1995); *Greenberg v. Nat'l Geographic Soc'y*, 244 F.3d 1267, 58 U.S.P.Q.2d (BNA) 1267 (11th Cir. March 22, 2001).

<sup>178</sup> *Greenberg*, 244 F.3d at 1268, 58 U.S.P.Q.2d at 1268.

<sup>179</sup> *Id.* at 1268-69, 58 U.S.P.Q.2d at 1268-69.

<sup>180</sup> *Id.* at 1269, 58 U.S.P.Q.2d at 1269.

<sup>181</sup> Id. at 1269-70, 58 U.S.P.Q.2d at 1269.

<sup>182</sup> Id. at 1270, 58 U.S.P.Q.2d at 1270; 17 U.S.C. § 106 (1995).

<sup>183</sup> Greenberg, 244 F.3d at 1270-71, 58 U.S.P.Q.2d at 1270.

<sup>184</sup> Id.

<sup>185</sup> Id.

<sup>186</sup> Id. at 1272, 58 U.S.P.Q.2d at 1271.

<sup>187</sup> Id., 58 U.S.P.Q.2d at 1272.

<sup>188</sup> Id. at 1273, 58 U.S.P.Q.2d at 1272.

<sup>189</sup> Greenberg, 244 F.3d at 1274, 58 U.S.P.Q.2d at 1273.

<sup>190</sup> Id. at 1273, 58 U.S.P.Q.2d at 1272.

<sup>191</sup> Id.

<sup>192</sup> Id. at 1275, 58 U.S.P.Q.2d at 1274.

<sup>193</sup> Id. at 1275-76, 58 U.S.P.Q.2d at 1274. Defendants filed a petition for certiorari on July 30, 2001.

<sup>194</sup> 150 F. Supp. 2d 613, 59 U.S.P.Q.2d (BNA) 1660 (S.D.N.Y. 2001).

<sup>195</sup> Id. at 614, 59 U.S.P.Q.2d at 1661.

<sup>196</sup> Id. at 624, 59 U.S.P.Q.2d at 1668.

<sup>197</sup> Id. at 614, 59 U.S.P.Q.2d at 1661; David D. Kirkpatrick, Judge Grants Authors a Victory in Fight Over Digital-Book Rights (July 12, 2001) at [http://www.nytimes.com/2001/07/12/technology/ebusiness/12BOOK.html? searchp=day01](http://www.nytimes.com/2001/07/12/technology/ebusiness/12BOOK.html?searchp=day01).

<sup>198</sup> Rosetta, 150 F. Supp. 2d at 614-15, 59 U.S.P.Q.2d at 1661.

<sup>199</sup> Id. at 615, 59 U.S.P.Q.2d at 1661.

<sup>200</sup> Id. Some e-book software will pronounce a selected word aloud.

201 Id.; Right to Publish Work ‘In Book Form’ Did Not Cover Interactive E-books, 62 Pat., Trademark & Copyright J. (BNA) 256 (2001).

202 David D. Kirkpatrick, Judge Grants Authors a Victory in Fight Over Digital-Book Rights (July 12, 2001) at <http://www.nytimes.com/2001/07/12/technology/ebusiness/12BOOK.html?searchpy=day01>.

203 Id.

204 Rosetta, 150 F. Supp. 2d at 615-17, 59 U.S.P.Q.2d at 1661-63.

205 Id. at 620, 59 U.S.P.Q.2d at 1665.

206 Id.

207 Id.

208 Id. at 620-21, 59 U.S.P.Q.2d at 1665. The court also noted that the phrase “in book form” had particular significance in the industry that was understood as a “limited” grant. Id. at 621, 59 U.S.P.Q.2d at 1666.

209 145 F.3d 481, 46 U.S.P.Q.2d (BNA) 1577 (2d Cir. 1998).

210 Rosetta, 150 F. Supp at 622, 59 U.S.P.Q.2d at 1667; Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150, 157 U.S.P.Q. (BNA) 65 (2d Cir. 1968).

211 Rosetta, 150 F. Supp. 2d at 619, 59 U.S.P.Q.2d at 1664, (discussing Boosey & Hawkes Music Publishers, Ltd v. Walt Disney Co., 145 F.3d 481, 46 U.S.P.Q.2d (BNA) 1577 (2d Cir. 1998)).

212 Id., (discussing Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150, 157 U.S.P.Q. (BNA) 65 (2d Cir. 1968)).

213 Id. at 622, 59 U.S.P.Q.2d at 1667.

214 Id.

215 Id.

216 Id. at 624, 59 U.S.P.Q.2d at 1668.

217 17 U.S.C. § 106 (1995).

218 17 U.S.C. § 106 (1995).

<sup>219</sup> 17 U.S.C. § 107 (1995).

<sup>220</sup> 17 U.S.C. § 107(1995).

<sup>221</sup> *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

<sup>222</sup> A&M Records, 239 F.3d at 1014, 57 U.S.P.Q.2d at 1734.

<sup>223</sup> *Id.* at 1014, 57 U.S.P.Q.2d at 1734.

<sup>224</sup> *Id.* at 1014-15, 57 U.S.P.Q.2d at 1734-37; 17 U.S.C. § 107 (1995). The four factors are: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the work as a whole; and (4) the effect of the use upon the potential market for the work or the value of the work.

<sup>225</sup> A&M Records, 239 F.3d at 1015, 57 U.S.P.Q.2d at 1734 (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994)).

<sup>226</sup> *Campbell v. Acuff-Rose Music, Inc.*, 114 S. Ct. 1164, 1171 (1994).

<sup>227</sup> *Id.*; *Napster*, 114 F. Supp. 2d at 912.

<sup>228</sup> A&M Records, 239 F.3d at 1015, 57 U.S.P.Q.2d at 1734-5.

<sup>229</sup> *Id.*, 57 U.S.P.Q.2d at 1735.

<sup>230</sup> 227 F.3d 1110, 56 U.S.P.Q.2d (BNA) 1259 (9th Cir. 2000).

<sup>231</sup> A&M Records, 239 F.3d at 1015, citing *Worldwide Church of God v. Philadelphia Church of God*, 227 F.3d 1110, 1118 (9th Cir. 2000).

<sup>232</sup> *Id.* at 1016, 57 U.S.P.Q.2d at 1735.

<sup>233</sup> *Id.*, 57 U.S.P.Q.2d at 1735 (citing *Napster*, 114 F. Supp. 2d at 913).

<sup>234</sup> *Id.* at 1016, 57 U.S.P.Q.2d at 1735 (citing *Napster*, 114 F. Supp. 2d at 913, noting that in certain circumstances, even copying of entire work does not preclude finding of fair use.) *Id.*

<sup>235</sup> A&M Records, 239 F.3d at 1016, 57 U.S.P.Q.2d at 1736.

<sup>236</sup> *Id.* at 1016-17, 57 U.S.P.Q.2d at 1736.

<sup>237</sup> *Id.* at 1017, 57 U.S.P.Q.2d at 1737.

238       Id.

239       Napster, 114 F. Supp. 2d at 914-15, 55 U.S.P.Q.2d 1792-93.

240       A&M Records, 239 F.3d at 1018, 57 U.S.P.Q.2d at 1737.

241       Napster, 114 F. Supp. 2d at 913, 55 U.S.P.Q.2d at 1792-93; A&M Records, 239 F.3d at 1018, 57 U.S.P.Q.2d at 1736.

242       A&M Records, 239 F.3d at 1018, 57 U.S.P.Q.2d at 1737.

243       See Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072, 1079 (9th Cir. 1999) ("Rio [a portable MP3 player] merely makes copies in order to render portable, or 'space-shift,' 'those files that already reside on a user's hard drive.... Such copying is a paradigmatic noncommercial personal use.'"); Sony Corp. of Am. v. Universal City Studio, Inc., 464 U.S. 417, 423 (discussing "'time-shifting,' where a video tape recorder owner records a television show for later viewing, is a fair use." VCR owners do not typically distribute videotaped programs to the general public.).

244       A&M Records, 239 F.3d at 1019, 57 U.S.P.Q.2d at 1738.

245       Id.

246       136 F. Supp. 2d 1357, 58 U.S.P.Q.2d (BNA) 1652 (N.D. Ga. 2001).

247       Id. at 1386, 58 U.S.P.Q.2d at 1670 (vacated by Suntrust Bank v. Houghton Mifflin Co., 252 F.3d 1165, 58 U.S.P.Q.2d (BNA) 1800 (11th Cir. 2001)).

248       Suntrust Bank v. Houghton Mifflin Co., 252 F.3d 1165, 58 U.S.P.Q.2d (BNA) 1800 (11th Cir. 2001).

249       Suntrust, 136 F. Supp. 2d at 1363, 58 U.S.P.Q.2d at 1654.

250       Id., 58 U.S.P.Q.2d at 1653-54.

251       Id., 58 U.S.P.Q.2d at 1654.

252       Id. at 1373, 58 U.S.P.Q.2d at 1661.

253       Id. at 1364-65, 58 U.S.P.Q.2d at 1655.

254       Id. at 1365, 58 U.S.P.Q.2d at 1655.

255       Suntrust, 136 F. Supp. 2d at 1365, 58 U.S.P.Q.2d at 1655.

256       Id. at 1355, 58 U.S.P.Q.2d at 1656.

<sup>257</sup> Id. at 1367-70, 58 U.S.P.Q.2d at 1657.

<sup>258</sup> Id. at 1367, 58 U.S.P.Q.2d at 1656.

<sup>259</sup> Id. at 1366, 58 U.S.P.Q.2d at 1656.

<sup>260</sup> Suntrust, 136 F. Supp. 2d at 1370, 1373, 58 U.S.P.Q.2d at 1659.

<sup>261</sup> Id. at 1371, 58 U.S.P.Q.2d at 1659. The four factor test examines the following factors: (1) The purpose and character of the use (commercial purpose or non-profit educational purpose, etc.); (2) the nature of the copyrighted work (factual, fictional, historic, creative, etc.); (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; (4) and effect of the use of upon the potential market for or value of the copyrighted work.

<sup>262</sup> Id. at 1377-78, 58 U.S.P.Q.2d at 1664.

<sup>263</sup> Id. at 1379, 58 U.S.P.Q.2d at 1665.

<sup>264</sup> Id. at 1381-82, 58 U.S.P.Q.2d at 1666.

<sup>265</sup> Id. at 1384, 58 U.S.P.Q.2d at 1669.

<sup>266</sup> Suntrust, 136 F. Supp. 2d at 1384-85, 58 U.S.P.Q.2d at 1669-70.

<sup>267</sup> Suntrust, 252 F. 3d at 1166, 58 U.S.P.Q.2d at 1800.

<sup>268</sup> Id.

<sup>269</sup> Worldwide Church of God v. Philadelphia Church of God, 227 F.3d 1110, 56 U.S.P.Q.2d (BNA) 1259.

<sup>270</sup> Id. (Brunetti, J. dissenting) (cert. denied, Worldwide Church of God v. Philadelphia Church of God, Inc ., 121 S. Ct. 1486 (2001)).  
Id. at 1114-15,56 U.S.P.Q.2d at 1261.

<sup>271</sup> Id. at 1121, 56 U.S.P.Q.2d at 1267.

<sup>272</sup> Id.

<sup>273</sup> Id.

<sup>274</sup> Id. at 1113, 56 U.S.P.Q.2d at 1260.

275 Worldwide, 227 F.3d at 1114-15, 56 U.S.P.Q.2d at 1260-62 (PCG disputed WCG's valid ownership of the copyrights in *Mystery of the Ages* and the District Court found in favor of PCG. The Ninth Circuit, however, found that in bequeathing his entire estate to WCG, the copyrights in the work passed to WCG through Armstrong's will.).

276 *Id.* at 1113, 56 U.S.P.Q.2d at 1260.

277 *Id.*

278 *Id.*

279 *Id.*

280 *Id.*

281 Worldwide, 227 F.3d at 1113, 56 U.S.P.Q.2d at 1260.

282 *Id.*

283 *Id.* at 1113-15, 56 U.S.P.Q.2d at 1260-61.

284 *Id.* at 1115, 56 U.S.P.Q.2d at 1261-62.

285 *Id.*

286 *Id.* at 1116, 56 U.S.P.Q.2d at 1263; See *supra* note 224 for the four factors.

287 Worldwide, 227 F.3d at 1117, 56 U.S.P.Q.2d at 1263-64.

288 *Id.* at 1118, 56 U.S.P.Q.2d at 1264-65.

289 *Id.*

290 *Id.*

291 *Id.* at 1118-19, 56 U.S.P.Q.2d at 1264-66.

292 *Id.* at 1119, 56 U.S.P.Q.2d at 1265-66.

293 Worldwide, 227 F.3d at 1119, 56 U.S.P.Q.2d at 1265-66.

294 *Id.*

<sup>295</sup> See Ninth Circuit Holds That Breakaway Church Cannot Invoke Fair Use to Reprint Copyrighted Book Suppressed by Parent Church, 114 Harv. L. Rev. 1807 (2001) (criticizing the court's application of the fair use factors in this case).

<sup>296</sup> 54 U.S.P.Q.2d (BNA) 1453 (C.D. Cal. 2000) (judgment entered 2000 U.S. Dist. LEXIS 20484; 56 U.S.P.Q.2d (BNA) 1862 (C.D. Cal. Nov. 16, 2000)).

<sup>297</sup> *Id.* at 1455-56.

<sup>298</sup> *Id.*

<sup>299</sup> *Id.*

<sup>300</sup> *Id.* at 1454-55.

<sup>301</sup> *Id.* at 1472-73. See Neil W. Netanel, From the Dead Sea Scrolls to the Digital Millennium: Recent Developments in Copyright Law, 9 Tex. Intell. Prop. L.J. 19, 20 (2000) (describing in more detail the court's earlier ruling in this case).

<sup>302</sup> Free Republic, 56 U.S.P.Q.2d at 1862.

<sup>303</sup> *Id.* at 1862-63.

<sup>304</sup> *Id.*

<sup>305</sup> *Id.* at 1863-64.

<sup>306</sup> *Id.* at 1864.

<sup>307</sup> 2000 U.S. Dist. Lexis 15293 (C.D. Cal. 2000).

<sup>308</sup> *Id.*

<sup>309</sup> Rick Barrs, Lawsuit Barbie, New Times Los Angeles, July 19, 2001; Case Dismissed Against Utah Artist Who Uses Barbie in Photos, AP Worldstream (Associated Press) August 14, 2001.

<sup>310</sup> David Rosenzweig, Artist's use of Barbie Dolls Is Protected, Judge Rules, Los Angeles Times, August 14, 2001 at Section California, Part 2, Pg. 1; Norma Meyer, Talking on Mattel; Company Isn't Toyng Around with Artist and Barbie Exhibit, The San Diego Union-Tribune, November 16, 2000 at E-1.

<sup>311</sup> Tom Forsythe, Welcome to Creative Freedom Defense Fund, at <http://www.creativefreedomdefense.org> (visited September 1, 2001).

<sup>312</sup> Tom Forsythe, About the Artsurdist Statement, at <http://www.creativefreedomdefense.org> (visited September 1, 2001).

<sup>313</sup> David Rosenzweig, Artist's use of Barbie Dolls Is Protected, Judge Rules, Los Angeles Times, August 14, 2001 at Section California, Part 2, Pg. 1; Norma Meyer, Talking on Mattel; Company Isn't Toyng Around with Artist and Barbie Exhibit, The San Diego Union-Tribune, November 16, 2000 at E-1.

<sup>314</sup> Mattel, Inc. v. Walking Mountain Productions, 2000 U.S. Dist. LEXIS 15293 (C.D. Cal. October 11, 2000). Affirmed 248 F.3d 1172 (9th Cir. 2001).

<sup>315</sup> Case Dismissed Against Utah Artist Who Uses Barbie in Photos, AP Worldstream (Associated Press) August 14, 2001.

<sup>316</sup> *Id.*

<sup>317</sup> 134 F. Supp. 2d 546 (S.D.N.Y. 2001).

<sup>318</sup> *Id.*

<sup>319</sup> The facts of the case are virtually identical to UMG Recordings, Inc. v. MP3.com., Inc., 92 F. Supp. 2d 349, 2000 U.S. Dist. LEXIS 5761, 54 U.S.P.Q.2d (BNA) 1668 (S.D.N.Y. 2000). This case and the technology involved are discussed in Neil W. Netanel., From the Dead Sea Scrolls to the Digital Millennium; Recent Developments in Copyright Law, 9 Tex. Intell. Prop. L.J. 19, 20 (2000).

<sup>320</sup> Teevee Toons, 134 F. Supp. 2d at 546-47.

<sup>321</sup> *Id.* at 546-47; see UMG Recordings, Inc. v. MP3.com. Inc., 92 F. Supp. 2d 349 (S.D. N.Y. 2000).

<sup>322</sup> *Id.* at 547.

<sup>323</sup> *Id.*

<sup>324</sup> *Id.*

<sup>325</sup> *Id.*

<sup>326</sup> Teevee Toons, 134 F. Supp. 2d at 547, citing UMG, 92 F.Supp.2d at 352.

<sup>327</sup> *Id.*

<sup>328</sup> *Id.* at 548.

<sup>329</sup> Maggie A. Lange, Digital Music Distribution Technologies Challenge Copyright Law: A Review of RIAA v. MP3.com and RIAA v Napster, 45 B.B.J. 14, 14 (2001).

330        *Id.*

331        *Teevee Toons*, 134 F. Supp. 2d at 546-47.

332        *Id.*

333        142 F. Supp. 2d 514 (S.D.N.Y. 2001).

334        *Id.*

335        *Id.* at 520.

336        *Id.*

337        *Id.* at 519-20.

338        *Id.* at 534.

339        *Bozell*, 142 F. Supp. 2d at 530-31.

340        *Id.* at 531.

341        *Id.*

342        147 F. Supp. 2d 127 (E.D.N.Y. 2001). In addition to copyright infringement, Hofheinz also brought claims for trademark infringement, unfair competition, breach of contract, and violations of California's publicity rights statute. The movies at issue in the case included "I Was a Teenage Frankenstein," "I Was a Teenage Werewolf," and "The Amazing Colossal Man."

343        *Id.*

344        *Id.* at 130-31.

345        *Id.* at 130-33. AMC had accepted and signed what it considered an "offer" from Hofheinz; Hofheinz maintained that a contract she sent AMC was a proposal, not an offer under contract law. *Id.* at 131-32.

346        *Id.* at 131-32.

347        *Id.* at 133,141.

348        Hofheinz, 147 F. Supp. 2d at 134.

<sup>349</sup> Id. at 133-34.

<sup>350</sup> Id. at 133.

<sup>351</sup> Id. at 137.

<sup>352</sup> Id. at 137-39.

<sup>353</sup> Id. at 139.

<sup>354</sup> Hofheinz, 147 F. Supp. 2d at 139.

<sup>355</sup> Id. at 140.

<sup>356</sup> Id. at 141.

<sup>357</sup> 246 F. 3d 152, 58 U.S.P.Q.2d (BNA) 1481 (2d Cir. 2001).

<sup>358</sup> Id. at 156-57, 58 U.S.P.Q.2d at 1483-84.

<sup>359</sup> Id. at 157, 58 U.S.P.Q.2d at 1483-84.

<sup>360</sup> Id. at 172-76, 58 U.S.P.Q.2d at 1495-97; 1999 U.S. Dist. LEXIS 8932 (S.D.N.Y. 1999); 1999 U.S. Dist. LEXIS 5689, No. 97 Civ. 8606, 1999 WL 199005 (S.D.N.Y. 1999).

<sup>361</sup> Davis, 246 F.3d at 172-73, 58 U.S.P.Q.2d at 1495.

<sup>362</sup> Id. at 173, 58 U.S.P.Q.2d at 1496.

<sup>363</sup> Id.

<sup>364</sup> Id.

<sup>365</sup> Id. at 176, 58 U.S.P.Q.2d at 1497.

<sup>366</sup> Id. at 175, 58 U.S.P.Q.2d at 1496-97.

<sup>367</sup> Davis, 246 F.3d at 175, 58 U.S.P.Q.2d at 1497.

<sup>368</sup> Id.

<sup>369</sup> *Id.* at 176, 58 U.S.P.Q.2d at 1497.

<sup>370</sup> 17 U.S.C. § 101 (2001).

<sup>371</sup> 17 U.S.C. § 101 (2001).

<sup>372</sup> 17 U.S.C. § 201(b) (2001).

<sup>373</sup> “Work For Hire” Bill Is Signed Into Law, 61 Pat., Trademark & Copyright J. (BNA) 5, 5 (2000); Judith Nierman & Ruth Sievers, Copyright Office Affairs, 2000 AIPLA Bulletin 71, 72.

<sup>374</sup> *Id.*

<sup>375</sup> *Id.*

<sup>376</sup> Judith Nierman & Ruth Sievers, Copyright Office Affairs, 2000 AIPLA Bulletin 71, 72.

<sup>377</sup> 17 U.S.C. § 203 (1999), Judith Nierman & Ruth Sievers, Copyright Office Affairs, 2000 AIPLA Bulletin 71, 72.

<sup>378</sup> Work Made for Hire and Copyright Corrections Act of 2000, H.R. 5107, 106th Cong. (2000) (enacted); Judith Nierman & Ruth Sievers, Copyright Office Affairs, 2000 AIPLA Bulletin 71, 72.

<sup>379</sup> 17 U.S.C. § 101 (2001).

<sup>380</sup> New Work-for-Hire Legislation Will Get Early Test in MP3 Case, 61 Pat., Trademark & Copyright J. (BNA) 5, 5-6 (2000).

<sup>381</sup> *Id.* at 6-7.

<sup>382</sup> UMG Recordings, Inc. v. MP3.com, Inc ., 2000 U.S. Dist. LEXIS 17907 at \*1-2 (S.D.N.Y. Nov 14, 2000).

<sup>383</sup> Kaplan v. The Stock Market Photo Agency, Inc., 133 F. Supp. 2d 317 (S.D.N.Y. 2001).

<sup>384</sup> *Id.*

<sup>385</sup> *Id.* at 327 (holding that “there [were] no significant similarities, in fact no similarities at all, in their protectable elements”).

<sup>386</sup> *Id.* at 319.

<sup>387</sup> *Id.*

388       Id.

389       Kaplan, 133 F. Supp. 2d at 319.

390       Id. at 320.

391       Id.

392       Id. at 319.

393       Id. at 322 (stating “It is a fundamental principle of copyright law that a copyright does not protect an idea or concept but only the expression of that concept.”).

394       Id. at 323 (citing *Kisch v. Ammarati & Puris, Inc.*, 657 F. Supp. 380, 382 (S.D.N.Y. 1987)).

395       Kaplan, 133 F. Supp. 2d at 323 (quoting *Rogers v Koons*, 960 F.2d 301, 307 (2d Cir. 1992)).

396       Id.

397       Id. at 324.

398       Id. at 326-27.

399       Id. at 322 (citing *Time v. Life Films, Inc.*, 784 F.2d 44,50 (2d Cir. 1986)).

400       Id. at 323 (quoting *Hoehling v. Universal City Studios, Inc.*, 618 F. 2d 972, 979 (2d Cir. 1980)).

401       Kaplan, 133 F. Supp. 2d at 323.

402       Id. at 328.

403       57 U.S.P.Q.2d (BNA) 1083 (S.D. Ill. 2000).

404       Id.

405       Id. at 1084.

406       Id.

407       Id.

408        Id

409        Taggart, 57 U.S.P.Q.2d at 1084.

410        Id. at 1084-85.

411        Id. at 1085.

412        Id.

413        Id.

414        Id.

415        Taggart, 57 U.S.P.Q.2d at 1087.

416        Id at 1086.

417        Id at 1087.

418        58 U.S.P.Q.2d (BNA) 1464 (S.D.N.Y. 2001).

419        Id. at 1465.

420        Id. at 1468.

421        Id. at 1465.

422        Id. at 1465-66.

423        Id. at 1466.

424        Bell, 58 U.S.P.Q.2d at 1466.

425        Id. at 1467-68.

426        Id. at 1466.

427       Id.

428       Id.

429       Id. at 1467.

430       Bell, 58 U.S.P.Q.2d at 1467.

431       Id.

432       Diamond Direct, LLC v. Star Diamond Group, Inc., 116 F. Supp. 2d 525, 57 U.S.P.Q.2d (BNA) 1146 (S.D.N.Y. 2000).

433       Id. at 527, 57 U.S.P.Q.2d at 1146-47.

434       Id. at 532, 57 U.S.P.Q.2d at 1151.

435       Id. at 527-28, 57 U.S.P.Q.2d at 1147.

436       Id. at 528, 57 U.S.P.Q.2d at 1147.

437       Id. at 527, 57 U.S.P.Q.2d at 1147.

438       Diamond Direct, 116 F. Supp. 2d at 527, 57 U.S.P.Q.2d at 1147.

439       Id. at 528, 57 U.S.P.Q.2d at 1148.

440       Id. at 529, 57 U.S.P.Q.2d at 1148.

441       Id., 57 U.S.P.Q.2d at 1149.

442       Id. at 530, 57 U.S.P.Q.2d at 1149.

443       Id.

444       Diamond Direct, 116 F. Supp. 2d at 530-32, 57 U.S.P.Q.2d at 1150-51.

445       Weindling Int'l, Inc. v. Kobi Katz, Inc., 56 U.S.P.Q.2d (BNA) 1763 (S.D.N.Y. 2000).

446       Id.

447       Id. at 1764.

448       Id.

449       Id. at 1766.

450       Id. at 1764.

451       *Kobi Katz*, 56 U.S.P.Q.2d at 1765.

452       Id. at 1764.

453       Id.

454       Id.

455       Id.

456       Id. at 1765 (citing *Matthew Bender Inc. v. West Publ'g Co.*, 158 F.2d 674, 48 U.S.P.Q.2d (BNA) 1545 (2d Cir. 1998)).

457       *Kobi Katz*, 56 U.S.P.Q.2d at 1765.

458       Id. at 1764-65 (citing *Matthew Bender Inc. v. West Publ'g Co.*, 158 F.2d 674, 48 U.S.P.Q.2d (BNA) 1545 (2d Cir. 1998); *Feist Publ'ns Inc. v. Rural Tel. Co.*, 499 U.S. 340, 18 U.S.P.Q.2d (BNA) 1275 (1991)).

459       Id.

460       Id.

461       Id. at 1766 (criticizing *DBC of New York, Inc. v. Merit Diamond Corp.*, 768 F. Supp. 414 (S.D.N.Y. 1991)).

462       232 F.3d 1212, 57 U.S.P.Q.2d (BNA) 1001 (9th Cir. 2000).

463       Id.

464       Id. at 1214, 57 U.S.P.Q.2d at 1002.

465       Id.

466       Id.

<sup>467</sup> *Id.*

<sup>468</sup> *Leicester*, 232 F.3d at 1214, 57 U.S.P.Q.2d at 1002.

<sup>469</sup> *Id.*

<sup>470</sup> *Id.*, 57 U.S.P.Q.2d at 1003.

<sup>471</sup> *Id.*, 57 U.S.P.Q.2d at 1002-03.

<sup>472</sup> *Id.* at 1215, 57 U.S.P.Q.2d at 1003.

<sup>473</sup> *Id.*

<sup>474</sup> *Leicester*, 232 F.3d at 1215, 57 U.S.P.Q.2d at 1003.

<sup>475</sup> *Id.*; 17 U.S.C. § 120(a). Before 1990, the Copyright Act offered no protection for architectural works. Buildings fell in the unprotected category of useful articles. 232 F.3d at 1217. In 1990, Congress passed the Architectural Works Copyright Protection Act (AWCPA) which offered protection for architectural works but also provided an exception for infringement for pictorial representations of architecture under 17 U.S.C. §120(a).

<sup>476</sup> *Leicester*, 232 F.3d at 1215, 57 U.S.P.Q.2d at 1003.

<sup>477</sup> *Id.* at 1216, 57 U.S.P.Q.2d at 1004.

<sup>478</sup> *Id.*

<sup>479</sup> *Id.* at 1217, 57 U.S.P.Q.2d at 1005.

<sup>480</sup> *Id.* at 1218, 57 U.S.P.Q.2d at 1005.

<sup>481</sup> *Id.* at 1218, 57 U.S.P.Q.2d at 1006.

<sup>482</sup> *Leicester*, 232 F.3d at 1218, 57 U.S.P.Q.2d at 1006.

<sup>483</sup> *Id.* at 1215, 57 U.S.P.Q.2d at 1003.

<sup>484</sup> *Id.* at 1219, 57 U.S.P.Q.2d at 1006-07.

<sup>485</sup> *Id.*, 57 U.S.P.Q.2d at 1007.

<sup>486</sup> Id. at 1219-20, 57 U.S.P.Q.2d at 1007.

<sup>487</sup> Id. at 1222-23, 57 U.S.P.Q.2d at 1009.

<sup>488</sup> Leicester, 232 F.3d at 1225, 57 U.S.P.Q.2d at 1012.

<sup>489</sup> 227 F.3d 1110, 56 U.S.P.Q.2d (BNA) 1259 (cert. denied, Worldwide Church of God v. Philadelphia Church of God, Inc., 121 S. Ct. 1486 (U.S. 2001)).

<sup>490</sup> Id. at 1115-16, 56 U.S.P.Q.2d at 1262.

<sup>491</sup> Id. at 1115, 56 U.S.P.Q.2d at 1262; 17 U.S.C. § 110(3) (1995).

<sup>492</sup> Worldwide, 227 F.3d at 1115, 56 U.S.P.Q.2d at 1262.

<sup>493</sup> Id. at 1120, 56 U.S.P.Q.2d at 1266.

<sup>494</sup> Id.

<sup>495</sup> Id. at 1120-21, 56 U.S.P.Q.2d at 1267.

<sup>496</sup> Id. at 1121, 56 U.S.P.Q.2d at 1267.

<sup>497</sup> 259 F.3d 1186, 59 U.S.P.Q.2d (BNA) 1321 (9th Cir. 2001).

<sup>498</sup> 17 U.S.C. § 504(c) (1995).

<sup>499</sup> Id.

<sup>500</sup> Krypton, 259 F.3d at 1186, 59 U.S.P.Q.2d at 1321.

<sup>501</sup> Id. at 1189.

<sup>502</sup> Id. at 1189-90.

<sup>503</sup> Id. at 1190.

<sup>504</sup> Id., 59 U.S.P.Q.2d at 1323.

505       Id.

506       Krypton, 259 F.3d at 1190, 59 U.S.P.Q.2d at 1323.

507       Id.

508       Id. at 1191-92, 59 U.S.P.Q.2d at 1323 (citing *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 345, 46 U.S.P.Q.2d (BNA) 1161, 1163 (1998)).

509       Id. at 1191, 59 U.S.P.Q.2d at 1323.

510       Id.

511       Id.

512       Krypton, 259 F.3d at 1192, 59 U.S.P.Q.2d at 1324.

513       Id.

514       Id.

515       Id.

516       Id.

517       Id. at 1193, 59 U.S.P.Q.2d at 1325.

518       Krypton, 259 F.3d at 1194, 59 U.S.P.Q.2d at 1325.

519       Id. at 1193, 59 U.S.P.Q.2d at 1325 (citing *Walt Disney Co. v. Powell*, 897 F.2d 565, 569, 14 U.S.P.Q.2d (BNA) 1160 (D.C. Cir. 1990)).

520       Id.

521       *Eldred v. Reno*, 239 F.3d 372, 57 U.S.P.Q.2d (BNA) 1842 (D.C. Cir. 2001).

522       Id. at 374, 57 U.S.P.Q.2d at 1844.

523       Id. at 373, 57 U.S.P.Q.2d at 1843.

524       Id.

<sup>525</sup> Id. at 374, 57 U.S.P.Q.2d at 1844.

<sup>526</sup> Id.

<sup>527</sup> Reno, 239 F.3d at 374, 57 U.S.P.Q.2d at 1844.

<sup>528</sup> Id.

<sup>529</sup> Id. at 380, 57 U.S.P.Q.2d at 1849.

<sup>530</sup> Id. at 376, 57 U.S.P.Q.2d at 1845.

<sup>531</sup> Id. at 380, 57 U.S.P.Q.2d at 1849 .

<sup>532</sup> Id. at 376, 57 U.S.P.Q.2d at 1845.

<sup>533</sup> Reno, 239 F.3d at 376, 57 U.S.P.Q.2d at 1845.

<sup>534</sup> Id. at 376-77, 57 U.S.P.Q.2d at 1846.

<sup>535</sup> Id.

<sup>536</sup> Id. at 377, 57 U.S.P.Q.2d at 1846.

<sup>537</sup> Id.

<sup>538</sup> Id. at 373, 57 U.S.P.Q.2d at 1843.

<sup>539</sup> Reno, 239 F.3d at 380, 57 U.S.P.Q.2d at 1849.

<sup>540</sup> Id. at 378, 57 U.S.P.Q.2d at 1847.

<sup>541</sup> *Eldred v. Ashcroft*, 255 F.3d 849, 850, 59 U.S.P.Q.2d (BNA) 1604 (D.C. Cir. 2001).

<sup>542</sup> Id. at 851, 59 U.S.P.Q.2d at 1605.

<sup>543</sup> Id. at 850-51, 59 U.S.P.Q.2d at 1604-05.

<sup>544</sup> Id. at 851, 59 U.S.P.Q.2d at 1605.

<sup>545</sup> 241 F.3d 396, 57 U.S.P.Q.2d (BNA) 1665 (5th Cir. 2001).

<sup>546</sup> Id. at 400-01, 57 U.S.P.Q.2d at 1666.

<sup>547</sup> Id.

<sup>548</sup> Id.

<sup>549</sup> Id. at 401, 57 U.S.P.Q.2d at 1666.

<sup>550</sup> Id.

<sup>551</sup> Veeck, 241 F.3d at 401, 57 U.S.P.Q.2d at 1666.

<sup>552</sup> Id.

<sup>553</sup> Id.

<sup>554</sup> Id.

<sup>555</sup> Id. at 401-02, 59 U.S.P.Q.2d at 1666-67.

<sup>556</sup> Id. at 402, 57 U.S.P.Q.2d at 1667.

<sup>557</sup> Veeck, 241 F.3d at 402, 57 U.S.P.Q.2d at 1667.

<sup>558</sup> Id. at 403, 57 U.S.P.Q.2d at 1667.

<sup>559</sup> Id. at 404, 57 U.S.P.Q.2d at 1668.

<sup>560</sup> Id. at 401, 57 U.S.P.Q.2d at 1666.

<sup>561</sup> Id. at 403, 57 U.S.P.Q.2d at 1667.

<sup>562</sup> Id. at 404, 57 U.S.P.Q.2d at 1668.

<sup>563</sup> Veeck, 241 F.3d at 404, 57 U.S.P.Q.2d at 1668.

<sup>564</sup> Id. at 405-06, 57 U.S.P.Q.2d at 1670.

<sup>565</sup> Id. at 406, 57 U.S.P.Q.2d at 1670.

<sup>566</sup> Id. at 407, 57 U.S.P.Q.2d at 1671.

<sup>567</sup> Id. at 408-09, 57 U.S.P.Q.2d at 1672.

<sup>568</sup> Id. at 408, 57 U.S.P.Q.2d at 1672.

<sup>569</sup> Veeck, 241 F.3d at 408, 57 U.S.P.Q.2d at 1672.

<sup>570</sup> Id. at 411, 57 U.S.P.Q.2d at 1674.

<sup>571</sup> Id.

<sup>572</sup> 261 F.3d 179, 59 U.S.P.Q.2d (BNA) 179 (2d Cir. 2001).

<sup>573</sup> Id. at 183, 59 U.S.P.Q.2d at 1640.

<sup>574</sup> Id. at 195, 59 U.S.P.Q.2d at 1650.

<sup>575</sup> Id.

<sup>576</sup> Id., 59 U.S.P.Q.2d at 1649-50.

<sup>577</sup> 17 U.S.C. § 411(a) (1999).

<sup>578</sup> 17 U.S.C. § 412 (1999).

<sup>579</sup> Raquel v. Educ. Mgmt. Corp., 196 F.3d 171, 52 U.S.P.Q.2d (BNA) 1705 (3d Cir. 1999).

<sup>580</sup> Id. at 173, 52 U.S.P.Q.2d at 1706.

<sup>581</sup> Id.

<sup>582</sup> Id.

<sup>583</sup> Id.

584       Id. at 174, 52 U.S.P.Q.2d at 1706.

585       Raquel, 196 F.3d at 174, 52 U.S.P.Q.2d at 1706.

586       Id. (citing *Raquel v. Educ. Mgmt. Corp.*, 955 F. Supp. 433, 439 (W.D. Pa. 1996)).

587       Id. (quoting *Raquel v. Educ. Mgmt. Corp.*, 955 F. Supp. 433, 439 (W.D. Pa. 1996)).

588       Id. at 173-74, 52 U.S.P.Q.2d at 1706.

589       Id.

590       Id. at 174, 52 U.S.P.Q.2d at 1706.

591       Raquel, 196 F.3d at 174, 52 U.S.P.Q.2d at 1706-07 (citing *Raquel v. Educ. Mgmt. Corp.*, 955 F. Supp. 433, 440 (W.D. Pa. 1996)).

592       Id. at 174-75, 52 U.S.P.Q.2d at 1707.

593       Id. at 175, 52 U.S.P.Q.2d at 1707.

594       Id.

595       Id.

596       Id. at 177, 52 U.S.P.Q.2d at 1709.

597       Raquel, 196 F.3d at 177, 52 U.S.P.Q.2d at 1708.

598       Id. at 179, 52 U.S.P.Q.2d at 1711.

599       See *Registration of Claims of Copyright*, 65 Fed. Reg., 41, 508 (July 5, 2000).

600       Judith Nierman and Ruth Sievers. Copyright Office Affairs, 2000 AIPLA Bulletin, 75.

601       Id.

602       Id.

603       Id.

604 Raquel v. Educ. Mgmt. Corp., 531 U.S. 952, 121 S. Ct. 376 (2000).

605 2001 U.S. Dist. LEXIS 3176 (S.D.N.Y. Mar 23, 2001).

606 *Id.* 3176 at \*7.

607 *Id.* 3176 at \*5.

608 Taggart, 57 U.S.P.Q.2d at 1085.

609 *Id.* at 1085-86.

610 *Id.* at 1086-87.

611 259 F.3d 65, 59 U.S.P.Q.2d (BNA) 1581 (2d Cir. 2001).

612 *Id.* at 67, 59 U.S.P.Q.2d at 1583.

613 *Id.*

614 *Id.* at 68, 59 U.S.P.Q.2d at 1584.

615 *Id.*

616 *Id.* at 69, 59 U.S.P.Q.2d at 1585.

617 17 U.S.C. § 502, 504, 505 (1999).

618 *Id.*

619 Davis, 246 F. 3d at 172, 58 U.S.P.Q.2d at 1495.

620 Davis, 246 F. 3d at 158, 58 U.S.P.Q.2d at 1484; 17 U.S.C. § 412 (1999).

621 Davis, 246 F. 3d at 158, 58 U.S.P.Q.2d at 1484 (citing *Davis v. Gap, Inc.*, No. 97 CIV. 8606 (RWS), 1999 U.S. Dist. LEXIS 5689, 1999 WL 199005 at \*3-8, 10 (S.D.N.Y. Apr. 7 1999)).

622 *Id.* at 176, 58 U.S.P.Q.2d at 1498.

623 *Id.* at 159-61, 58 U.S.P.Q.2d at 1485-86.

624       Id. at 160, 58 U.S.P.Q.2d at 1485.

625       Id. at 172, 58 U.S.P.Q.2d at 1495.

626       Id. at 176, 58 U.S.P.Q.2d at 1498.

627       Davis, 246 F.3d at 161, 58 U.S.P.Q.2d at 1486.

628       Id.

629       Id. at 161-63, 58 U.S.P.Q.2d at 1486-88.

630       Id. at 163, 58 U.S.P.Q.2d at 1488.

631       Id. at 166, 58 U.S.P.Q.2d at 1490-91.

632       134 F. Supp. 2d at 549.

633       148 F. Supp. 276 (S.D.N.Y. 2001).

634       Id. at 277.

635       Id.

636       Id.

637       Id. at 279.

638       *Attia v. Soc' of New York Hosp.*, 2001 U.S. App. LEXIS 14147, No. 00-9027 (2d Cir. Jun 19,2001).

639       Id. 14147 at \*2.

640       Id. 14147 at \*4.

641       Id. 14147 at \*5.

642       Id. 14147 at \*4.

643 240 F.3d 116, 57 U.S.P.Q.2d (BNA) 1708 (2d Cir. 2001).

644 *Id.*

645 *Id.* at 119, 57 U.S.P.Q.2d at 1710.

646 *Id.*

647 *Id.*

648 *Id.*

649 Mathew Bender, 240 F.3d at 119, 57 U.S.P.Q.2d at 1710.

650 *Id.*

651 *Id.* at 119-20, 57 U.S.P.Q.2d at 1710.

652 *Id.* at 120, 57 U.S.P.Q.2d at 1711.

653 *Id.*; 17 U.S.C. § 403 (1995).

654 Mathew Bender, 240 F.3d at 126, 57 U.S.P.Q.2d at 1716.

655 *Id.* at 123, 57 U.S.P.Q.2d at 1713.

656 *Id.*

657 *Id.* at 125, 57 U.S.P.Q.2d at 1715.

658 *Id.* at 125-6, 57 U.S.P.Q.2d at 1715-16.

659 *Id.* at 127, 57 U.S.P.Q.2d at 1716.

660 Matthew Bender & Co. v. West Publishing Co., 59 U.S.P.Q.2d (BNA) 1785, 1789 (S.D.N.Y. 2001).

661 *Id.*

662 *Id.* at 1790.

663       Id.

664       “Work For Hire” Bill Is Signed Into Law, 61 Pat., Trademark & Copyright J. (BNA) 5, 5 (2000); Judith Nierman and Ruth Sievers, Copyright Office Affairs, 2000 AIPLA Bulletin 71, 72.

665       H.R. 5107; “Work For Hire” Bill Is Signed Into Law, 61 Pat., Trademark & Copyright J. (BNA) 5, 5 (2000); Judith Nierman and Ruth Sievers, Copyright Office Affairs, 2000 AIPLA Bulletin 71, 72.

666       S. 487; House Panel Approves Senate-Passed Distance Education Bill, 62 Pat., Trademark & Copyright J. (BNA) 218 (2001).

667       17 U.S.C. §§ 110(2), 112 (1995).

668       17 U.S.C. § 110 (2) (c)(i), (ii) (1995).

669       House Panel Approves Senate-Passed Distance Education Bill, 62 Pat., Trademark & Copyright J. (BNA) 218 (2001).

670       S. 487; House Panel Approves Senate-Passed Distance Education Bill, 62 Pat., Trademark & Copyright J. (BNA) 218 (2001).

671       House Panel Approves Senate-Passed Distance Education Bill, 62 Pat., Trademark & Copyright J. (BNA) 218 (2001).

672       See 17 U.S.C. § 106(4).

673       Digital Performance Right in Sound Recordings Act, Pub. L. No. 104-39, 109 Stat. 336 (Nov. 1, 1995).

674       See II Paul Goldstein, Copyright § 5.7, 5:129 (2d ed. 1998).

675       Digital Performance Right in Sound Recordings Act, Pub. L. No. 104-39, 109 Stat. 336, 341-42 (Nov. 1, 1995).

676       Digital Millennium Copyright Act. (codified in 114(f)).

677       DMCA; codified in 114(j)(6).

678       The rationale for this differentiation, according the Senate Report, was that “interactive services are most likely to have a significant impact on traditional record sales, and therefore pose the greatest threat to the livelihoods of those whose income depends upon revenues derived from traditional record sales.” S. Rep. No. 104-128, at 16 (1995).

679       See Brad King, Webcasting’s Defining Moment, (Apr. 19, 2000), at <http://www.wired.com/news/politics/0,1283,35767,00.html>.

680       Public Performance of Sound Recordings: Definition of a Service, 65 Fed. Reg. 77,292 (Dec. 11, 2000) (to be codified at 37 C.F.R. pt. 201.35(b)(2)).

681       Id. at 77,296.

682 Public Performance of Sound Recordings: Definition of a Service, 65 Fed. Reg. 77,292 (Dec. 11, 2000).

683 *Id.* at 77,301.

684 Bonneville Int'l Corp. v. Peters, 153 F. Supp. 2d 763, 765, 59 U.S.P.Q.2d (BNA) 1622, 1623 (E.D.Pa 2001).

685 *Id.* at 765, 59 U.S.P.Q.2d at 1623.

686 *Id.* at 776, 59 U.S.P.Q.2d at 1630.

687 *Id.* at 777, 59 U.S.P.Q.2d at 1632.

688 *Id.* at 784, 59 U.S.P.Q.2d at 1638.

689 Public Performance of Sound Recordings: Definition of a Service, 65 Fed. Reg. 77,330 (Dec. 11, 2000).

690 *Id.* at 77,333.

691 *Id.*

692 65 Fed. Reg. 41,508 (July 5, 2000).

693 *Id.*

694 *Id.*

695 *Id.*

696 66 Fed. Reg. 37,142, 37,143.

697 Final Regulations Are Issued for Group Registration of Photographs, 62 Pat., Trademark & Copyright J., (BNA) 251 (2001).

698 66. Fed. Reg. 37,142, 37,149.

699 *Id.* at 37,150.

700 *Id.* at 37,149-50.

701        Id. at 37,148.

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