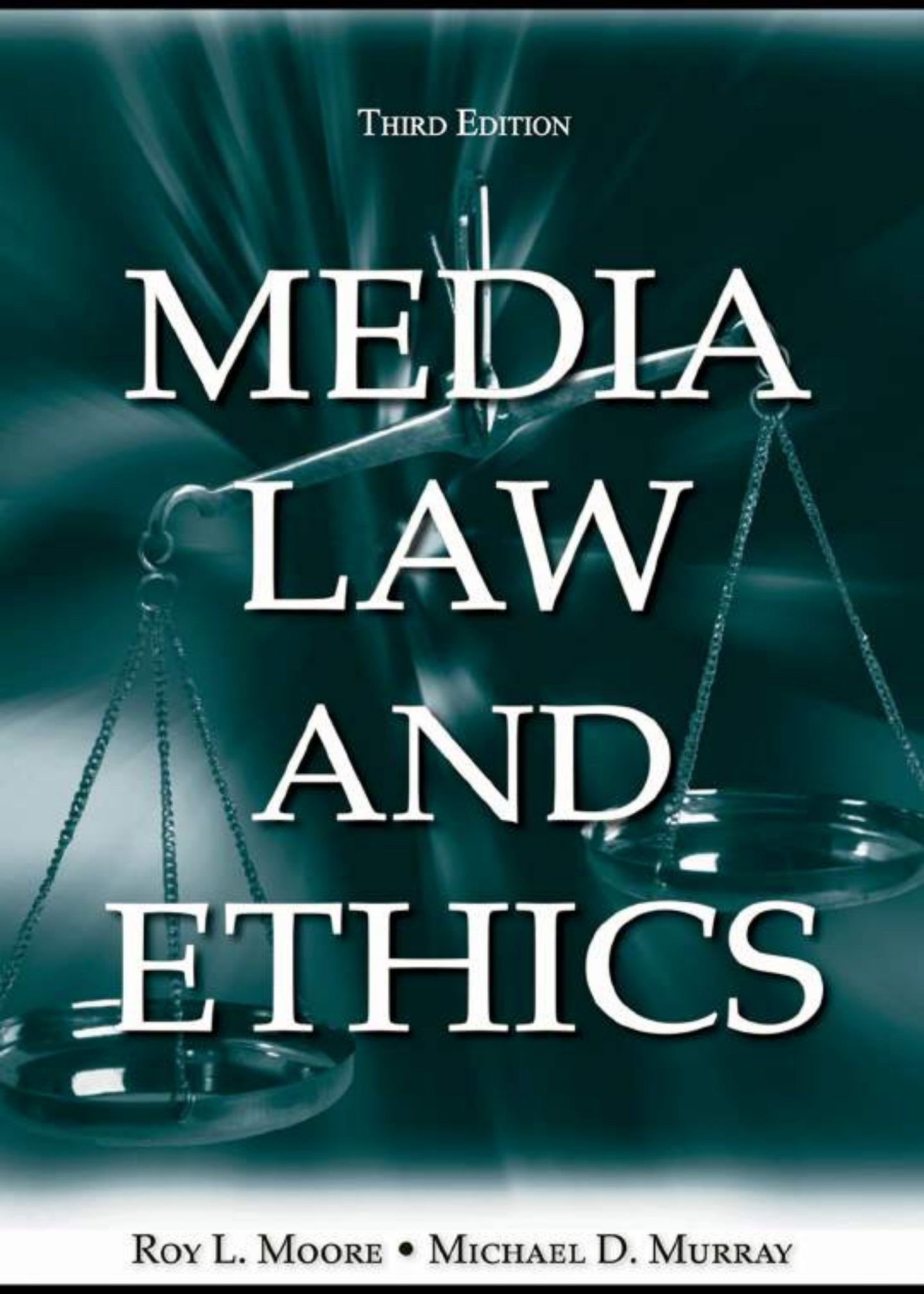


THIRD EDITION

A pair of metal scales of justice is centered in the background, set against a teal gradient with light rays emanating from behind the scales. The scales are slightly tilted, with the right pan appearing lower than the left.

MEDIA LAW AND ETHICS

ROY L. MOORE • MICHAEL D. MURRAY

Intellectual Property

If that's the only way, then I'm all for destroying their machines. . . . There's no excuse for anyone violating copyright laws.

—U.S. Senator Orin Hatch (R-Utah)¹

Copyrights, trademarks, and patents are typically grouped into an area of the law that has become known as *intellectual property*. Trade secrets are sometimes included in this area as well. The constitutional origins of intellectual property, at least for copyrights and patents, can be traced to Article I, Section 8, of the U.S. Constitution, which provides, among other powers, that Congress shall have the authority “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” Patents and copyrights are regulated almost exclusively by federal statutes (Title 35 and Title 17 of the U.S. Code, respectively) since Congress has chosen to invoke the preemption doctrine granted under Article VI of the U.S. Constitution (known as the supremacy clause), which provides in part:

. . . This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

Exclusive federal regulation of copyrights and patents is also justified under the commerce clause in Article I, Section 8 of the U.S. Constitution which provides that Congress shall have the power “[t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.”

Trademarks and trade secrets, on the other hand, involve both state and federal law as well as common law, although state laws are not permitted to conflict with federal law. Trademark law can be found primarily in Title 15 of the United States Code (known as the Lanham Act or the Trademark Act of 1946). Trademarks, which

identify goods, and service marks, which identify services, may be registered and have protection under either state or federal statutes. Trade secrets usually are not registered under federal law, except as they relate to a patent application, because registration is ordinarily a public record, which would defeat the purpose of a trade secret.

Patents, Including Creation and Duration

While the U.S. Copyright Office is an arm of the Library of Congress, the United States Patent and Trademark Office (which, as the name indicates, handles both patents and trademarks) is an agency of the Department of Commerce headed by the Commissioner of Patents and Trademarks who is also an Assistant Secretary of Commerce. The office, which celebrated its 200th anniversary, was created by President Thomas Jefferson, an inventor (See Figure 12.1). The office has processed more than 7 million applications, with about 3,500 approved each week and increasing.² Because

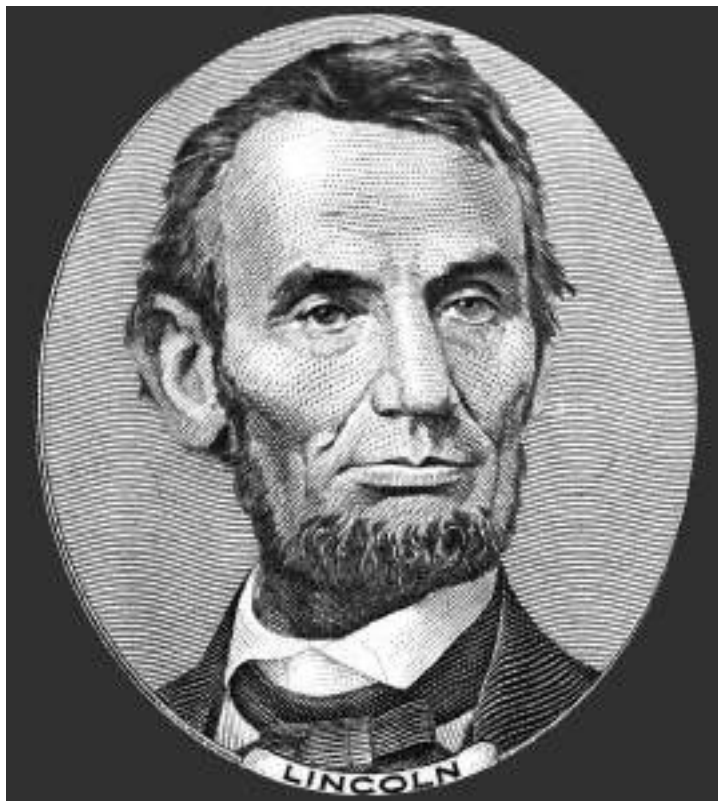


Figure 12.1 Who is the only U.S. President to be awarded a patent? If you answered Thomas Jefferson, that's a good guess. Unfortunately, it's wrong (although Jefferson was an inventor). The correct response is Abraham Lincoln, who patented a device to lift boats over shoals without losing their cargoes.

of this growth and the fact that the number of patent examiners has not kept pace, the average time between the filing of an application and the initial approval decision by a patent examiner grew from about $7\frac{1}{2}$ months in 1993 to more than 20 months in 2005, according to a study by the National Academy of Public Administration.³

Patents, trademarks, and copyrights are all forms of *exclusive* (i.e., monopolistic) *control* that owners, who can be individuals or companies, can exercise to ensure that others generally cannot market, use, or sell the work, invention, or mark without consent of the owner. Until June 8, 1995, patents generally had protection for 17 years from the date the patent was issued, after which they passed to the public domain and could be used, marketed, or sold to anyone without consent.

However, in 1989 Congress revised the patent law, including establishing a new 20-year term for protection, measured strictly from the filing date, for any patent filed after June 8, 1995.⁵ In some cases, the 20-year period can be extended for a maximum of 5 years when marketing time was lost because of regulatory delay.⁶ The 20-year period was chosen because it has been the standard of the rest of the industrialized world for some time. The new law also grants greater authority to the U.S. government to seize imports entering the United States when they infringe on patents owned by a U.S. company or citizen, and it creates a means by which a provisional application can be filed while the inventor prepares a regular application, that must be filed within one year.

When a patent for a popular drug or invention expires, the impact on the marketplace can be strong, as witnessed by the proliferation of marketers of the aspartame artificial sweetener. When the Monsanto Company's patent expired, the Nutra Sweet name continued to be protected as a trademark, but other companies could and did market aspartame under their own names or simply as a generic product with approval of the U.S. Food and Drug Administration, which regulates artificial sweeteners.

The three basic types of patents are *utility*, *plant*, and *design*. Patents on mechanical devices, electrical and electronic circuits, chemicals, and similar items are known as utility patents.⁷ Plant patents apply to the invention or asexual reproduction of a distinct new variety of a natural plant,⁸ and design patents are issued for new, original, and ornamental designs.⁹ In 1994 the U.S. Court of Appeals for the Federal Circuit, which hears all appeals from all decisions in patent infringement suits,¹⁰ ruled that computer software could be patented, even though mathematical formulas and algorithms cannot be patented. In *In Re Alappat*, the court reasoned that software "creates a new machine, because a general purpose computer in effect becomes a special purpose computer once it is programmed."¹¹

Securing a patent is typically only the first step in the process. Before an invention can be marketed, approval from other federal and state agencies may be needed. A new food product or drug would typically require a green light from the FDA. Protecting a name under which an invention is to be sold requires compliance with provisions of trademark laws and probably trademark registration at some point. Unlike the trademark and copyright laws, patent law is incredibly complex, and the process of obtaining a patent is expensive, time-consuming, and complicated. Most attorneys have a limited knowledge of patent law. The filing fees for a basic application for a small entity (defined as an independent inventor, small business, or

nonprofit organization), except for design, plant, and provisional applications, are \$75.00 if filed electronically and \$155.00 if not filed electronically. All other entities must pay \$310.00. The filing fees for design, plant, and provisional applications are \$105.00 for small entities and \$210.00 for others. (Small entities always pay half the fee of other entities.) To determine whether a potential patent is novel, as required, inventors can conduct their own searches online at the U.S. Patent and Trademark Office website (www.uspto.gov). However, because of the complexity of the process and the considerable time involved, many inventors hire either the Patent and Trademark Office at an hourly rate or an attorney to perform the search. That can add up to thousands of dollars to filing costs.

In 1995 new patent rules took effect that allow inventors to file provisional patent applications allowing protection from infringement for a year without having to demonstrate that the invention has already been built and used (a requirement for protection under traditional patent law). During the one-year interim, the person is given the opportunity to market the invention without fear of the idea being stolen.

Under the federal statute, an invention cannot be patented if “the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art. . . .”¹² Many patent applications have failed because the inventions were too obvious.

Patent infringement is a serious matter and can result in extensive damages, as illustrated in the infringement suit filed by Polaroid against Eastman Kodak over instant photography.¹³ When the dust had settled in 1986, Eastman Kodak was ordered to pay Polaroid more than \$1 billion in damages and prohibited from further sales of instant photo cameras, film, and related products. The suit was based on patents granted to Polaroid in the 1970s. In 2007 Microsoft lost a patent case filed against it by Alcatel-Lucent in a jury trial in U.S. District Court in San Diego. The jury verdict against Microsoft was to the tune of \$1.52 billion—the largest patent judgment on record. The dispute centered on the use of MP3 technology.¹⁴

In 2006 a U.S. District Court jury awarded TiVo, Inc. almost \$74 million in damages for patent infringement against the parent company of Dish satellite network, EchoStar Communications.¹⁵ TiVo filed the lawsuit after the satellite company used its own version of a digital video recorder (DVR), a device first marketed by TiVo that allow television viewers to pause and rewind live television and to skip through commercials. TiVo already had an agreement for the use of its DVR with Dish’s competitor, DirecTV, and was negotiating with some cable operators. Since the stakes can be quite high, patent holders for popular inventions rigorously defend their rights even against small-time entrepreneurs and companies. Patents are generally granted on a first-come-first-served basis, and the race to the finish line can be intense when competitors battle. When two or more claimants apply separately for patents on essentially similar inventions, the PTO will hold an interference proceeding, complete with motions and testimony, to ascertain the rightful inventor.¹⁶

One of the remedies available for patent infringement is a permanent injunction against the infringer. The traditional test for determining whether such a remedy is warranted in other areas of the law has involved four factors. First, the plaintiff

must have suffered irreparable injury. Second, remedies at law (an injunction is an equitable remedy, as discussed in Chapter 1) are inadequate to compensate for the injury. (Remedies at law are primarily damages.) Third, in balancing the hardships between the plaintiff and the defendant, a remedy in equity is justified. Finally, public interest would not be disserved by a permanent injunction.

In *Ebay, Inc. v. MERCEXCHANGE, L.L.C.* (2006),¹⁷ the U.S. Supreme Court unanimously held that this four-factor test was the appropriate one for permanent injunctions under the U.S. Patent Act. The Court saw no reason to make a “major departure from the long tradition of equity practice. The case arose after Ebay and MERCEXCHANGE could not agree on the terms for MERCEXCHANGE’s purchase of a license for Ebay’s business method.

When America’s top economist and the former Chair of the Federal Reserve, Alan Greenspan, clarified how a major shift had taken place in the economic products of the United States, he noted how those products had become “predominantly conceptual.” It sounded more than a little revolutionary in 2005, but Greenspan was merely emphasizing that ideas and innovations in the field of intellectual property in the first part of the 21st century had replaced the nation’s more traditional and tangible assets of personal property in the form of land and raw materials. He further pointed out that as a consequence of the shift, the management of those intellectual property assets was becoming a much more critical concern for the American corporate culture.¹⁸

A shift to a more aggressive identification of corporate property in the form of new and innovative ideas had taken place and forced corporate America to revise its business model and to take special stock of software development, technology, and all of the special things in the field of mass media and communication that distinguish one creative company from another. With this recognition in mind, it became more commonplace for companies to attempt to expand the scope of their corporate intellectual property claims by identifying, patenting, and licensing new ideas and innovations much more quickly and then aggressively litigating to protect them by maintaining control and exclusivity.

From 1995 to 2005, the number of patent applications nearly doubled, with almost half of that growth in the United States coming specifically in the telecommunications and technical information fields.¹⁹ This exponential growth was spurred by a mindset that encourages more and more intellectual property claims as well as an ensuing debate as to whether this growth might actually have a positive effect once those innovations are more widely known and better understood and appreciated. As experts point out, patents only allow temporary rights and the full disclosure of new ideas often has the effect of spurring others to test those innovations. More businesses can become known for innovations in a particular area of expertise. This reinforces the likelihood that they will be sharing developing ideas with competitors in their fields of specialization by virtue of wanting to rush ahead with new ideas and the subsequent marketing of property to others.

The U.S. Supreme Court handed down two major decisions involving patents in 2007. Both effectively reduce the breadth of patent protection. In *KSR International*

Co. v. Tele-flex, Inc.,²⁰ the Court unanimously ruled that a more flexible standard applied determining whether a patent was obvious (and thus not worthy of protection). The ruling clearly makes it more difficult to secure a patent. In the second case, *Microsoft v. AT&T Corp.*,²¹ the Court held 7-1 that Section 271(f) of the 1984 Patent Act does not cover defendants who make and sell infringing copies of software in other countries.

Trade Secrets

Trade secrets can take many forms, including formulas, plans, processes, devices, and compounds. The distinguishing characteristics are (1) that a trade secret has commercial value by virtue of the fact that it gives the owner a business advantage over competitors because they are not familiar with it, and (2) it is known only to those individuals who have a need to know it. Under the both state and federal laws governing trade secrets, they must be kept secret, particularly from competitors or potential competitors, to warrant protection. For example, North Carolina defines misappropriation of a trade secret as the “acquisition, disclosure, or use of a trade secret of another without express or implied authority or consent” unless the trade secret was derived independently, by reverse engineering or from someone who had authority to disclose the secret.²² The Illinois Trade Secrets Act defines a trade secret as “information, including but not limited to, technical or non-technical data, a formula, pattern, compilation, program, device, method, technique, drawing, process, financial data. . . .”²³

Remedies for appropriation of trade secrets include damages as well as injunctions, whenever appropriate, especially where it is likely that a trade secret will be further disclosed if an injunction is not issued and that such disclosure would likely result in irreparable harm to a business. For example, Pepsico successfully sought an injunction in a U.S. District Court in Illinois in 1994 to prevent one of its former officers from assuming a position with Quaker Oats for six months and preventing him from forever disclosing trade secrets regarding Pepsico’s annual operating plan. The Seventh Circuit U.S. Court of Appeals upheld the injunction.²⁴ The annual strategic plan included marketing strategies for Pepsico to position its AllSport drink to compete with Quaker’s Gatorade.

In 1996 the U.S. Congress passed the “Economic Espionage Act of 1996,”²⁵ which makes the theft of trade secrets a criminal offense. The statute, which amends Title 18 of the U.S. Code, imposes stiff penalties for the theft of trade secrets in general. It also provides penalties of up to \$500,000 or imprisonment of up to 15 years for individuals who steal trade secrets that benefit a foreign government or other entity, and up to \$10 million for organizations that commit such offenses.

Federal statutes, including the Freedom of Information Act,²⁶ which otherwise require disclosure of information held by federal agencies, contain exemptions for trade secrets. The federal Trade Secrets Act,²⁷ in fact, imposes criminal sanctions on federal employees who disclose certain kinds of confidential information disclosed to the government, including trade secrets and confidential statistical data.²⁸

The U.S. Supreme Court has decided few cases over the years directly involving trade secrets, probably because the lower federal courts generally are not involved in such cases unless they involve parties from two or more different states (“diversity jurisdiction”) or concern federal employees or federal law. Since 1974, in fact, the Supreme Court has decided only six cases focusing on trade secrets. In a 1974 case, *Kewanee Oil Co. v. Bicron Corp.*,²⁹ the Court held that Ohio’s trade secret law was not preempted by federal patent law, noting among other points that the federal patent policy of encouraging invention is not harmed by the existence of other incentives to invention such as state trade secret statutes.

In 1986 in *Dow Chemical v. United States*,³⁰ the Court held that the U.S. Environmental Protection Agency was acting within its authority when it employed a commercial aerial photographer to take photographs from public airspace of a chemical plant after the agency had been denied access by the company for an on-site inspection. The Court said such observations were legitimate even though the company’s competitors might be barred from such action under state trade secrets law. The opinion noted that governments generally do not try to appropriate trade secrets from private enterprises and that state unfair competition laws do not define the Fourth Amendment’s provision regarding unreasonable search and seizure.

In 1984 in *Ruckelshaus v. Monsanto Co.*,³¹ the Court held that under certain conditions, disclosure of a trade secret by a government agency could constitute a “taking” under the Fifth Amendment, particularly when such disclosure interferes with what the Court called “reasonable investment-backed expectations.” Without deciding whether there actually was a Fifth Amendment violation in the case, the Court said that trade secrets that enjoyed protection under state law could constitute “property” for purposes of the Fifth Amendment despite their intangible nature. The Court pointed out the fact that the EPA had promised confidentiality in exchange for disclosure of the information to the agency that the company had designated as trade secrets at the time of submission.

Trademarks, Including Federal and State Protection and Renewal

Trademarks are extremely important in communication law, as witnessed by the fact that trademark battles can be intense and drawn out, with millions and sometimes even billions of dollars at stake. The basic purpose of a trademark is to enable a consumer who can be a private individual or a business conglomerate to identify the origin of a product or service. Identifying the origin does not necessarily mean knowing the specific manufacturer, distributor, or franchise. The idea is that a consumer should be able to have confidence that all goods with a specific trademark are associated with a common source.

For example, when a viewer sees a television commercial for Hershey’s Kisses, the person can assume that all Kisses come from Hershey’s. However, that does not mean the consumer can assume that all candy bearing the Hershey’s trademark is necessarily

actually made by the same company but simply that Hershey's has given its consent for and presumably imposed its standards on the distribution of the products under its name.

Through the effective marketing and communication of its trademark, an owner can build up invaluable market goodwill. Think about the value of trademarks such as Coca-Cola, McDonald's, IBM, Kodak, Xerox, Sony, Dell, iPod, Apple, and Walt Disney. Coca-Cola is such a valuable trademark that the corporation has licensed its own line of clothing. Walt Disney licenses or produces thousands of products, including toys, movies, clothes, games and, of course, its own entertainment complexes throughout the world. It even owns its own broadcasting network—ABC. Neither Disney nor Coca-Cola actually manufactures the goods bearing their names, but they instead have contracts with other firms that grant permission for the use of their marks.

The success of Starbucks worldwide has resulted in numerous cases in which the Seattle-based company forced a potential, but much smaller competitor, to stop using its trademark name, or one very similar. In Galveston, Texas, a beer called Star Bock was challenged on grounds that people would associate that name with Starbucks products, and in Astoria, Oregon, a judge told coffee shop proprietor Samantha Buck, also known as Sam Buck, that use of her name infringed on Starbucks' trademark. In the eastern United States, a federal judge ruled that a New Hampshire microroaster selling "Charbucks," a dark coffee blend, the naming of which the owner described as an attempt to warn customers of its dark quality, did not harm Starbucks.³²

U.S. District Court Judge Laura Taylor Swain of New York said the coffee roasting company known as the Black Bear Micro Roastery had obviously intended to take advantage of the similarity in names but did not mislead customers about any relationship between the two companies. The judge noted major differences in company logos and signage with respect to the image, the color, or the format used, and she added that "Charbucks" was not used as a stand-alone word in any company advertising or promotional campaign.³³ Starbucks has also fought to protect its trademarks in emerging coffee markets such as Russia and China.³⁴

Trademark Dilution: *Moseley and Moseley v. V Secret Catalogue, Inc.* (2003)

The purpose of the Federal Trademark Dilution Act (FTDA) of 1995³⁵ is to protect "famous" trademarks against uses that blur the distinctiveness of a mark or tend to tarnish or disparage it. The term "dilution" is used to address the lessening of a mark used to identify and distinguish particular goods and services. There is considerable confusion about how much impact a new mark might have on a more established one, and this has led to some court cases focusing on the similarity of names used by companies or individuals.

Victoria's Secret is distinctive trademark of a well established company known primarily for its stores and catalogues specializing in women's lingerie. In 1998 Victor and Cathy Moseley opened their "Victor's Secret" shop in Elizabethtown, Kentucky. The Moseleys' small shop near Fort Knox carried adult videos and novelties as well as

lingerie. After an army colonel sent a copy of an ad for “Victor’s Secret” to V Secret Catalogue, Inc., the owner of the Victoria’s Secret trademark and parent company of the lingerie stores, the company asked the Moseleys to halt use of “Victor’s Secret.” They claimed the use of their store’s name was not an attempt to associate their single retail store with the bigger company, and that they had adopted the business name simply to avoid disclosing the existence of the shop to Victor Moseley’s employer. The couple responded by changing the shop’s name to “Victor’s Little Secret.”

V Secret Catalog subsequently sued the Moseleys, claiming the use of “Victor’s Little Secret” constituted (a) trademark infringement under federal law, (b) unfair competition, (c) trademark dilution, and (d) trademark infringement under common law. When the Moseleys refused to stop using the name, a lawsuit ensued, with a U.S. District Court ruling in favor of the plaintiffs on the trademark dilution claim. The Sixth Circuit U.S. Court of Appeals affirmed. The courts were convinced that although there was no likelihood of confusion regarding the names, the names were still sufficiently similar to dilute the more famous trademark and potentially tarnish the better known Victoria’s Secret.³⁶

In *Moseley and Moseley v. V Secret Catalogue, Inc.* (2003),³⁷ the U.S. Supreme Court unanimously held that the FTDA requires proof of actual dilution, not the mere “likelihood” of harm, as typically required under state statutes. The Court said there was insufficient evidence to support the dilution claim: “There is a complete absence of evidence of any lessening of the Victoria’s Secret” mark’s capacity to identify and distinguish goods or services sold in Victoria’s Secret stores or advertised in catalogs.”

The Court did say that a mark must be both famous and distinctive to qualify for legal protection under the Act. However, the issue of what actually constitutes the “blurring” of a distinctive mark was not resolved in the decision written by Justice Stevens, with a concurring opinion by Justice Kennedy. The Court affirmed that objective proof of actual injury to a famous mark is a prerequisite for relief, but the loss of sales or distinct profits was not required. Although the Court did not specify precisely how to prove actual dilution, it did indicate that the standard is actual dilution, not just the likelihood of dilution.

In another case involving Victoria’s Secret, a *Sports Illustrated* swimsuit model was prohibited from even launching a brand of women’s panties with the words “sexy little things” on them because a U.S. District Judge ruled that could result in trademark infringement. The case arose because Victoria’s Secret had used the exact same label, “Sexy Little Things,” since 2004 on products sold in retail stores, via catalogues, and online. Even though the developers of the product maintained that a trademark using that name had not been registered by Victoria’s Secret, the judge’s assessment of evidence, including product marketing, and the fact that the descriptive phrase was suggestive, not just descriptive, entitled “Sexy Little Things” greater legal protection.³⁸

Apple Computer Inc. and Apple Corps Ltd., the commercial licensing agency for The Beatles, have fought in the courts for decades over the use of the apple logo. Apple Computer’s logo is a cartoon-like apple with a bite missing while Apple Corps’ logo is a shiny green apple. The two companies reached an agreement in 1991 that

they would not compete with each other's business, but 15 years later, they were back in court. Apple Corps sued Apple Computer in a British court for using the apple logo for its iTunes Music Store. The judge in the case ruled in favor of Apple Computer.³⁹

Service marks are essentially the same as trademarks, except that they identify services rather than goods. Famous service marks include Enterprise, Hertz, Avis, Home Box Office, The Movie Channel, Showtime, Citicorp, WalMart, and True Value. To avoid repetition, we will use the term trademark to refer to both trademarks and service marks throughout this chapter.

Trademark and Service Mark Registration

The Patent and Trademark Office handles both trademarks and patents, but trademark registration is much different and far less expensive than registration for patents. In fact, copyright registration and trademark registration involve quite similar processes, even though they are administered by different federal agencies. However, the similarities between trademarks and copyrights end there. Unlike copyrights and patents, trademarks do not derive their origin from the U.S. Constitution, although the authority of Congress to regulate trademarks and service marks comes from the Constitution, more specifically, the commerce clause.

Trademarks and service marks are statutory creations of the states and the federal government. Since trademark laws vary considerably from state to state, state laws will not be discussed here. However, some trademarks and service marks—those that are not used nor intended to be used in interstate and/or international commerce between the United States and another country—can be registered and protected only under state law. Before a trademark or service mark can be registered under federal law (i.e., the Lanham Act), the owner must either (1) use the mark on goods that are shipped or sold in interstate or international commerce, or (2) have a bona fide intention to use the mark in such commerce.⁴⁰

Until the Trademark Law Revision Act of 1988,⁴¹ which became effective November 16, 1989, a trademark essentially had to actually have been used in some form of interstate commerce, but the 1988 law permits registration so long as there is a bona fide intent to use it in interstate commerce. Nevertheless, trademarks that are strictly for intra-state use are registered with the Secretary of State in the state where they will be used.

Colors can be trademarked, under the right circumstances, as demonstrated in *Qualitex Company v. Jacobson Products, Inc.* (1995).⁴² A unanimous U.S. Supreme Court held that the Lanham Trademark Act of 1946 does allow trademark registration of a color. However, the opinion, written by Justice Breyer, said that the special shade of green-gold used to identify dry cleaning press pads made by Qualitex had acquired the requisite secondary meaning under the Lanham Act. Jacobson Products, a competitor to Qualitex, had challenged the trademark registration and unsuccessfully argued that such registration would create uncertainty about what shades of color a competitor could use and that it was unworkable because of the limited supply of colors. Qualitex had won in U.S. District Court but lost in the Ninth Circuit Court of Appeals. The Supreme Court reversed the appellate court decision.

Sounds can be registered. In 1978 the Trademark Trial and Appeal Board recognized the combination of the musical notes G, E, and C used by the National Broadcasting Company as a valid trademark, while denying the registration of the sound of a ship's bell.⁴³ The roar of the MGM lion has been registered as a trademark for some time. Harley-Davidson, Inc., which already owns the rights to the word "Hog," applied for a trademark on its engine sound, but several competitors, including Suzuki, Honda and Kawasaki, opposed the registration. Before he was acquitted on two murder counts, O.J. Simpson applied for registration of the O.J. mark for use on a series of goods, including clothing and footballs, video games, playing cards, newsletters, and jigsaw puzzles. Simpson's lawyers later sued several dozen clothing manufacturers and retail stores for selling goods with Simpson's name or likeness.

The registration process and protection under federal law for trademarks and service marks are the same. Under the Lanham Act, a trademark is defined as ". . . any word, name, symbol, or device, or any combination thereof adopted and used by a manufacturer or merchant to identify his or her goods or services."⁴⁴ Thus a trademark can be a slogan, design, or even a distinctive sound so long as it identifies and distinguishes goods or services. The key characteristics are identification and distinction.

Among the other changes wrought by the Trademark Revision Act of 1988 is that use prior to registration of a trademark is no longer necessary. Now, a trademark owner needs only to have a bona fide intention to use the mark. The 1988 law also cut the term of registration in half from 20 years to 10 years. Unlike copyrights and patents, that have limited durations, trademarks can last indefinitely if an owner takes appropriate steps to ensure that infringers are prosecuted and that the mark does not revert to the public domain. Protection can also be lost by abandonment. Contrary to popular myth, registration is not necessary for a trademark to have protection. As with copyrights, there are some important advantages to registration, but it is not required. Among the advantages are that registration:

1. Provides *prima facie* evidence of first use of the mark in interstate commerce and of the validity of the registration.
2. Permits an owner to sue in federal court (U.S. District Court) for infringement.
3. Allows lost profits, court costs, attorneys' fees, criminal penalties, and treble damages, in some cases, to be sought.
4. Serves as constructive notice of an ownership claim, preventing someone from claiming that a trademark was used because of a good faith belief that no one else had claim to it. In other words, once a mark is registered, any potential user has an obligation to check the registry to ascertain that no one else owns the mark.
5. Establishes a basis for foreign registration.

Registration is a fairly simple process, although it is more complicated than copyright registration and much easier than securing a patent. First, the owner or his

or her attorney files an application form available on the Patent and Trademark Office website (www.uspto.gov), that includes (1) the name and mailing address of the applicant, (2) a clear drawing of the mark, (3) a listing of the goods or services, and (4) a \$375.00 (paper) or \$325.00 (electronic) filing fee for each class of goods or services for which the owner is applying. If the mark has been used in commerce, the application must also include a sworn statement that the mark is in use in commerce. Once the PTO has received the application materials, a trademark examining attorney must decide whether the mark can actually be registered.

This decision is then sent to the applicant about three months after the application is filed. A refusal can be appealed to the Trademark Trial and Appeal Board, an administrative tribunal in the PTO. Further refusal can then be appealed to a U.S. District Court and to the U.S. Court of Appeals for the Federal Circuit. The U.S. Supreme Court has jurisdiction to hear further appeals, but rarely does so. Once approval is granted, the mark is published in the *Trademark Official Gazette*, a weekly bulletin from the PTO. Anyone opposing the registration has 30 days after the publication to file a protest with the Trademark Trial and Appeal Board, which acts very much like a trial court. If there is no opposition, about 12 weeks after the mark is published, the registration then becomes official if the application was based upon actual use. If the application is, instead, based upon an intention to use the mark, the trademark owner then has six months to either use the mark in commerce or request a six-month extension. Once the mark is used, a statement-of-use form must be filed.

There is now a rebuttable presumption that if a trademark is not used for three years, it has been abandoned. Under a rebuttable presumption, the owner has the burden of demonstrating that the trademark was in use in any infringement suit.

Journalists should become acquainted with the registration process in case they deal with stories about trademarks because it can play a major role in determining the outcome of an infringement suit or a suit over ownership of the mark. A good start is the online PTO booklet, *Basic Facts About Trademarks*. The U.S. Trademark Association, a private organization in New York City, also distributes informative materials, and the American Bar Association's Section on Intellectual Property Law has published a booklet, *What Is a Trademark?*

Grounds on which marks can be excluded from registration include that the mark:

1. Disparages or falsely suggests a connection with people, organizations, beliefs, or national symbols or brings them into contempt or disrepute.
2. Consists of or simulates the flag, coat of arms, or other insignia of the United States, a state, a city, or any foreign country.
3. Is immoral, deceptive, or scandalous.
4. Is the name, portrait, or signature of a living person unless he or she has given permission.
5. Is the name, portrait, or signature of a deceased U.S. President while his or her surviving spouse is alive unless the spouse has given consent.

6. Is so similar to a mark previously registered that it would be likely to confuse or deceive a reasonable person.
7. Is simply descriptive or deceptively misdescriptive of the goods or services.

If an applicant can demonstrate that a mark already being used in commerce has become distinctive enough that the public now identifies the goods or services with the mark, it can be registered even if it is merely descriptive.

Trademark registration is not restricted to commercial enterprises, of course. Nonprofit organizations, trade associations, and other groups as well as individuals can register trademarks. For example, the Society of Professional Journalists (SPJ) registered its name and logo along with the name Sigma Delta Chi. Trade names such as International Business Machines Corporation and Pepsi-Cola Bottling Company cannot be registered as trademarks under the federal statute, but the name associated with the product or service (i.e., IBM, Pepsi-Cola, etc.) can be registered and the corporation name can be filed and registered with the appropriate official (usually the Secretary of State) in each state.

Some of the owners of very popular trademarks such as Xerox, IBM, Kleenex, and Kodak sometimes purchase ads in mass media trade publications such as *Editor & Publisher*, *Broadcasting & Cable*, and the *Quill* (published by SPJ) informing journalists that their names are registered trademarks and should be identified as such. Many famous former trademarks such as cornflakes, linoleum, mimeograph, escalator, and raisin bran went into public domain and thus lost their protection as trademarks because they were abandoned or the owners did not aggressively fight infringers. Some companies often send out press releases and buy ads requesting that their trademarks be used as proper adjectives in connection with their products and services and not as verbs. Advertisers are particularly irked when news stories mention trademarks without identifying them as such.

Some companies have reputations for notifying media outlets when they believe their trademarks have been used inappropriately, probably because they feel this is one way of demonstrating a strong effort to protect their marks in case an infringement occurs and they have to counter the claim from a defendant that a mark has become generic and no longer worthy of protection. While a company would have no real basis for claiming infringement simply because a news or feature story made generic use of a trademark, savvy advertisers and public relations practitioners remind reporters, editors, and other journalists from time to time that good journalistic practice dictates appropriate acknowledgment of trademarks.

Thousands of court battles have been fought over trademarks over the years about products from beer to cars. Even universities have entered the fray. Toyota and Mead Data General once fought in U.S. District Court over Toyota's use of Lexus as the trademark for its luxury cars. Mead Data argued that the car line name was so similar to Lexis, the trademark for Mead's computerized information retrieval service, that consumers would be confused. Toyota argued that consumers did not confuse Pulsar cars by Nissan with Pulsar watches or Lotus computer software with Lotus autos.

Ultimately, a U.S. District Court Judge agreed with Toyota and permitted the registration, and the Second Circuit U.S. Court of Appeals upheld the decision.⁴⁵ Toyota later changed the logo for the cars under its own name to one with three ellipses.

The PTO Trademark Trial and Appeal Board affirmed the decision of the trademark examining attorney that Churchill Downs, Inc., in Louisville, Kentucky be allowed to register The Kentucky Derby as a trademark for use on various consumer goods. The registration had been challenged by a gift shop operator who argued that the slogan was merely descriptive or generic. Products licensed include Derby-Pie, a delicious chocolate and pecan pie that spawned numerous copycats, none of which can bear the Derby-Pie trademark without consent. Derby-Pie is licensed to Kern's Kitchen Inc., a Louisville baking company. The company has been aggressive, as trademark owners must be, in protecting its trademark. In 1994 Kern's successfully sought a court order to ban Nestlé USA from using the term "derby pie" after Nestlé printed a "derby pie" recipe on the back of some of its chocolate chip packages. Twelve years later when a "Kentucky Derby Pie" recipe showed up on a Nestlé-owned Web site, meals.com, Kern's filed a motion in court, claiming Nestlé had violated the earlier order.⁴⁶

Harvard University was the last Ivy League school to register its name as a trademark. More than 100 colleges and universities have registered their names as trademarks. Usually the schools then license their products through one of the major licensing firms for a set fee and a percentage of the profits from the sales of products. The battles over university names can sometimes get interesting, as witnessed by the fight between Ohio State University and Ohio University in 1997 over the use of the word "Ohio." Ohio University registered the name as a trademark in 1993, but Ohio State University did not find out about it until three years later.⁴⁷

Pizza Hut and Donatos Pizza reached an out-of-court settlement in 1997 when Pizza Hut agreed to pay its smaller rival an undisclosed sum to be able to call its new pizza "The Edge," not to be confused with the U2 musician. Donatos had sued Pizza Hut for trademark infringement after Pizza Hut launched a \$55 million advertising campaign for The Edge. Donatos said the name was substantially similar to its "Edge to Edge," which it had been using for years.⁴⁸ The Maine Lobster Promotion Council and the National Pork Producers Council, both trade organizations for promoting their respective products, clashed in federal court after negotiations broke down over the lobster group's use of the term "Ultimate White Meat," which the pork folks argued was too similar to its use of "The Other White Meat," registered as a trademark four years earlier.⁴⁹

Some registration attempts have been unsuccessful such as Anheuser-Busch Inc.'s failed effort to use the LA mark for its low alcohol beer. The Seventh Circuit U.S. Court of Appeals upheld the decision of a U.S. District Court that LA was merely descriptive and thus had not acquired the requisite secondary meaning, or distinctiveness. According to the court, the common sense view is:

. . . that, as a practical matter, initials do not usually differ significantly in their trademark role from the description words that they represent . . . [and thus] . . . there is a heavy burden on a trademark claimant seeking to show an independent meaning of initials apart from the descriptive words which are their source.⁵⁰

Once a federal registration is issued by the PTO (usually about six months after an application is filed if there is no opposition from another party and if the trademark examining attorney gives approval), the owner gives notice of registration by using the ® symbol or the phrase “Registered in U.S. Patent and Trademark Office,” or the abbreviation “Reg. U.S. Pat. & Tm. Off.” These registration indications cannot be used before registration, but the owner is free to use TM or SM as symbols for trademark and service mark, respectively, although he or she is not required to do so. Recall that under the federal statute, registration is not required for trademark protection, although there are many advantages to registration, as enumerated above.

The Trademark Law Revision Act of 1988 made another important change that may have an impact on some nontraditional forms of communication, especially parodies. The Act includes a provision that permits a trademark owner to recover damages and, under other provisions of the Act, obtain an injunction for product or service misrepresentation. The provision applies only to commercial use, not to political communication or editorial content, but it appears aimed at specific product disparagement, although some forms may continue to be protected such as that in *L.L. Bean, Inc. v. Drake Publishers, Inc.* (1987).⁵¹

When Drake published a sex catalog parodying L.L. Bean’s clothing catalog, L.L. Bean filed suit, claiming that *L.L. Bean’s Back To School-Sex-Catalog* violated Maine’s anti-dilution statute. (Such statutes are aimed at protecting trademarks and similar names from suffering disparagement and thus having their commercial value chipped away through unauthorized use.) The First Circuit U.S. Court of Appeals ruled that since the sex catalog was a noncommercial use, the anti-dilution statute could not be used under the First Amendment to prohibit its publication. (L.L. Bean sought an injunction.) If the sex catalog had been an attempt to actually market products instead of simply an artistic endeavor and had it been published after the new Act took effect in 1989, the Court would probably have ruled in favor of L.L. Bean.

Two common mistakes most people make with trademarks are (1) confusing trademarks with other forms of intellectual property, especially copyrights, and (2) failing to recognize trademarks. An example of the first type of error occurred in news stories about the NC-17 rating system instituted by the Motion Picture Association of America (MPAA). Several major newspapers and at least one wire service reported pornographic movie makers started using the non-copyrighted X rating in the early 1970s, but the NC-17 rating is copyrighted. The truth is that none of the ratings are copyrighted. They are instead registered trademarks. Names and titles cannot be copyrighted, but they can become trademarks. Open the entertainment section of your favorite newspaper and you will clearly see the registered trademark symbol after the rating of each movie, along with the MPAA symbol, also a trademark. The MPAA deliberately chose not to protect the X rating, but it did so by not registering it as a trademark rather than not copyrighting it (which it could not do anyway). The distinction between a trademark and a copyright is very important, and journalists should learn the difference before using the terms, just as they would make sure to use the correct spelling of a spokesperson’s name in a news story.

The second type of mistake is the most common. Most national advertisers know the importance of identifying trademarks, especially their own, but it is not unusual for local and regional advertisers to omit the trademark symbol, particularly when referring to the products of competitors, such as in comparative ads.

Trademarks may be big business, but trademark protection is by no means restricted to profit making enterprises. The word *Olympic* and the Olympic symbol (three intertwined circles and five intertwined circles) are registered trademarks of the International Olympic Committee. Indeed, many businesses, including the U.S. Postal Service, Delta Airlines, and United Parcel Service have paid fees for the use of the Olympic trademarks, and yet *Olympic* is often used in news stories as a generic term. In 1987 the U.S. Supreme Court in a 5 to 4 decision held that the United States Olympic Committee had the exclusive right to use the term and symbol and could therefore bar a homosexual group from using the trademark in its gay olympics events.⁵² On the profit making side, *Star Wars* is a trademark, having been registered by Lucasfilm, Ltd., owned by George Lucas and others, during the height of *Star Wars* mania.

The BBB symbol of the Better Business Bureau is a registered trademark, but the walking fingers logo of yellow page fame is not a trademark. The L'eggs package for women's hosiery is now history because the Sara Lee Corp. phased out the containers in favor of cardboard packaging that is less harmful to the environment, but both the old and the new containers are registered trademarks. (Distinctive packaging can be trademarked.) Sometimes trademarks are changed or even taken off the market at the behest of the government or sometimes because of consumer perceptions. The Kellogg Co. changed the name of its Heartwise cereal to Fiberwise under pressure from the U.S. Food and Drug Administration, which has a policy of discouraging the use of "heart" in brand names.

The U.S. Federal Trade Commission also rescinded its initial approval of *Powermaster* as a brand name for a beer with a higher than usual percentage of alcohol because it has a policy of banning brand names of alcohol that promote the alcohol content. The Procter & Gamble Co. redesigned its decades-old moon-and-stars trademark, including eliminating the curly hairs in the man's beard that looked like sixes. The company filed lawsuits and repeatedly issued statements that attempted to dispel rumors that P&G supported Satan because of the sixes that appeared in the symbol's beard. (The number 666 is mentioned in the Book of Revelation in the Bible in connection with the devil.) The company continued using the trademark in revised form, but it also uses two newer symbols, Procter & Gamble and P&G in a script-like format. In 1985 P&G began omitting the moon-and-stars emblem from most of its products. The company continues to use the symbol (in revised form) in some places.

Even radio and television call letters and sounds can be trademarked, and many stations have registered their calls and distinctive sound identifications to differentiate them in a highly competitive market in which call letters readily alert listeners and viewers to their favorite channels and frequencies such as K-FNS, Fox 100, Cozy'95, Double-Q, and Rock 105.

Trademark names are often linked to current trends. For example, prior to the start of the new millennium, the U.S. Patent and Trademark Office recorded registrations for 117 trademarks that included the word “millennium” and more than 1,500 with the number “2000.” The registrations included *Playboy* magazine’s slogan, “Official Magazine of the Millennium” and one company’s use of “Class of 2000” for its line of clothing.⁵³

Two final notes about trademarks. First, they can last indefinitely so long as they are aggressively protected to avoid dilution and infringement. As noted earlier, registration lasts ten years, but it can be renewed every ten years by filing a renewal application during the six months before the registration ends. (A renewal request can be made only during the six months before the last registration expires—not before and not later.) Second, trademarks, like patents and copyrights, can be sold and transferred by a written agreement or contract just like other types of property. When corporations merge and large companies acquire smaller ones, the trademarks are often among the most valuable assets. Consumers rely very heavily on brand names and trademarks in their decisions, which is why a company will pay hundreds of millions of dollars to acquire an already well-established trademark for a brand of candy bar, for instance, rather than market a similar candy bar under a new trademark. An existing brand is a sure winner; a new name could be a huge risk.

Summary

Trademarks have considerable protection under both state and federal law, but trademark holders must take aggressive steps to ensure that their marks do not become diluted and risk going into the public domain. Most advertisers and other commercial and noncommercial enterprises also constantly monitor the use of their trademarks for possible infringement, while making sure they treat the trademarks of others with appropriate respect.

Copyright

On January 1, 1978, the law of copyright changed dramatically when the Copyright Act of 1976 took effect, and the pieces of what was once a colossal mess acquired some long-needed order. Prior to January 1, 1978, copyrights were governed principally by a federal statute known as the Copyright Act of 1909 that had been revised on numerous occasions over a period of almost 70 years to try to accommodate new technologies and unresolved problems. In 1909 we had no computers, compact disks, photocopy machines, satellites, or television broadcasts, and even radio had reached only an experimental stage. Copyright infringement was certainly possible, and authors definitely needed protection, but it was much more difficult then than it is today to make unauthorized use of a person’s creative work.

The idea of copyright, though, was not new even in 1909. Copyright laws arose as early as the 15th century in Europe with the development of movable type and

mass printing, but they were employed largely as a mechanism for prior restraint in the form of licensing and not as a means for protecting authors. The first federal copyright statute was enacted by Congress in 1790, one year after the U.S. Constitution was ratified and a year before the Bill of Rights took effect. A two-tiered system emerged with the federal statute principally protecting published works and state common law governing unpublished works. That system essentially continued with the 1909 law but was eviscerated by the 1976 statute in favor of a system that made common law copyright unnecessary and theoretically nonexistent.

Congress is often criticized for its laborious, cumbersome, and time-consuming decision making, and some of that criticism may be in order for the deliberations involved in formulating a new copyright statute in the 1970s. But the end result was a well-crafted, albeit imperfect, federal law that differs substantially from the old 1909 scheme. Even the premises of the two are at odds. As Kitch and Perlman note, “Under the old law the starting principle was: the owner shall have the exclusive right to copy his copies. Under the new the principle is: the owner shall have the exclusive right to exploit his work.”⁵⁴ The new law is clearly an author-oriented statute that offers tremendous protection to the creators of original works of authorship.

Closely aligned with Internet copyright concerns in the intellectual property arena are emerging issues involving Internet link law. In a groundbreaking article in *Berkeley Technology Law Journal* outlining the status of the law related to linkages and content on the Internet, St. Louis attorney Mark Sableman outlined cases that engendered considerable interest in linking content from one source to another. In many instances similar names emerge in such cases to potentially confuse those who go to one site expecting one company’s content but finding instead another with perhaps a similar name, or else merely by way of establishing linkages between a personal Web site and Dilbert cartoons or content linked to *Playboy* magazine or newspaper front pages. While linking has often been regarded as fair use by the courts, particularly when we can assume that use of content including trademarks or icons hyperlinking to other sites would be understood to be separate property that would not blur or tarnish an owner’s mark or offer the impression that some form of sponsorship or endorsement exists, there have been occasions in which linking offered “frames” from what might otherwise be considered rather innocuous sources, but then added commercial content or advertising.

Some individuals have intentionally used corporate logos and links in an effort to disparage a company’s services or products. Sableman discusses one such case, *Bally Total Fitness Holding Corp. v. Faber*⁵⁵ in which a health club owner sued an unhappy customer for his “Bally’s Sucks” Web page, in which he used the plaintiff’s trademark. Bally’s also objected to a link from the defendant’s site to another link that it considered pornographic in nature. The court had to determine whether a reasonable consumer would consider the site to have been sponsored by Bally. It ruled a reasonable consumer would not. Sableman also raised the related issue of whether, once someone has entered such a site and then been given the opportunity to exit, a link established to an avowedly family-friendly or family-oriented site somehow tarnishes or diminishes the mark.⁵⁶ He also revisited the issue of whether

association to a business or organization via a link could be deemed to potentially hurt one's reputation through association with an organization or one known to be of lesser or even formally labeled to represent lower quality, such as fan sites existing exclusively to critique a particular broadcast series or a national sports franchise.⁵⁷ Cases involving database rights and protection of copyright will obviously invite additional scrutiny and litigation as time goes by. So we can likely expect a continuing interest in this area.

The Old versus New Law

Some of the major differences between the old and the new copyright statutes are:

1. Under the new law, the duration of copyright protection was considerably increased, even for works that began their protection under the old law. The general term of protection for most works is now the author's lifetime plus 70 years, compared to two 28-year terms under the old law. The initial term was lifetime plus 50 years, but in 1998 President Bill Clinton signed into law the Sonny Bono Copyright Extension Act that increased the U.S. term to the international standard of lifetime plus 50 years.
2. Under the old law, works could generally claim federal copyright protection only if they were published; publication is not required under the new law.
3. The scope of both "exclusive rights" (rights initially conferred solely on the creator of the work) and the types of works included were considerably expanded under the new law.
4. Registration is no longer necessary for copyright protection.

Nature of Copyright under the New Law

Because the Copyright Act of 1976 effectively killed common law copyright, under which states offered perpetual protection for unpublished works, copyright is now strictly a federal statutory matter. More precisely, it arises from Title 17 of the U.S. Code Sections 101–810 and subsequent revisions. Under Section 102, copyright protection extends to "original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." This section enumerates seven categories under works of authorship: (a) literary works; (b) musical works, including any accompanying words; (c) dramatic works, including any accompanying music; (d) pantomimes and choreographic works; (e) pictorial, graphic, and sculptural works; (f) motion pictures and other audiovisual works; and (g) sound recordings.

Section 102(b) notes that copyright protection does not extend to "any idea, procedure, process, system, method of operation, concept, principle, or discovery,

regardless of the form in which it is described, explained, illustrated, or embodied in such work.” Some of these entities may enjoy protection as trademarks, trade secrets, or patents, but they cannot be copyrighted even though works in which they appear can be copyrighted. Section 103 specifies that compilations and derivative works have copyright protection, but this protection extends only to the material contributed by the author of a compilation or derivative work. Thus any preexisting material used in a derivative work or compilation does not gain additional protection but maintains the same protection it had originally. In other words, you cannot expand the protection a work originally enjoyed by using it, whether in whole or in part, in another work such as a derivative work or compilation. Section 101, which contains definitions of terms in the statute, defines a compilation as “. . . a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.” Compilations also include collective works. A compilation can be further defined as “. . . a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.” A derivative work is:

. . . a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications, which, as a whole, represent an original work of authorship, is a ‘derivative work.’⁵⁸

The key differences between a compilation and a derivative work are that (a) a compilation consists of a pulling together of separate works or pieces of works already created whereas a derivative work can trace its origins to one previous work, and (b) the key creative element in a compilation is the way in which the preexisting works are compiled to create the whole, i.e., the new work, but the creative dimensions of a derivative work are basically independent of the previous work.

The film *Gone With the Wind*, which was based on Margaret Mitchell’s book by the same name, is an example of a derivative work. An anthology of poems by Robert Frost, which consisted of poems previously published on their own or in even in other anthologies is an illustration of a compilation that is also a collective work. With certain exemptions such as “fair use” and compulsory licensing for nondramatic musical works, the owner, who is usually the creator, of an original work of authorship acquires exclusive rights that only that person can exercise or authorize others to exercise.

Exclusivity is a very important concept under the current copyright law because copyright owners are essentially granted a monopoly over the use of their works. No matter how valuable a work may be in terms of its scholarship, commercial value, artistic quality, or contribution to society, its copyright owner has the exclusive right to control its use and dissemination during the duration of the copyright. For

example, Margaret Mitchell's heirs, who inherited the rights to her novel when she was killed when hit by an auto in 1949, nixed any sequels to the enormously popular book and movie until 1988 when Warner Books paid \$4.5 million at an estate auction for the right to publish a sequel, although the estate retained the right to choose the author. A series of sequels, including books and movies, would probably have brought in millions of dollars in royalties, but *Gone With the Wind* devotees dying to learn the fate of Rhett and Scarlett had to wait until 1991 for Alexandra Ripley's *Scarlett: Tomorrow Is Another Day*. The 768-page sequel was published simultaneously in 40 countries, with excerpts in *Life* magazine. The television movie followed three years later—all six hours plus commercials. The second sequel to *Gone with the Wind* was published in 2007. The publisher, St. Martin's Press, paid the Margaret Mitchell estate \$4.5 million for the right to publish the book *Rhett Butler's People* authored by Donald McCaig.

Under Section 106 these exclusive rights are:

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

Actual ownership of a work, as opposed to ownership of the copyrights to a work, does not convey any copyrights. For example, if Jan Smurf purchases a videocassette of Walt Disney's (a registered trademark) *Cinderella* (a copyrighted work) at her local Wal-Mart (another registered trademark), she can play the tape to her heart's content in her own home and even invite her friends for an evening of viewing on a big-screen television. However, she does not have the right to make a copy of the tape nor even to play it at a neighborhood fund-raiser for the homeless, no matter how worthy the cause. She does not even have the right to make her own edited version of the film. In other words, purchasing the cassette merely gave her the right to use it in the form in which it was intended to be used—nothing more. She could, of course, lend the movie to a neighbor or even sell her copy to a stranger as long as it was a bona fide copy, and not a pirated version, just as she could with a book or other physical object. Thus her rights are strictly tangible; she has no intangible rights.

As discussed in Chapter 10, the Rev. Martin Luther King Jr.'s estate reached an agreement for the sale of many of the civil rights leader's personal materials, including drafts of the famous "I Have a Dream" speech, to a group of prominent companies

and individuals in Atlanta for more than \$32 million. Under the agreement, the collection was eventually transferred to King's undergraduate alma mater, Morehouse College. As noted in Chapter 10, the \$32 million sale price covered only the right to physically possess the collection, including displaying the materials and making them available to researchers, but it did not include intellectual property rights, including copyright, trademark, and appropriation rights. The estate retained control of those rights, which are probably worth many times the price of the collection alone.

Exclusive rights do not necessarily translate into absolute control over a work, once the work is sold. Under what is known as the first sale doctrine, for example, when a copyright owner sells or gives away a copy of a particular work, the owner essentially gives up the exclusive right to vend that specific copy, including the right to prevent it from being transferred to someone else. Under Section 109(a) of the new Copyright Act, "Notwithstanding the provisions of Section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord." That is why video rental stores do not have to get permission of the copyright owner to rent videocassettes, so long as the copies rented were legally purchased.

However, Section 109(b) provides an exception for computer programs, based on the Computer Software Rental Agreements Act of 1990,⁵⁹ which bars the rental, lease, and lending of computer programs, except for nonprofit libraries and nonprofit educational institutions for nonprofit purposes if a proper copyright warning is posted on the copies. The section also does not apply to video games designed strictly for playing, such as video game modules and computer programs embodied in machines such that the programs ordinarily cannot be copied. The record industry had a similar amendment passed in 1984 for the commercial rentals of phonorecords, except those acquired before October 4, 1984.⁶⁰

In 1998 in *Quality King Distributors, Inc. v. Lanza Research International, Inc.*,⁶¹ the U.S. Supreme Court handed down a decision focusing on the first sale doctrine. Although the case involved the resale of hair care products, the Court's ruling had implications for the sale of other products including videos and CDs by discounters such as Wal-Mart. The dispute involved the multibillion dollar "gray market" in which certain American-made products are initially sold abroad and then resold back in the United States.⁶²

Lanza Research International sold its line of hair care products in the United States only to distributors who contracted to resell them within specific geographic areas and solely to authorized retailers such as barber shops and hair salons. The company advertised and promoted its shampoos and other products in this country but limited its advertising in other countries. As a result, the prices were substantially lower abroad. Both the domestic and the imported versions of the products carried copyrighted labels.

One of the company's distributors in Great Britain sold several tons of the products to another distributor in Malta, which, in turn, sold the products to Quality King Distributors. Without permission of Lanza, Quality King resold them at

deeply discounted prices to unauthorized retailers in the United States. L'anza then sued Quality King, claiming its exclusive rights under the Copyright Act of 1976 had been violated. A U.S. District Court issued a summary judgment in favor of L'anza after rejecting Quality King's first sale defense. The Ninth Circuit Court of Appeals affirmed the trial court decision, but the Supreme Court held that the doctrine was applicable to imported copies. According to the Court, "The whole point of the first sale doctrine is that once the copyright owner places a copyrighted item in the stream of commerce by selling it, he has exhausted his exclusive statutory right to control its distribution."⁶³ The Clinton administration, represented by the Solicitor General of the United States, had argued on the side of L'anza, contending that five international trade agreements had already been reached to allow domestic copyright owners to stop unauthorized importation of validly copyrighted copies of works. The Supreme Court, however, called these actions "irrelevant" to interpretation of the Copyright Act.

This decision does not in any way grant the purchaser of a copyrighted work the right to alter the work and then resell it nor to make copies of the work and sell them. It does, however, grant major discounters and other retailers the right to resell copyrighted products or products with copyrighted labels that have been brought back into the United States after being sold abroad.

Creation of Copyright

Probably the most important difference between the old and the new copyright statutes is the point at which copyright protection begins. Under the 1909 statute, federal copyright protection generally could not be invoked until a work had been published with notice of copyright. There were a few exceptions to this general rule, but unpublished works were basically protected only under state law or what was known as common law copyright, as mentioned earlier. Common law copyright certainly had some advantages, including perpetual protection for unpublished works, but, with each state having its own common law, there was no uniformity. The 1976 Copyright Law solved this problem very easily. Copyright exists automatically:

. . . in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.⁶⁴

No registration is necessary. No publication is required. Not even a copyright notice has to be placed on the work for it to be copyrighted. This is one of the most difficult aspects of copyright for laypersons, including mass media practitioners, to understand. In the copyright workshops for laypersons taught by the author of this text, the most frequently asked question is, "What do I do to copyright my book (or other creative work)?" The answer is simply "nothing" because the work was copyrighted the very second it was created in a tangible medium. Nothing could be simpler. No hocus-pocus, smoking mirrors, or other magic. Not even a government form to complete.

The question the person actually wants answered is, “How do I register the copyright for my work?” There are definitely some major advantages to registration, but this step is absolutely not essential to secure copyright protection. The only requirements are creation and fixation in a tangible medium. A work is created under the statute “when it is fixed in a copy or phonorecord for the first time.”⁶⁵ Thus a work cannot be copyrighted if it exists only in the mind of its creator, but once it is fixed in a tangible medium, the protection begins.

When a work is developed over time, the portion that is fixed at a particular time is considered the work at that time. For instance, the copyrighted portion of this textbook at the time these words are being written on the computer processor consists of everything written thus far to the end of this sentence. If a work is prepared in different versions, each version is a separate work for purposes of copyright. Thus the first edition of this book is considered a separate work from the second edition and so on. When is a work actually fixed in a medium? According to Section 101:

A work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, that are being transmitted, is ‘fixed’ for purposes of this title if a fixation of the work is being made simultaneously with its transmission.⁶⁶

Suppose an enterprising skywriter composes a love poem in the sky to her fiancé during half-time in the final game of the World Series. A few miles away another romantic scribbles in the ocean sand the opening of a modernized version of the great film epic, *Beach Blanket Bingo*. How can these two original works of authorship be copyrighted? Both face a major obstacle—they are not yet fixed in a tangible medium of expression. Almost as soon as the love poem is written in the sky, it evaporates into thin air. Thus its transitory nature prevents it from being “fixed” for purposes of copyright. The same holds true for the film’s opening sequence since it ends up blowing in the wind. How do we “fix” them? An easy way would be to write them on a piece of paper or perhaps photograph or videotape them before they fade. But won’t paper eventually deteriorate? (The yellowed and tattered newspaper clippings from our glory days in high school are testament to this.) Fixation does not require permanency—only, as indicated above, that the medium be sufficiently permanent or stable to allow it to be perceived, copied or otherwise communicated for more than a transitory duration.

Copyright law must be flexible enough to accommodate new technologies, but this idea is not new. In *Burrow-Giles Lithographic Company v. Sarony* (1884),⁶⁷ the U.S. Supreme Court ruled for the first time that photographs enjoyed copyright protection even though the Copyright Act of 1790 written nearly 50 years before the invention of photography made no mention of this medium, of course. In the decision, the Court pointed to the fact that Congress had included maps and charts in the first Copyright Act. The case arose after renowned New York studio photographer Napoleon Sarony sued a printer for copyright infringement after it made at least

85,000 copies of a photo Sarony had taken of the notorious British playwright, novelist and poet Oscar Wilde. The Court said the photo was “an original work of art . . . and of a class of inventions for which the Constitution intended that Congress should secure to him [Sarony] the exclusive right to use, publish and sell. . . .”⁶⁸ Six years later, the U.S. Supreme Court justices visited New York and sat for a photo taken by Sarony to commemorate the 100th birthday of the U.S. federal judiciary.⁶⁹

Copyright Owners

There is a world of difference between the treatment of copyright ownership under the 1909 statute and co-existing common law and the treatment under the Copyright Act of 1976. Prior to January 1, 1978 (the effective date of the new statute), when an author, artist, or other creator sold his or her copyright, the presumption was that all rights had been transferred unless rights were specifically reserved, usually in writing. An artist who sold her original painting to someone effectively transferred copyright ownership as well because the common law recognized that the sales of certain types of creative works invoked transfer of the copyright to the purchaser. Now the presumption works in the opposite direction. None of the exclusive rights enumerated above nor any subdivision of those rights can be legally transferred by the copyright owner unless the transfer is in writing and signed by the copyright owner or the owner’s legal representative.

Under the new statute, unless a work is a “work made for hire,” the copyright is immediately vested in the creator. If a work has more than one creator (i.e., joint authorship), the copyright belongs to all of them. The creator or creators can, of course, transfer their rights but the transfer of any exclusive rights must be in writing. Oral agreements are sufficient for the transfer of nonexclusive rights. For example, a freelance artist could have a valid oral agreement with an advertising agency to create a series of drawings to be used in commercials for a life insurance company. At the same time, she could have an agreement with a magazine to prepare similar illustrations for a feature story.

On the other hand, if the artist chose to transfer an exclusive right such as the sole right to reproduce the drawings or even a subdivided right such as the right to reproduce the drawings in commercials or the right to produce a derivative work such as a training film based on the drawings, she would need to make the transfer in writing for it to be binding. The sole exception to this rule is a work made for hire, which exists in two situations, as defined in Section 101:

- (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 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.

In the case of a work made for hire, the employer is considered the author for purposes of copyright and automatically acquires all rights, exclusive and nonexclusive, unless the parties have signed an agreement to the contrary. Thus the employer effectively attains the status of creator of the work. A regular, full-time reporter for a newspaper, for instance, would have no rights to the copy she created for the paper. The newspaper would own the copyright.

On the other hand, a photo sold by a freelance photographer for use in a news story normally would not be a work made for hire unless the photographer, who is contractually an independent contractor, and the newspaper firm had signed a contract specifically stating that the photo would be a work made for hire.

NBC-TV “Tonight” host Jay Leno once caught the wrath of shock jock Howard Stern over the rights to show a tape of his show on which Stern was a guest. The shock jock had appeared three months earlier on the show with two women in bikinis who kissed on the lips while the show was taped. When the show was broadcast later, that scene was edited, and NBC refused to grant Stern the rights to re-broadcast the unedited version on his E! cable program. Even though Stern appeared on the show, NBC, not the shock jock, owned the copyright.⁷⁰

Work Made for Hire: *Community for Creative*

Non-Violence v. Reid (1989)

Freelancers create much of the copyrighted material today, and work made for hire principles play a major role in the copyright status of their creative output. Unfortunately, the 1976 law left a gaping hole on this issue because even though the statute defines dozens of terms from an “anonymous work” to a “work made for hire,” there is no definition of “employer,” “employee,” or “scope of . . . employment.” In 1989, however, the U.S. Supreme Court settled some perplexing questions regarding work made for hire by enunciating a clear principle for determining whether an individual is an employee. In *Community for Creative Non-Violence v. Reid* (1989),⁷¹ in an opinion written by Justice Thurgood Marshall, the Court unanimously held:

To determine whether a work is for hire under the Act [Copyright Act of 1976], a court must first ascertain, using principles of general common law of agency, whether the work was prepared by an employer or an independent contractor. After making this determination, the court can apply the appropriate subsection of Section 101.

The Court then indicated those factors under the general common law of agency to be applied in determining whether the hired party is an employee or an independent contractor, including:

. . . the hiring party’s right to control the manner and means by which the product is accomplished. Among the other factors relevant to this inquiry are the skill required; the source of the instrumentalities and tools; the location of

the work; the duration of the relationship between the parties; whether the hiring party has the right to assign additional projects to the hired party; the extent of the hired party's discretion over when and how long to work; the method of payment; the hired party's role in hiring and paying assistants; whether the work is part of the regular business of the hiring party; whether the hiring party is in business; the provision of employee benefits; and the tax treatment of the hired party. . . . No one of these factors is determinative. [footnotes omitted]⁷²

Agency law deals with the relationship between two individuals or between an individual and a corporation or other entity in which the person performs a task for the other within the context of employer–employee, employer–independent contractor, or other similar relationships. The factors mentioned by the Court are among those cited by other courts in determining the relationship. Note the Court's holding that no one of these is determinative; instead all of the factors are considered as a whole in the analysis. The facts of *CCNV v. Reid* are rather interesting and provide insight into the Court's reasoning and its conclusion that sculptor James Earl Reid was an independent contractor. They also reinforce the need for written agreements in such situations.

In 1985 CCNV, a Washington, D.C. nonprofit organization for eliminating homelessness in America, reached an oral agreement with a sculptor to produce a statue with life-sized figures for display in the annual Christmas season Pageant of Peace in Washington. The original idea for the display came from association members. After negotiations over price and the materials used to make the statue, Reid and CCNV agreed to limit the cost to no more than \$15,000, excluding Reid's donated services. The sculpture was made from a synthetic material to keep costs down. Reid was given a \$3,000 advance. At the suggestion of a trustee of the organization, Reid observed homeless people both at CCNV's Washington shelter and on the streets for ideas on how to portray the figures in the statue to be titled "Third World America."

Throughout November and the first half of December, Reid worked exclusively on the statue in his Baltimore studio, where he was visited by several members of the agency who checked on his progress and coordinated construction of the statue's base, which CCNV built on its own. CCNV paid Reid in installments, and he used the funds to pay a dozen or so people over time who served as assistants during the process. During their visits, CCNV representatives made suggestions about the design and construction of the sculpture, and the artist accepted most of them such as depicting the family (a man, woman, and infant) with their personal belongings in a shopping cart rather than in a suitcase, as Reid had wanted.

When Reid delivered the completed work on December 24, 1985, he received the final installment of the agreed price of \$15,000. CCNV then placed the statue on its base (a steam grate) and displayed it for a month near the pageant, after which it was returned to Reid for minor repairs. Several weeks later a trustee devised plans to take the work on a fund-raising tour of several cities and the creator objected because he felt the statue would not withstand the tour. When asked that the sculpture be returned, Reid refused, registered the work in his name with the

U.S. Copyright Office and announced his intentions to take the sculpture on a less ambitious tour than CCNV had planned. The trustee immediately filed copyright registration in the agency's name and CCNV then sued Reid and his photographer (who never appeared in court and claimed no interest in the work) for return of the sculpture and a decision on copyright ownership.

A U.S. District Court judge granted a preliminary injunction, ordering that the piece be returned to CCNV. (Injunctions are among the remedies available to copyright owners against infringers.) At the end of a two-day bench trial, the court decided that CCNV exclusively owned the copyright to the sculpture since it was a work made for hire under Section 101 of the Copyright Act.

According to the district court, the agency was "the motivating force" in "Third World America's" creation and Reid was an employee for purposes of copyright. The U.S. Court of Appeals for the District of Columbia held that Reid owned the copyright because the sculpture was not a work made for hire and thus reversed the trial court ruling and remanded the case.

According to the appellate court, "Third World America" was not a work made for hire under any of the provisions of the Copyright Act, including Section 101. Applying agency law principles, the court thus held that Reid was an independent contractor, not an employee, although the court did remand the case back to the trial court to determine whether Reid and CCNV may have been joint authors. The U.S. Supreme Court affirmed the decision of the U.S. Court of Appeals and remanded the case back to the trial court to determine whether CCNV and Reid were joint authors of the work.

Although *CCNV v. Reid* did not settle all of the questions surrounding the concept of work made for hire, it gave clearer guidance for the lower federal courts and remains one of the most important copyright cases decided by the Court since the new law took effect. At the time the case was decided, there were several conflicting lower appellate court holdings on the issue. Now it is clear that the presumption will be that a work is not a work made for hire unless a written agreement indicates the existence of the traditional employer–employee relationship. The legislative history of the 1976 Act provides strong evidence that Congress meant to establish two mutually exclusive ways for a work to acquire work made for hire status, as indicated in Section 101.

The Court also pointed out that "only enumerated categories of commissioned works may be accorded work for hire status . . . [and that the] . . . hiring party's right to control the product simply is not determinative." The Court specifically rejected an "actual control test" that CCNV argued should be determinative. Under such a test, the hiring party could claim the copyright if it closely monitored the production of the work, but the Supreme Court said this approach "would impede Congress' paramount goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership." The Court went on to note:

. . . Because that test hinges on whether the hiring party has closely monitored the production process, the parties would not know until late in the process, if not until the work is completed, whether a work will ultimately fall within Section 101(1).⁷³

The idea, as the Court believed Congress intended in 1976, is that it must be clear at the time a work is created who owns the copyright.

Works Not Protected by Copyright

People unfamiliar with the law wrongly assume that any creative work can be protected by copyright. While the 1976 statute is broad, certain types of works do not fall under its wings. The most obvious example is a work that has not been fixed in a tangible medium, but the Copyright Act excludes “any idea, procedure, process, system, method of operation, concept, principle, or discovery.”⁷⁴ While such works have no protection in and of themselves, expressions of them can be copyrighted.

A university professor who writes a textbook based on his ideas about mass communication law and ethics, for example, cannot protect his ideas *per se*, but the expression of those ideas—a book—is copyrighted the moment it is created and put in a tangible medium. Titles, names, short phrases, slogans, familiar symbols and designs, and mere listings of ingredients and contents have no copyright protection, although these may enjoy other forms of legal protection such as trademarks. Any attorney practicing copyright law can verify one of the most common questions clients ask: “What do I need to do to copyright this great idea I have?” The shocking answer is “Sorry. You can’t copyright an idea; you can only copyright the expression of that idea.” After a discussion about original works of authorship, tangible media, and automatic copyright, the client usually recovers from the shock.

A 1980 Second Circuit U.S. Court of Appeals decision demonstrates how the courts divide the line between an idea and the expression of an idea. In *Hoehling v. Universal City Studios, Inc.* (1980),⁷⁵ the federal appellate court ruled that Universal had not infringed on the copyright of A.A. Hoehling’s book, *Who Destroyed the Hindenburg?* in a movie about the explosion of the German dirigible at Lakehurst, New Jersey in 1937. The film was based on a book by Michael Mooney published in 1972, 10 years after Hoehling’s work.

Both books theorized that Eric Spehl, a disgruntled crew member who was among the 36 people killed in the disaster, had planted a bomb. While the 1975 movie, which was a fictionalized account of the event, used a pseudonym for Spehl, its thesis about the cause of the tragedy was similar to the theory in Hoehling’s book. (Investigators concluded that the airship blew up after static electricity ignited hydrogen fuel, but speculation still abounds.)

A U.S. District Court judge issued a summary judgment in favor of Universal City Studios and the U.S. Circuit Court of Appeals upheld the decision. According to the court:

A grant of copyright in a published work secures for its author a limited monopoly over the expression it contains. The copyright provides a financial incentive to those who would add to the corpus of existing knowledge by creating original works. Nevertheless, the protection afforded the copyright holder has never extended to history, be it documentary fact or explanatory hypothesis.

The rationale for this doctrine is that the cause of knowledge is best served when history is the common property of all, and each generation remains free to draw upon the discoveries and insights of the past. Accordingly, the scope of copyright in historical accounts is narrow indeed, embracing no more than the author's original expression of particular facts and theories already in the public domain.⁷⁶

Hoehling claimed there were other similarities, including random duplication of phrases and the chronology of the story, but the court saw no problem with such overlap:

. . . For example, all three works [Hoehling had sued the author of a second work with a similar thesis as well] contain a scene in a German beer hall, in which the airship's crew engages in revelry prior to the voyage. Other claimed similarities concern common German greetings of the period such as 'Heil Hitler,' or songs such as the German National anthem. These elements, however, are merely *scenes a faire*, that is, 'incidents, characters or settings which are as a practical matter indispensable, or at least standard, in the treatment of a given topic.' [footnote omitted]⁷⁷

Four more categories of work also lack copyright protection:

1. Any work of the United States Government, although the Government can have copyrights transferred to it by assignment, bequest or other means. State and local governments are not precluded from copyrighting works; only the federal government comes under this rule.
2. Works consisting wholly of common information having no original authorship such as standard calendars, weight and measure charts, rulers, etc. Works that contain such information can be copyrighted even though the information itself cannot be. For instance, a calendar with illustrations of herbs for each month could be copyrighted but the copyright would extend only to the illustrations and original work, not the calendar itself.
3. Public domain works, i.e., works that were never copyrighted or whose copyright duration has expired.
4. Facts.

The Copyright Act of 1976 prohibits the federal government from copyrighting works it creates, but the government can acquire copyright for works it did not create. U.S. postage stamp designs are copyrighted, as witnessed by the copyright notices in the margins of sheets and booklets, in spite of the fact that the U.S. Postal Service is a semiautonomous federal agency. Typically, the Postal Service contracts with freelance artists who design the stamps and then transfer the copyrights to the agency. Classic stamps featuring media greats Joseph Pulitzer and Edward R. Murrow, for example, require permission for their commercial use.

Most government works such as Federal Trade Commission pamphlets on fraudulent telephone schemes and U.S. Public Health Service studies on AIDS are not copyrighted. Beginning March 1, 1989 (when the United States joined the Berne Convention), publications incorporating noncopyrighted U.S. government works or portions of such works were required to carry notices indicating that such use had been made. These publications were also required to specify either (1) the portion or portions of the work that are federal government material, or (2) the portion or portions of the work for which the author is asserting copyright. Such a notice is no longer mandatory, but the U.S. Copyright Office still recommends that such a notice be posted to prevent innocent infringement.⁷⁸

Remember that under the 1909 law, copyright protection lasted for a maximum of two terms of 28 years each for a total of 56 years. Even works copyrighted before the new law took effect had the period of protection extended, but any work that was copyrighted prior to 1903 or any work whose copyright was not timely renewed no longer has protection. Thus some works copyrighted as late as 1949 went into the public domain because no copyright renewal application was filed. For that reason you can find great prices on some old movies and television shows, including classics, at your local Wal-Mart or Target. Copyright owners simply did not bother at the time to renew the copyrights.

Once a work becomes public domain property, no royalties have to be paid and no permission needs to be sought from any owner. Usually, the copyright owners felt some works had no viable market. No videocassette recorders and no iPods were around and it was thought that television viewers had lost interest in old films and vintage TV shows. However, copyright owners who had foresight filed applications for renewal and were amply rewarded when the VCR and cable television created a market for nostalgia.

During World War II, “Rosie the Riveter” became a famous icon for women who provided logistical support for the war by working in factories, government offices, and other settings. Two of the posters bearing the image of “Rosie” (who was actually a collection of various women—not just one woman) became particularly well known. One was created by J. Howard Miller and the other by Norman Rockwell. Rockwell copyrighted his poster but Miller did not. Guess which one has been more widely used? Miller’s image, of course, because there is no charge to reproduce it.

The consequences of failing to renew a copyright were evident in a 2003 decision handed down by the U.S. Supreme Court that involved the intersection of copyright and trademark law. *Dastar Corp. v. Twentieth Century Fox Film Corp.*⁷⁹ addressed the question of whether the owner of a work whose copyright has expired has the right to sue others who copy the work once it goes into the public domain and then palm it off as their own (“reverse passing off”) and whether those who do can be held liable for violating the Lanham (trademark) Act. The case arose after Dastar issued a set of videos entitled “World War II Campaigns in Europe” made from copies of a television series based on General Dwight D. Eisenhower’s World War II book, *Crusade in Europe*. (Eisenhower later became U.S. President.) An affiliate of

Twentieth Century Fox Film acquired exclusive television rights for the book from Doubleday, the book's publisher. In 1975 Doubleday renewed the book's copyright, but Twentieth Century Fox did not renew the copyright to the television series when it expired in 1977. The broadcast originally aired in 1949.

Later SFM Entertainment and New Line Home Video bought exclusive rights from Fox to manufacture and distribute the series on video. Dastar released its video set with no attribution or acknowledgment to Fox, SFM Entertainment, or New Line Home Video and priced it much lower than the SFM–New Line videos. The U.S. Supreme Court held that Section 43(a) of the Lanham Act, which deals with false or misleading designation of origin, did not bar “the unaccredited copying of an uncopyrighted work.” According to the Court in its 8 to 0 decision, Dastar had simply “taken a creative work in the public domain, copied it, made modifications (arguably minor) and produced its very own series of videotapes.” The Court said “origin” under the Lanham Act referred to the origin of the physical products (the tapes), not the creator of the underlying work that had been copied.⁸⁰

Even under the 1909 statute, facts alone could not be copyrighted. The expression of facts does enjoy protection, of course. Thus while news cannot be copyrighted, newscasts can be. In *Miller v. Universal City Studios* (1981),⁸¹ the Second U.S. Circuit Court of Appeals overturned a U.S. District Court decision that Universal had infringed the copyright of Gene Miller, a Pulitzer Prize-winning reporter for the *Miami Herald*, in a book entitled *83 Hours Till Dawn*, about Barbara Mackle. Mackle was rescued after being kidnapped and buried underground for five days in a box in which she could have survived for only a week. The trial court was impressed by the approximately 2,500 hours Miller said he had spent researching and writing the book: “To this court it doesn't square with reason or common sense to believe that Gene Miller would have undertaken the research required . . . if the author thought that upon completion of the book a movie producer or television network could simply come along and take the profits of the books and his research from him.”⁸²

Although there were several similarities between Miller's book and the script for Universal's docudrama, *The Longest Night*, including some factual errors, the appellate court ordered a new trial on the ground that “the case was presented and argued to the jury on a false premise: that the labor of research by an author is protected by copyright.”⁸³ The court indicated that Miller had presented sufficient evidence that an infringement may have occurred but on other theories of copyright law, not on the basis of research alone.

“The valuable distinction in copyright law between facts and expression of facts cannot be maintained if research is held to be copyrightable. There is no rational basis for distinguishing between facts and the research involved in obtaining the facts,”⁸⁴ according to the Appeals Court.

In 1991 the U.S. Supreme Court attempted to clarify the concept of *originality*, which is closely linked to the facts versus compilation of facts distinction. In *Feist Publications, Inc. v. Rural Telephone Service Co.*,⁸⁵ the Court unanimously held,

in an opinion by Justice O'Connor, that the white pages of a telephone directory could not be copyrighted. The case involved a telephone book publisher that used the names and telephone numbers from a telephone company's directory to compile its own area-wide telephone directories. The Court noted that while the telephone company could claim copyright ownership to the directory as a whole, it could not prevent a competitor from using its compilation of names, towns, and phone numbers to create its own directory. Facts are not copyrightable, the justices said, but compilations of facts can generally be copyrighted.

The decision stressed that hard work or "sweat of the brow" is not enough; there must be originality, which the Court characterized as the *sine qua non* of copyright. "To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice," Justice O'Connor wrote. She went on to note that originality and novelty are not the same for purposes of copyright and cited the example of two poets who independently create the same poem: "Neither work is novel, yet both are original and, hence, copyrightable."

Next, a moment of silence, please. In 2002 a British composer settled out of court for £100,000 (about \$180,000) with the estate of American composer John Cage, whose 1952 composition entitled "4'33" consisted of 4 minutes and 33 seconds of silence. British composer Mike Batt had included a song entitled "A One Minute Silence" on an album for his rock band, The Planets, that was—you guessed it!—60 seconds of silence, and Batt credited the "song" to "Batt/Cage."⁸⁶ However, before a British court could rule in the case, Batt settled with the John Cage Trust, and both sides were apparently happy.

Misappropriation and Unfair Competition

Misappropriation is a broad tort that covers a variety of situations, including the commercial use of a person's name, image, or likeness. This common law creature, also known as unfair competition, has been incorporated into most state statutes and in the federal Lanham Act, the same statute that in 1947 revised trademark law. It is occasionally invoked in addition to or in lieu of a copyright infringement suit. The idea of the tort, as illustrated in the classic U.S. Supreme Court decision in *International News Service v. Associated Press* (1918)⁸⁷ is that one should not be permitted to compete unfairly through the misappropriation of the toils of another, especially by palming off another's work as one's own. Like copyright infringement, misappropriation is a form of intellectual theft but it usually does not quite approach the standards for copyright infringement.

In *INS v. AP*, the International News Service (INS) owned by the infamous "yellow journalism" publisher William Randolph Hearst, admitted pirating AP stories from early editions of AP member newspapers and from AP bulletin boards. AP claimed that INS also bribed AP employees to get stories before they were actually sent to AP newspapers. INS editors rewrote some of the stories and sent others verbatim to its own subscribers. In its defense, INS claimed that since the AP did not

copyright its stories, the information was therefore in the public domain. INS also claimed that it could not get information about World War I because INS reporters had been denied access to the Allied countries as a result of Hearst's pro-German stance.

In a 7 to 1 decision, the U.S. Supreme Court upheld a Second Circuit Court of Appeals decision granting AP an injunction against INS's use of AP stories. The Court reasoned that while the Constitution does not grant a monopoly, even for a limited period, to the first person to communicate a news event, INS's methods were "an unauthorized interference with the normal operation [of AP's business] . . . precisely at the point where the profit is to be reaped."⁸⁸ The justices concluded that INS's misappropriation of AP's stories created unfair competition that could therefore be prohibited.

Copyright Duration

The term of copyright was fairly simple prior to enactment of the Copyright Act of 1976. Under the 1909 statute, copyright protection began on the day the work was published or on the date it was registered if unpublished and continued for 28 years. If the copyright were renewed by filing the appropriate form and fee with the Copyright Office during the 28th year, the protection continued for another 28-year term and then the work went into the public domain. The new statute is much more generous, but the precise term of protection depends upon a number of factors including whether the work was created before, on, or after January 1, 1978, whether the work is made for hire, and the identifying status of the work. Table 12.1 is an attempt to simplify duration.

For works that had already secured federal copyright protection before January 1, 1978, an additional 19 years of protection was tacked on to the previous maximum of 56 years, assuming the copyright owner filed or files a renewal application during the last year of the first term of 28 years. In effect, this provision created a relatively easy way of equalizing duration of copyright under the 1909 law with duration under the 1976 statute. Congress could have chosen to make the periods precisely the same, but this would have made the calculations extremely difficult since the old law was not tied to an author's life and copyright protection did not begin until registration or publication.

Beginning in 1962, while Congress was debating the provisions of a long-overdue new statute to replace the 1909 one, a series of Congressional enactments extended the second term of all renewed copyrights that would have expired between September 19, 1962, and December 31, 1976.⁹⁰ Then a provision of the 1976 Act extended the period further by granting an automatic maximum of 75 years protection for copyrighted works that had already been renewed and began their second term anytime from December 31, 1976 to December 31, 1977. The extension was automatic because no additional forms had to be filed for the extension (only the renewal form for the second term).

Table 12.1
Copyright Duration in Years⁸⁹

	Identifying Status			
	Author Named	Pseudonym	Anonymous	Work for Hire
Created before 1/1/78	95*	95*	95*	95*
Created after 1/1/78	Life of author + 70**	95/120***	95/120****	95/120****

* If renewal is filed during last (28th) year of first term.

** If more than one author, life of last surviving author plus 70 years.

*** Extends 95 years from publication or 120 years from creation, whichever comes first unless the author's real name is indicated on the copyright registration form in which case the term is the same as an "author named" work.

**** Extends 95 years from publication or 120 years from creation, whichever comes first.

In October 1998, in one of its last acts before adjournment, the 105th Congress passed the Sonny Bono Copyright Term Extension Act, which President Bill Clinton signed into law. The result of extensive lobbying by the Walt Disney Company, the Act granted corporations exclusive copyright of their works for 95 years, 20 years longer than the Copyright Act of 1976 had granted. It also extended the copyright of authors to lifetime plus 70 years, compared to the previous provision of lifetime plus 50 years. The European Union had already granted similar protection for its members in 1995. Congress also approved the Fairness in Music Licensing Act, supported by the National Restaurant Association, which contained a controversial provision exempting restaurants and bars smaller than 3,750 gross square feet and retail businesses of 2,000 square feet or less from paying licensing fees for background music. Larger businesses are also exempt if they use no more than four TV sets or six speakers.

Taken as a whole, the prior extensions and the Sonny Bono Copyright Term Extension Act effectively grant a maximum of 95 years of protection for all copyrighted works that had not lost copyright protection before September 19, 1962. Protection was lost, of course, if the copyrighted work had fallen into the public domain prior to that date either because of a lack of renewal or expiration of both copyright terms. Thus the only way one can safely assume that a work is not copyrighted is to check the copyright notice on the work or the date on the registration form in the copyright office and determine that it was copyrighted more than 95 years ago.

Works Created but Neither Published nor Copyrighted before January 1, 1978

Under the present law, neither publication nor registration is required for copyright but, as already noted, one of these conditions must have been met under the old statute. But what about those works that were never copyrighted but instead were filed away in a drawer or framed on Aunt Sally's wall? Because there was no effective way of establishing a date of creation for these works, Congress had to devise a different scheme for determining how long they were to be protected or even whether they could be copyrighted at all. The solution was simple, although the calculations are a bit complicated. The legislators opted to automatically protect these works, which had enjoyed common law protection in individual states but were no longer shielded by the common law since the new law explicitly nixed common law copyright.

The duration of protection for such works is computed the same way as works created on or after January 1, 1978—life of the author (or last surviving author if more than one) plus 70 years for works whose author is identified or if pseudonymous and the author's actual name is indicated on the registration form. For anonymous works and works made for hire, the protection is 95 years from publication or 120 years from creation, whichever is shorter.

Anyone or any entity, including advertisers and public relations firms, attempting to use works created prior to January 1, 1978 and not previously copyrighted through registration or publication must be very cautious because even very old works may still have copyright protection. This provision in the law is not widely known, even among media professionals. The same defenses, such as fair use, apply to these works as to newer works, but communication practitioners are sometimes lulled into making extensive use of old, unpublished, and unregistered materials on the assumption that they are in the public domain when, in fact, they may still be copyrighted.

Copyright Renewal

For works created on or after January 1, 1978, there is no renewal. When an author has been dead 70 years or for some pseudonymous and all anonymous works and works made for hire, the copyright death bell tolls after 95 or 120 years and anyone can make use of the work in any way he or she sees fit. From January 1, 1978 to June 25, 1992, the copyright also expired if the owner of a work copyrighted prior to January 1, 1978 failed to file a renewal application during the last year of the first 28-year copyright term.

However, all of this changed on June 26, 1992 when Public Law 102-307 took effect. This law, which amended Section 304(a) of the U.S. Copyright Act of 1976, automatically extended copyrights secured between January 1, 1964 and December 31, 1977 an additional 47 years, thus eliminating the need for filing a renewal application. The previous law specifically required that all renewals be filed between December 31 of the 27th year and December 31 of the 28th year of the first term.

If renewal was not achieved during the one-year time frame, the work permanently lost protection. With this automatic extension granted by the 1992 law, renewal has become a moot issue. One final note: all copyright terms run to the end of the calendar year in which the copyright would otherwise expire, thus granting as much as a year of additional protection for some works. For example, a painting by an artist who died on January 1, 2007 would be copyrighted automatically until December 31, 2077.

Copyright Notice

One of the most persistent myths about copyright, perhaps due to the fact that the 1909 statutory requirements were so rigid, is that a copyright notice cannot be placed on a work unless it has been registered. Nothing could be further from the truth. The new law not only permits posting of the copyright notice on all works—registered and unregistered—but actually encourages this practice. Under the 1909 law, published works that did not bear a copyright notice were lost forever in the twilight zone of public domain. Unless they were registered, unpublished works had no federal protection anyway and thus a copyright notice was irrelevant. Until March 1, 1989, when the United States joined the Berne Convention for the Protection of Literary and Artistic Works,⁹¹ published works were required to post correct copyright notices or risk losing protection. Even an incorrect notice subjected a work to possible loss of protection.

Copyright notice is now optional for all works published on or after March 1, 1989, although it is still highly recommended that the notice be posted anyway, as discussed shortly. Copyright notice is still mandatory for works published before March 1, 1989, although failure to include the notice or giving an incorrect notice does not automatically negate the copyright, as it did under the 1909 law. Instead, the copyright owner is permitted to take certain steps, as provided in Sections 405 and 406 of the statute, to preserve the copyright. These steps include (1) registering the work before it is published or before the omission took place or within five years after the error occurs, and (2) making a reasonable effort to post a correct notice on all subsequent copies.⁹² If these steps are not followed, the work will automatically go into the public domain in the United States five years after publication. The work may continue to have protection in some other countries, depending upon their copyright provisions. Some omissions are not considered serious enough to require correction such as failing to place the notice on only a few copies, dating a notice more than a year later after the first publication, and omitting the © symbol or the word “Copyright” or the “Copr” abbreviation.

Although not mandatory for works first published on or after March 1, 1989, a copyright notice is highly recommended since it gives the world notice that the work is protected and provides useful information, including the copyright owner and year of publication, to anyone who may wish to seek permission to use the work. Providing the notice also prevents an individual or organization from claiming innocent infringement as a defense to unauthorized use. Under Section 405(b) of the

Copyright Act, a person who infringes on a copyrighted work by relying innocently upon the omission of a copyright notice on a work published before March 1, 1989 cannot be held liable for actual or statutory damages before being notified by the owner of the infringement.⁹³ The “innocent infringer” must demonstrate that he or she was misled by the omission of notice and can still be sued for any profits from the infringement, if the court allows.

Similar provisions in the statute provide an innocent infringement defense for works first published without notice on or after March 1, 1989. Under Section 401(d) (dealing with “visually perceptible copies”) and Section 402(d) (“phonorecords of sound recordings”), if the correct copyright notice appears on the copies of the work to which an infringer had access, the defendant cannot claim innocent infringement in mitigation of actual or statutory damages (except for employees of nonprofit educational institutions, libraries and archives and employees of public broadcasting entities under certain conditions). Thus it is very important that all published works carry a proper copyright notice, even though it is no longer required.

Under the 1976 statute, copyright notice has never been required for unpublished works, but unpublished works have always been permitted to carry the notice. An individual or organization cannot use the defense of innocent infringement for unauthorized use of an unpublished work. This defense is available for published works that omit the notice. Freelancers, in particular, are often hesitant about posting a notice on unpublished materials, especially those submitted for review, because they believe publishers will be offended. This is, unfortunately, a misconception. The 1976 Copyright Act was designed to offer strong protection to original works of authorship, and the creators of those works should not be reluctant to exercise their rights and to notify others of their intentions. They have nothing to lose by posting a copyright notice on all works—published and unpublished.

Proper Notice

For purposes of notice, the copyright law divides works into two categories:

1. Visually perceptible copies (“copies from which the work can be visually perceived, either directly or with the aid of a machine or device”⁹⁴)
2. Phonorecords of sound recordings⁹⁵

The first category includes all copyrighted works except phonorecords of sound recordings. The distinction is important because the notices are different for the two. For visually perceptible the key three elements of notice are:

1. The symbol © (C encircled) or the word “Copyright” or the abbreviation “Copr”
2. The year of first publication
3. The name of the copyright owner

Examples of proper notices are:

1. © 2007 Roy L. Moore and Michael D. Murray
2. Copyright 2007 Roy L. Moore and Michael D. Murray
3. Copr. 2007 Roy L. Moore and Michael D. Murray

The first example is the one most recommended since it is the only form acceptable under the Universal Copyright Convention (UCC) of which the United States is a member. The UCC was founded in Geneva, Switzerland, in 1952 to attempt to bring international uniformity to copyright and revised its rules at a meeting in Paris in 1971 (which the United States implemented on July 10, 1974). For phonorecords of sound recordings, the notice is the same except the symbol Ⓒ (P encircled) is used instead of the © symbol “Copyright,” or “Copr.” An example is: Ⓒ 2007 Roy L. Moore.

If a work is unpublished, there is no mandatory form for notice since notice is not required anyway, but a recommended form is: Unpublished work © 2007 Roy L. Moore.

For works that incorporate U.S. government materials, the notice must include a statement distinguishing the author’s work from the U.S. government work, if published before March 1, 1989. Two examples are:

1. © 2007 Roy L. Moore. Copyright claimed for all information except information from U.S. government documents on pages 100–110.
2. © 2007 Roy L. Moore. Chapter 10 and photo on page 11 are U.S. government works.

Similar notices should be placed on works published after March 1, 1989, although no longer required. They are particularly useful for informing potential users which portions you are copyrighting.

Placement of Notice

The copyright statute is fairly vague about where a copyright notice should be placed, but the Copyright Office has issued regulations that are quite specific, although flexible.⁹⁶ The statute says simply that for visually perceptible copies, “The notice shall be affixed to copies in such manner and location as to give reasonable notice of the claim of copyright.”⁹⁷ Congress delegated authority to prescribe regulations regarding notice to the Copyright Office in the same provision.⁹⁸ A similar provision governs phonorecords: “The notice shall be placed on the surface of the phonorecord, or on the phonorecord label or container, in such a manner and location as to give reasonable notice of the claim of copyright.”⁹⁹

Examples of conforming positions of notice in the Copyright Office regulations for books are (1) title page, (2) page immediately following the title page, (3) either side of front or back cover, and (4) first or last page of the main body of the work.¹⁰⁰ For collective works, only one copyright notice needs to be given, i.e., it is

not necessary (although it is permissible) for each separate work to carry its own notice. Collective works include magazines, journals, encyclopedias, newspapers and anthologies. The exception to this rule is advertising. If an advertiser wishes to comply with notice requirements, it must include a separate notice either to defeat a defense for innocent infringement or to comply with international regulations.

Copyright Infringement

The Copyright Act of 1976 has considerable teeth for punishing infringers. Chapter 5 of the Act provides a wide variety of remedies, including civil and criminal penalties and injunctions. The 1989 revision implementing the Berne Convention treaty increased the penalties even more. The statute sends a clear message that copyright infringement does not pay. An infringer is defined as “[a]nyone who violates any of the exclusive rights of the copyright owner . . . or who imports copies or phonorecords into the United States in violation of section 602” (“Infringing importation of copies or phonorecords”).¹⁰¹ The list of individuals and organizations who have been sued (many successfully) for copyright infringement reads like a *Who’s Who*. Starware Publishing Corp. and its president were ordered by a U.S. District Court judge to pay Playboy Enterprises \$1.1 million in damages for downloading photographs from a computer bulletin board and then putting them on a CD-ROM for sale. Playboy was also awarded \$50,000 for trademark infringement.¹⁰² Walt Disney Productions ordered the Very Important Babies Daycare Center in Hallandale, Florida, to remove paintings of Mickey and Minnie Mouse, Donald Duck and Goofy from its walls because of copyright infringement.¹⁰³ The characters themselves are trademarks, but their depictions, such as drawings, are copyrighted.

In 2006 a U.S. District Court judge in Philadelphia ordered Multistate Legal Studies, Inc. (MLS) to pay \$12 million in damages to the National Conference of Bar Examiners (NCBE) for copying 113 questions from the Multistate Bar Exam (MBE) for use in bar exam preparation courses.¹⁰⁴ NCBE administers the MBE, which includes multiple-choice questions and an essay and is required for attorney licensing in most states. Most states also require their own state-oriented exams as well.

MLS admitted it had hired individuals to take the MBE and then used that information to write its own simulated exam for individuals who take its Preliminary Multistate Bar Review (PMBR) courses. The company claimed the questions in dispute constituted only 113 out of its bank of more than 3,000 questions.¹⁰⁵ The MBE includes 200 multiple-choice questions, of which 60 are usually from previous exams. Retired MBE questions are available for a licensing fee. The District Court judge calculated the damages based on the \$16 million that PMBR earned in annual gross revenues.¹⁰⁶

Among other things, the enactment of the Family Entertainment and Copyright Act of 2005 in concert with the Artists’ Rights and Theft Prevention Act of 2005 prohibits the use of audiovisual recording devices to transmit or copy motion pictures or other works prior to their commercial release. This makes it clear that the

bootlegging of intellectual property in the form of tapes and DVDs violates federal law.¹⁰⁷ But it is important to note that music and motion picture companies have used the common law tort of copyright infringement rather than relying solely on federal regulation to address the problems they faced in illegal copying and downloading and are continuing to crack down on free downloads of their intellectual property.

The music industry has aggressively challenged and won suits against illegal computer file sharing on P2P networks and also gotten injunctions to effectively close down distribution sites such as Napster. The music trade association RIAA also brought hundreds of suits against individuals downloading free music and began a massive over-the-air education campaign to let the young American public know that theft is theft, regardless of the mode of transmission, and would be aggressively prosecuted. What was once considered so obscure and primitive as to be almost a laughing matter—such as the scene in a classic episode of the TV comedy program “Seinfeld” in which Kramer videotapes a movie in a theatre so he can sell bootleg copies—is now target of lawyers and prosecutors. These suits are increasing in frequency and complexity.¹⁰⁸

In a lawsuit brought by motion picture companies against individuals who were alleged to have offered bootlegged movies online, two Virginia residents were the subjects of a suit brought by the Motion Picture Association of America. This copyright infringement lawsuit was filed along with five others in 2006 in U.S. District Court for the Central District of California. The suit named Warner Brothers Entertainment and Twentieth Century Fox Film Corp. as plaintiffs alleging that copyrighted titles of popular films such as *Napoleon Dynamite* and *Batman Returns* had been sold on the eBay Internet marketplace auction. The complaint stated that the copies were obviously counterfeit because the disks did not contain legitimate file structures and the packaging was different. At the time, a MPAA representative indicated that a total of 37 similar suits had been filed since November of 2006. Other lawsuits had been filed on behalf of MPAA members including Paramount Pictures, Sony Pictures, and Universal City Studios.¹⁰⁹

Legal research firms have entered the fray. After three years of litigation, West Publishing Co. and Mead Data Central, two computerized legal research companies, agreed to a settlement in 1988 under which Mead would pay license fees to use West’s case reporting scheme known as Star Pagination from West’s copyrighted National Reporter System.¹¹⁰ Mead, which, as indicated earlier, owned the Lexis computer research service, claimed that West’s system could not be copyrighted because it lacked originality and was therefore tantamount to public property.

Even when West Publishing Co. merged with Thomson Corp. in 1996, West continued its battle to establish copyright protection for the Star Pagination system. The next year a U.S. District Court judge in New York issued a summary judgment in favor of one of West’s competitors, Matthew Bender,¹¹¹ but another U.S. District Court judge—this one in West’s home state of Minnesota—reaffirmed an earlier Eighth Circuit Court of Appeals decision, granting West protection for its copyright claims.¹¹² The Minnesota case was eventually settled with an agreement

under which the other publisher, Oasis Publishing Co., was granted a license for a reasonable fee to include West's pagination system in a CD-ROM of Florida case law.¹¹³

Garrison Keillor, the star of National Public Radio's (NPR) "A Prairie Home Companion" and the Robert Altman film of the same name, sued the noncommercial radio network in 1988 for copyright infringement after NPR included a Keillor speech in its catalog of cassettes offered for sale. The tape contained Keillor's presentation to the National Press Club which was carried live on NPR. Keillor claimed he owned the rights to the recording and that he had never granted NPR permission to tape and distribute it. The two parties reached an out-of-court settlement in which the radio network agreed to make available 400 cassettes of the speech free to anyone who requested one.¹¹⁴

Although infringement suits usually attract little, if any, attention in the mass media except in cases involving major figures, the stakes can be quite high, especially with videotaped movies and computer software. Two motion picture industry executives, John D. Maatta of N.I.W.S. Productions (a subsidiary of Lorimar Telepictures) and Lorin Brennan of Carolco Pictures, indicate that video piracy takes two basic forms: (1) unauthorized duplication and sale in which a pirate acquires a master, makes duplicates, and then sells them, and (2) "second generation" video piracy in which a pirate forges copyright documents so it appears he or she is the legitimate owner and then goes to another country and forces the rightful owner to prove its claim of title.¹¹⁵

International Protection against Copyright Infringement

U.S. companies are able to take criminal and civil action against infringers in other countries because of various international agreements the United States has signed and conventions treaties we have joined. However, it should be noted that there is no universal international copyright, but instead the treatment afforded works copyrighted in the United States differs considerably from country to country. One of the earliest international copyright agreements was the 1910 Buenos Aires Convention, which the United States joined in 1911 with several Latin American states, including Argentina, Bolivia, and Panama, but there are even earlier bilateral agreements such as the one made with Cuba in 1903 that is still in effect.

The two most important international copyright conventions are the Universal Copyright Convention (UCC) and the Berne Union for the Protection of Literary and Artistic Property (Berne Convention). Both have substantially simplified international copyright by bringing some consistency in international protection. The United States joined the UCC in 1955 and revisions made at a subsequent UCC in 1971 became effective here in 1974. The most sweeping changes in international copyright were wrought by the Berne Convention, which met first in Berlin in 1908 and most recently in Paris in 1971. The United States, however, did not join the convention until March 1, 1989, after 78 other nations were already

members. Some of the changes caused by the federal Act implementing Berne membership were fairly substantial.

The most important impact was that the United States must treat the copyrighted works of nationals of other Berne Convention countries the same as it treats works of its own citizens, and member countries must offer at least the same protection for U.S. works as they do for those of their own citizens.¹¹⁶ The result has been more U.S. firms hauling more international pirates into courts in their own countries so they can be punished. This enables them to really hit the infringers where it hurts—the pocketbook. Finally, all works created on or after March 1, 1989 by citizens of Berne Convention countries and all works first published in a Berne Convention country enjoy automatic protection in the United States. No registration or other formality is necessary.

On January 1, 1996 the International Agreement on Trade-Related Aspects on Intellectual Property Rights (TRIPS), which was part of the General Agreement on Tariffs and Trade (GATT), took effect. The agreement, which affects all members of the World Trade Organization including the United States, allows copyright protection to be automatically restored under certain conditions to works from other countries that had gone into the public domain in the United States. This restoration of copyright, for example, applies to works from countries that had no copyright agreements with the United States at the time the work was published or works that did not have the requisite copyright notice before the Berne implementation act removed that formality.

American authors have also been hauled into the courts of other countries for alleged copyright infringement. Dan Brown, author of one of the most popular novels of all time, *The Da Vinci Code*, and his publisher, Random House, were sued in a British court by two of the three authors of a 1982 nonfiction, historical book, *Holy Blood, Holy Grail*. They claimed Brown had appropriated the central theme of their book. In *Baigent v. Random House Group* (2006),¹¹⁷ a London High Court of Justice judge dismissed the copyright infringement claim, ordering the plaintiffs to pay 85 percent of the defendants' several million dollars in legal fees. He also denied them the opportunity to appeal the decision.

Defenses to Infringement

There are seven major defenses to copyright infringement, although the first one is technically not a defense but a mitigation of damages: (1) innocent infringement, (2) consent, (3) compulsory license (for certain types of works), (4) public property, (5) statute of limitations, (6) expiration of copyright or public domain and (7) fair use. Each of the first six will be briefly explained, and then fair use will be treated in detail.

Innocent Infringement

Innocent infringement, as indicated earlier, occurs when a person uses a copyrighted work without consent upon the good faith assumption that the work is not

copyrighted because the work has been publicly distributed without a copyright notice. The innocent infringer must prove that he or she was misled by the omission of such notice and can still be liable, at the court's discretion, for profits made from the infringement, although the person would not have to pay actual or statutory damages. Thus this claim, if proven, merely mitigates damages; the innocent infringer can still have to fork over any profits.

There are two major limitations to this defense. First, an individual cannot claim innocent infringement in the case of works published after March 1, 1989, the effective date of the Berne Convention Implementation Act of 1988. (The Berne Convention does not require a copyright notice on any works—published or unpublished—and thus effectively prohibits a claim of innocent infringement.) Second, innocent infringement can be claimed only for published works, not for unpublished works since a copyright notice was not required for unpublished works even before March 1, 1989.

Consent

As noted earlier, the transfer of any of the exclusive rights and any subdivision of those rights must be in writing to be effective. This means, quite simply, that consent in most cases must be written. The typical way in which a right is transferred is through a contract. The Copyright Office does not publish a model contract, but there are dozens of copyright and intellectual property handbooks—some geared to attorneys and others aimed at laypersons—that provide sample agreements. Section 205 of the 1976 Copyright Act allows, but does not require, parties to record transfer agreements in the Copyright Office.¹¹⁸

With such a recording, the individual to whom a right or rights have been transferred gains some important legal advantages. Recording serves as constructive notice¹¹⁹ of the terms of the agreement to other parties if certain conditions have been met.¹²⁰ Recordation also provides a public record of the terms of the agreement and, if certain conditions are met, establishes priorities between conflicting transfers.¹²¹ It is extremely important that recordations of transfers comply completely with the provisions in Section 205 and rules of the Copyright Office. A \$95 fee must also be paid for each document containing one title. Additional titles are extra. All transfer documents are first checked by the Copyright Office to make sure they comply with the requirements and are then catalogued and microfilmed for the public record.¹²² Anyone can gain access to copies of the documents through the Copyright Office's online computer file known as COHD or by using the microfilm readers and printers in the Copyright Card Catalog in the Library of Congress in Washington, D.C.¹²³

Another provision in the statute deals with terminations of transfers. Under Section 203, a copyright owner can terminate a grant of any exclusive or nonexclusive right after 35 years by notifying the individual or organization to whom the right was transferred.¹²⁴ This is an often overlooked provision that can certainly work to the advantage of a copyright owner. It applies to both works that were created on and after January 1, 1978, as well as those created before that date so long as

the transfer of rights was executed on or after the date. (Of course, the work must not have already lost copyright protection.) The owner can make the termination effective any time during a 5-year period beginning at the end of 35 years from the date of execution of the transfer or from date of publication, if the transfer involves publication, to the end of 40 years from the day the transfer was effective, whichever term ends first.¹²⁵

This special termination of transfers provision does not apply to works made for hire nor to a grant to prepare a specific derivative work.¹²⁶ Termination of transfers is another fringe benefit of the new copyright law that can be very useful, especially when a work is slow in gaining popularity. The exception regarding derivative works simply provides that where an author has granted someone the right to a particular derivative work, that right cannot be terminated if the specific derivative work has been completed before the five-year termination window. The author can, however, terminate the right of the person to any other derivative works.

Compulsory License

One of the most controversial and complicated provisions of the Copyright Act of 1976 was Section 111, which provides a mechanism by which the “secondary transmission of a primary transmission embodying a performance or display of a work is not an infringement of copyright . . .”¹²⁷ if certain conditions are met. For example, the management of a hotel, apartment complex, or similar type of housing can retransmit the signals of local television and radio stations to the private lodgings of guests or residents if no direct charge is made so long as the secondary transmission is not done by a cable system.¹²⁸

This is a rather complex area of copyright law that deals with cable and satellite transmissions of television programs, phonorecords, jukeboxes, and noncommercial broadcasting. The idea is that by paying a specified fee to the government, the record company or other entity such as a cable company can make use of certain copyrighted works such as songs or television signals without obtaining consent from the copyright holder. Until December 1993, the rates were set by a three-person Copyright Royalty Tribunal, which also distributed the fees (royalties) to the appropriate owners after deducting an amount for overhead. The tribunal was eliminated in 1993 and its powers transferred to ad hoc arbitration panels set up by the Librarian of Congress. The Licensing Division in the U.S. Copyright Office administers the statutory license provisions of the federal copyright statute, including collecting and distributing fees.¹²⁹

The primary beneficiaries of the royalties generated by compulsory licensing have been program syndicators, represented principally by the Motion Picture Association of America (MPAA). This group has typically received more than two-thirds of the licensing revenue each year, but there are several other recipients, including the music industry, represented by the American Society of Composers, Authors and Publishers (ASCAP), Broadcast Music Inc. (BMI), professional and college sports associations, and even National Public Radio (NPR).

Other Types of Licensing

There is one other mechanism for licensing that enables a potential user of a copyrighted work to avoid having to negotiate with individual copyright owners: the blanket license. Blanket licenses, purchased for a fee based on a percentage of a radio or television station's revenue, allow a broadcaster to publicly perform any of the music for which the licensing agency has acquired a nonexclusive right. The two primary licensing agencies in the United States are ASCAP and BMI.¹³⁰ Both organizations serve similar functions. ASCAP, a membership association of approximately 30,000 composers, authors, and publishers founded in 1914, has nonexclusive rights to more than 3 million musical compositions.¹³¹ BMI, a nonprofit corporation formed in 1939, has about 50,000 writer and publisher affiliates and holds nonexclusive rights to the public performance of more than one million musical compositions.¹³² Both agencies grant blanket licenses to broadcast stations so they can use any of the music licensed to the agencies without having to obtain the permission of individual copyright owners. Unlike the old law, the 1976 statute makes it clear that playing a recorded copyrighted song without consent or a license is infringement.

Thus while radio stations for many years paid no royalties when they played recorded music (which they usually obtained free from recording industry promoters anyway), they must now pay royalties even if they actually purchased the records. At one time record companies and performers were happy to have air time and therefore did not object to the scheme under which they provided free copies in return for air play.

However, many copyright owners realized they were losing considerable sums in royalties with the arrangement and successfully pushed Congress to include broadcast use under public performances protected by the new statute. Blanket licensing is an efficient mechanism for collecting the millions of dollars in royalties since individual copyright owners are not faced with the onerous task of monitoring broadcast stations around the country to catch copyright violators and then prosecute them. Instead the licensing agency can handle this. The income from the fees garnered by each agency is distributed, after a deduction for administrative expenses, to the copyright owners with whom the agency has an agreement.

Typically the composer of a licensed song gets the same share of royalties as the publisher. A blanket license normally grants a TV station two types of rights: synchronization rights and performance rights. A "sync" right allows the licensee to copy a musical recording onto the soundtrack of a film or videotape in synchronization with action so a single work is produced. A performance right allows the station to transmit the work to the public, either live or recorded. Both ASCAP and BMI also offer a program license that grants a broadcaster the right to as many of the compositions licensed by the agency that the stations wishes on a specific program. The fee for this license is a set percent of the advertising revenue from the program.¹³³

Over the years, blanket licensing has survived a number of legal challenges, most recently in 1984 in *Buffalo Broadcasting Co. v. American Society of Composers, Authors and Publishers*,¹³⁴ in which the Second Circuit U.S. Court of Appeals

overturned a U.S. District Court decision that blanket licensing constituted an unlawful restraint of trade. The District Court's injunction against ASCAP and BMI to prevent them from licensing nondramatic music performance rights to local stations for syndicated programming was also lifted by the Court of Appeals. On further appeal, the U.S. Supreme Court denied certiorari.¹³⁵

Broadcasters are not the only ones affected by licensing. In 1982, the Second Circuit U.S. Court of Appeals held that Gap clothing stores could be enjoined for copyright infringement for playing copyrighted music without a license.¹³⁶ The company retransmitted a radio station's signal over speaker systems to customers in its stores. There are dozens of music services such as Muzak, Super Radio, and the Instore Satellite Network that offer stores and other public facilities audio services. Most are delivered via satellite and are unscrambled but they cannot be broadcast without consent, which involves paying a monthly fee with the proceeds shared with owners of the copyrighted music, including composers and publishers. An office, store, or other business (whether for-profit or nonprofit) does not have the right to rebroadcast radio signals even if they are from a local commercial or noncommercial station because the station's blanket license covers only the original broadcast, not any other "public performance." A secretary who listens to a favorite country and western station at the office each day is not engaging in copyright infringement, but a metropolitan newspaper that retransmits the local top 40 station to its 50 individual offices in the building without consent is likely in violation.

Finally, it is no secret that ASCAP, BMI, and other licensing agencies routinely monitor radio and television stations and visit restaurants, bars, department stores, and other public facilities to spot potential copyright infringers who are usually warned and threatened with a lawsuit if they do not halt infringement or obtain a blanket or other appropriate license. Millions of dollars are at stake, and the copyright law provides writers, artists, performers, composers, and publishers with powerful tools of enforcement, as indicated below. Licensing agencies are merely acting on behalf of their members or affiliates in aggressively pursuing infringers.

Public Property

Certain kinds of works are considered public property because they have no original authorship and, as such, cannot be copyrighted. These include "standard calendars, height and weight charts, tape measures and rulers, and lists or tables taken from public documents or other common sources."¹³⁷ Public property also includes works created by the federal government, as noted earlier, but bear in mind that the U.S. government can have copyrights transferred to it by individuals who are not regular government employees.

Although not required because of the Berne Convention, a copyright notice will usually be posted on those works for which the government is claiming copyright under a transfer, but the government usually does not include a notice on noncopyrighted works to inform the reader that the work is in the public domain. Instead, the idea of the government appears to be that it is not necessary to inform the

public that a particular government work can be used without consent. U.S. government bookstores such as the main store in Washington, D.C. carry thousands of noncopyrighted government works for sale ranging from Congressional reports to wildlife posters that can be reproduced without consent. Most of the materials are printed by the U.S. Government Printing Office.

Statute of Limitations

The statute of limitations for both criminal and civil violations of copyright is three years. According to Section 507, “No criminal proceeding shall be maintained . . . unless it is commenced within three years after the cause of action arose”¹³⁸ and “No civil action shall be maintained . . . unless it is commenced within three years after the claim accrued.”¹³⁹ Thus a plaintiff has a fairly lengthy period in which to file an infringement suit against an alleged offender, and the federal government (usually the Federal Bureau of Investigation) must file any criminal charges against an alleged infringer within the three years.

If such actions are not initiated within that time, the statute of limitations imposes a complete bar, no matter how serious or extensive the infringement. For example, an unscrupulous writer who uses another writer’s chapter without consent in his book published in January 2002 could be sued anytime until January 2005 for the initial publication. However, if he continues to publish the book with the pirated chapter, he can still be held liable in February 2011 for a book he permitted to be sold in March 2000 even though the initial infringement occurred more than three years earlier. Thus each publication, sale, etc. constitutes a separate and new infringement. Because the statute of limitations is relatively long, it is rarely used as a defense to either criminal or civil infringement.

Expiration of Copyright

In 1893 Patty Smith Hill and her sister, Mildred J. Hill, two kindergarten and Sunday school teachers from Louisville, Kentucky composed a melody whose lyrics later become the famous song, “Happy Birthday to You.”¹⁴⁰ The song was not published and copyrighted, however, until 1935. In 1988 the Sengstack family of Princeton, New Jersey, which for 50 years had owned Birchtree Ltd., the company that owned the copyright to the song,¹⁴¹ sold the company along with the rights to “Happy Birthday to You” to Warner Chappell (a division of Warner Communications, Inc. and the largest music publisher in the world) for a reported \$25 million.¹⁴² Why did Warner want the copyright to the song? According to the *Guinness Book of World Records*, it is one of the three most popular songs in the English language, along with “Auld Lang Syne” and “For He’s a Jolly Good Fellow.”¹⁴³

The good news is that the song garners royalties of about \$1 million a year, but the bad news is that it becomes a public domain work in 2010 when its 75-year-old copyright expires. The other two popular songs are already in the public domain because their copyrights have long expired. “Happy Birthday to You” lives on. Interestingly,

the Sengstack family sold the copyright reportedly because Birchtree did not have the resources to aggressively protect the copyright and market the song.¹⁴⁴

Until the song attracted attention with its sale, most people assumed that it was not copyrighted. Every day the song is sung at thousands of birthday parties and no royalty is paid since it would be difficult to enforce the copyright in those situations, but when the song is sung on television or radio or its lyrics appear in an advertisement, a royalty is due and chances are very good that it is paid since Warner rightfully protects the songs for which it owns the copyright. It is essential that anyone, including journalists, make absolutely sure that a work's copyright has expired before assuming that it is in the public domain and making use of the work without consent. Once a copyright expires, a work remains in the public domain forever, but copyright duration under the new law is extensive, both for works that were copyrighted before the statute took effect and those created on or after January 1, 1978.

Fair Use

Fair use is the one defense to copyright infringement with which most people are familiar. Unfortunately, it is also the most misunderstood concept about copyright, as the various myths about fair use can attest. **Myth one:** If less than 10 percent of a work is used, that's fair use. **The truth:** There is no specified amount, either in the statute or in case law. **Myth two:** If you acknowledge (i.e., give credit) when you include excerpts from another's work, that's fair use and no consent need to be obtained. **The truth:** Fair use has nothing to do with whether you give credit. In fact, as noted above, when you acknowledge using the other person's work, you are, in a sense, admitting possible infringement if you do not have a legitimate defense.

Myth three: If the use would seem fair to a reasonable person, then it's fair use. **The truth:** If you have a "gut feeling" that what you are doing is unfair or wrong, you are probably treading on dangerous ground and committing infringement. But, on the other hand, if you feel comfortable, your actions still may not be fair use. For example, many people see nothing wrong with burning a compact disc if they already own it. Under the statute, this is not permissible as fair use, and even though one's chances of being sued in such a case are virtually nil during home use, the act is, nevertheless, infringement.

A final myth: Fair use is a First Amendment right. **The truth:** Nothing could be further from the truth. Fair use has always been a common law creature that was given federal statutory life only in 1978 when the new law took effect. Interestingly, the courts, including the U.S. Supreme Court, in recent years have either ignored or dismissed claims of First Amendment or other Constitutional protection by defendants in fair use cases. **The moral:** Use the statute as a "fair use" shield, but do not expect the First Amendment to save you when you have used copyrighted material without consent.

What Is Fair Use?

Congress included dozens of definitions in the Copyright Act of 1976 from “anonymous work” to “widow” and “widower,” but fair use is deliberately not among them because the legislators had difficulty defining the concept, as indicated in a 1976 report of the House of Representatives Judiciary Committee:

The judicial doctrine of fair use, one of the most important and well-established limitations on the exclusive right of copyright owners, would be given express statutory recognition for the first time in section 107. The claim that a defendant’s acts constituted a fair use rather than an infringement has been raised as a defense in innumerable copyright actions over the years, and there is ample case law recognizing the existence of the doctrine and applying it . . . Although the courts have considered and ruled upon the fair use doctrine over and over again, no real definition of the concept has ever emerged. Indeed, since the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts.¹⁴⁵

Thus Congress chose instead to incorporate into Section 107 four criteria that had evolved from the courts in determining fair use:

. . . In determining whether the use made of a work in a particular case is fair use the factors to be considered shall include (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.¹⁴⁶

Section 107 mentions specific examples of purposes that can involve fair use, including “criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research.”¹⁴⁷

While it is not part of the statute and it cannot be used to definitively determine the intent of Congress in enacting the Copyright Act, the House Report gives an indication of the law’s purpose. The statement of the fair use doctrine in Section 107 offers some guidance to users in determining when the principles of the doctrine apply. However, the endless variety of situations and combinations of circumstances that can arise in particular cases precludes the formulation of exact rules in the statute. The bill endorses the purpose and general scope of the judicial doctrine of fair use, but there is no disposition to freeze the doctrine in the statute, especially during a period of rapid technological change. Beyond a very broad statutory explanation of what fair use is and some of the criteria applicable to it, the courts must be free to adapt the doctrine to particular situations on a case-by-case basis. Section 107 is intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way.¹⁴⁸

Thus Congress chose to establish broad guidelines and trust the courts to determine on a case-by-case basis what is and is not fair use, and that is exactly what the courts have done, occasionally even revealing gaps in the statute. There have been hundreds of court decisions dealing with fair use, both under the 1909 statute and the 1976 one, but this section will focus on those that have had a major impact and/or illustrate important aspects of the concept. Each of the four factors is important, but none is, by itself, determinative. Instead, the courts evaluate each situation in light of all four and attempt to strike a balance among them, as illustrated in a 1968 decision by a U.S. District Court in New York. In *Time, Inc. v. Bernard Geis Associates*,¹⁴⁹ the federal trial court ruled that the author and publisher of a book containing charcoal sketches of frames from the famous copyrighted Zapruder film of President John F. Kennedy's assassination constituted fair use. When Kennedy was killed on November 22, 1963, amateur photographer Abraham Zapruder took color 8-mm moving pictures of the shooting. Zapruder had three copies made, of which two were given to the U.S. Secret Service with the understanding that they would not be made public but used only for the government's investigation. He then signed a contract with *Life* under which the magazine acquired ownership of all three copies for \$150,000. *Life* subsequently published individual frames of the film in various issues but did not register its copyright until 1967, although the magazine issues in which the frames appeared had already been registered.

Bernard Geis Associates negotiated unsuccessfully with Time, Inc. (the publisher of *Life*) for the right to publish several frames from the Zapruder film in a book, *Six Seconds in Dallas*, by Josiah Thomas.¹⁵⁰ After being denied the right, Thomas and the publisher hired a professional artist to draw charcoal sketches of the frames, 22 of which appeared in the book when it was published in late 1967. Time, Inc. sued for copyright infringement, and Bernard Geis claimed fair use as a defense and that *Life* had no valid copyright in the film. A U.S. District Court judge balanced each of the four factors (listed above) and issued a summary judgment in favor of Bernard Geis Associates. Judge Wyatt determined that Time, Inc. had a valid copyright but the book had made fair use of the film and therefore had not infringed:

There is a public interest in having the fullest information available on the murder of President Kennedy. Thomas conducted serious work on the subject and has a theory entitled to public consideration. While doubtless the theory could be explained with sketches of the type used at page 87 of the Book and in *The Saturday Evening Post*, the explanation actually made in the Book with copies is easier to understand. The Book is not bought because it contained the Zapruder pictures; the Book is bought because of the theory of Thomas and its explanation, supported by Zapruder pictures. There seems little, if any, injury to plaintiff, the copyright owner. There is no competition between plaintiff and defendants. Plaintiff does not sell the Zapruder pictures as such and no market for the copyrighted work appears to be affected. Defendants do not publish a magazine. There are projects for use by plaintiff of the film in the future as a motion picture or in books, but the effect of the use of certain frames in the

Book on such projects is speculative. It seems more reasonable to speculate that the Book would, if anything, enhance the value of the copyrighted work; it is difficult to see any decrease in its value.¹⁵¹

While this case was decided prior to the 1976 statute, it illustrates well how courts balance the factors. Notice that the court was particularly concerned about factor four—the effect of the use upon the potential market for or value of the copyrighted work. The judge made it clear that the two parties were not in competition; indeed the book could even increase the value of the film. He also weighed the public interest served in line with factor one. In another part of the decision, the Court noted that while Thomas had made “deliberate appropriation in the book, in defiance of the copyright owner, it was not the night-time activities of Thomas that enabled defendants to reproduce Zapruder frames in the book. They could have secured such frames from the National Archives, or they could have used the reproductions in the Warren Report or in the issues of *Life* itself.”¹⁵²

In 1997 the Assassination Records Review Board, a federal board, officially ruled 5 to 0 that the Zapruder film permanently belonged to the American people. This action meant that the Zapruder family would have to turn over the film to the federal government by August 1, 1998. The action is similar to a government agency declaring eminent domain over a piece of land to build a highway. The Zapruders had to be compensated for the film, just as the government would compensate a property owner for taking the person’s land. According to press reports, the family had earned almost \$1 million over the years from selling reproduction rights.¹⁵³ Copies are now available from the government.

In 1985 the U.S. Supreme Court issued an important fair use decision. In *Harper & Row v. Nation Enterprises*¹⁵⁴ the Court held in a 6 to 3 decision written by Justice Sandra Day O’Connor that *Nation* magazine had infringed the copyright jointly owned by Harper & Row and Reader’s Digest Association to the unpublished memoirs of former President Gerald Ford.

Shortly after he stepped down as President, Gerald Ford signed a contract with Harper & Row and *Reader’s Digest* to publish his then-unwritten autobiography. Ford granted the two publishers the right to publish the manuscript in book form and as a serial (“first serial rights”). They later sold *Time* magazine the exclusive right to excerpt 7,500 words from Ford’s account of his pardon of former President Richard M. Nixon for any crimes connected with the 1972 attempted burglary by Nixon operatives of the Democratic campaign headquarters at the Watergate office building in Washington, D.C. (Nixon was forced to resign from the presidency as a result of his involvement in the cover-up of the burglary.) The contract with *Time* included provisions that the magazine would be allowed to publish the excerpt approximately one week before the book would be shipped to bookstores and that *Time* retained the right to renegotiate part of its payment if the material in the book were published before the excerpt. However, in March 1979 an unidentified source

furnished the editor of the *Nation*, a monthly political magazine, with a copy of the unpublished manuscript, *A Time to Heal: The Autobiography of Gerald R. Ford*.

Before *Time* could publish its excerpt the next month, *Nation* carried a 2,250-word feature that included verbatim quotes of 300 to 400 words from the original manuscript. These quotes, according to the Court, comprised about 13 percent of the *Nation* article, and the editor made no independent commentary nor did any independent research because, as he admitted at trial, he wanted to scoop *Time*. *Time* thus decided not to publish its excerpt and refused to pay Harper & Row and Reader's Digest Association the remaining \$12,500 of the \$25,000 it had agreed to pay for the prepublication rights. Harper & Row and Reader's Digest then filed suit against *Nation* for copyright infringement. The U.S. District Court for the Southern District of New York ruled against *Nation* in its defense of fair use and awarded the plaintiffs \$12,500 in actual damages for copyright infringement. However, the Second Circuit U.S. Court of Appeals reversed, holding that while the memoirs were copyrighted, the *Nation's* disclosure of the information was "politically significant" and newsworthy and thus fair use. The U.S. Supreme Court disagreed with the lower appellate court. The Court analyzed the case in light of each of the four factors but paid particular attention to the fourth factor:

In evaluating character and purpose [factor one] we cannot ignore the *Nation's* stated purpose of scooping the forthcoming hardcover and *Time* abstracts. The *Nation's* use had not merely the incidental effect but the intended purpose of supplanting the copyright holder's commercially valuable right of first publication. . . .

The fact that a work is unpublished is a critical element of its "nature." [citations omitted] Our prior discussion establishes that the scope of fair use is narrower with respect to unpublished works. While even substantial quotations might qualify as fair use in a review of a published work or a news account of a speech that had been delivered to the public or disseminated to the press, . . . the author's right to control the first public appearance of his expression weighs against such use of the work before its release. The right of first publication encompasses not only the choice whether to publish at all, but also the choices when, where and in what form first to publish a work.¹⁵⁵

On the third factor (amount and substantiality), the Court noted that while "the words actually quoted were an insubstantial portion" of the book, *Nation*, as the District Court said, "took what was essentially the heart of the book."¹⁵⁶ The Court cited the *Nation* editor's own testimony at trial as evidence that he selected the passages he ultimately published "precisely because they qualitatively embodied Ford's distinctive expression."¹⁵⁷

On the last factor (effect of the use on the potential market), the Court was particularly critical of the *Nation's* action and its impact. Noting that this factor "is undoubtedly the single most important element of fair use," the majority pointed

to the trial court's finding of an actual effect on the market, not simply a potential effect:

. . . *Time's* cancellation of its projected serialization and its refusal to pay the \$12,500 were the direct result of the infringement . . . Rarely will a case of copyright infringement present such clear cut evidence of actual damage. Petitioners [Harper & Row and Reader's Digest] assured *Time* that there would be no other authorized publication of any portion of the unpublished manuscript prior to April 23, 1979.¹⁵⁸

The justices went on to contend, "Placed in a broader perspective, a fair use doctrine that permits extensive prepublication quotations from an unreleased manuscript without the copyright owner's consent poses substantial potential for damage to the marketability of first serialization rights in general."¹⁵⁹ Thus *Harper & Row v. Nation Enterprises* has typically been classified as an "unpublished works" case, but at least one copyright expert viewed the holding "is more properly understood as an attempt by the Court to protect the right of authors to choose the timing of the first publication of their soon-to-be-published works."¹⁶⁰

Three major points emerge from this decision. First, a defense of fair use is less likely to succeed in the case of an unpublished work than with a published work. Would *Nation* have won if all the circumstances had been the same except that the extensive excerpt from Ford's memoirs had already appeared in *Time*? What if both the book and the *Time* excerpt had already been published? The Court apparently assumed that the manuscript had been purloined, even though the *Nation* magazine editor himself had apparently not been directly involved. This allegation hurt the magazine's claim that the information was in the public interest.

As the Court iterated, the book took two years to produce, including hundreds of taped interviews that had to be distilled into a single work. If one were allowed to profit from taking another's work under these circumstances, the Court felt authors would be discouraged from creating original works, thereby depriving the public of important historical information. In other words, if a writer faces the risk that his or her work will garner no rewards such as royalties, that person is unlikely to be interested in conducting the research and making the effort to produce work that might ultimately add to public knowledge.

The Court was also concerned that offering protection for *Nation* in this case would establish a precedent in which the defense of fair use would be broadened so much that it would "effectively destroy any expectation in the work of a public figure."¹⁶¹

The principles established in *Harper & Row v. Nation Enterprises* played a major role two years later in an important copyright decision by the Second Circuit U.S. Court of Appeals. In *Salinger v. Random House* (1987),¹⁶² the federal appellate court granted an injunction sought by reclusive writer J.D. Salinger (author of the classic novel, *The Catcher in the Rye*) against publication of Ian Hamilton's unauthorized biography, *J.D. Salinger: A Writing Life*. Hamilton made extensive use

of information, including direct quotes, he had obtained from some 70 copyrighted letters Salinger had sent to various individuals who had, in turn, donated them to several university libraries. Although the biographer had substantially altered the book before it went to press after complaints from Salinger, the writer was not satisfied and filed suit for copyright infringement. The U.S. District Court sided with Hamilton and refused to issue the injunction (one of the remedies available for infringement) because it felt most of the material used from the letters was protected by fair use since it consisted primarily of Salinger's ideas expressed in Hamilton's words rather than from quotes of Salinger.

The U.S. Court of Appeals reversed, holding that Hamilton was not protected by fair use and that, under *Harper & Row v. Nation*, unpublished works "normally enjoy complete protection against copying any protected expression."¹⁶³ According to the appellate court, "Public awareness of the expressive content of the letters will have to await either Salinger's decision to publish or the expiration of his copyright."¹⁶⁴ Interestingly, Salinger indicated that he had no intentions of publishing the letters, but since he wrote them, the copyright belonged to him, not the recipients. Thus he had every right to halt publication of their content, in the eyes of the court. The U.S. Supreme Court denied certiorari in the case.

Two years later, the Second Circuit tackled the fair use issue once again in a case that has particularly troubled many First Amendment experts, not because of its outcome but because of the court's opinion. In *New Era Publications International v. Henry Holt & Co.*,¹⁶⁵ the Court of Appeals affirmed a U.S. District Court decision not to grant an injunction against publication of a highly critical and unauthorized biography of the controversial L. Ron Hubbard, founder of the Church of Scientology. Applying the principles established in *Salinger v. Random House*, District Court Judge Pierre N. Leval had ruled that Russell Miller's *Bare-Faced Messiah: The True Story of L. Ron Hubbard* had infringed on the copyrights held by New Era Publications to Hubbard's writings because "there is a body of material of small, but more than negligible size, which, given the strong presumption against fair use of unpublished material, cannot be held to pass the fair use test."¹⁶⁶ However, Judge Leval ruled an injunction was not appropriate. First Amendment concerns about prior restraint outweighed the copyright owner's interests in the case and New Era could still seek damages (another infringement remedy).

The Second Circuit Court upheld the trial court decision but on the ground of laches, not fair use. Laches is the equitable doctrine that when a party unreasonably delays asserting a right or a claim to the detriment of the other party, its request will be dismissed. New Era had failed to make any effort to protect its copyrights until the biography was published even though it had clearly been aware for several years that Miller's work was underway. "The prejudice suffered by Holt as a result of New Era's unreasonable and inexcusable delay in bringing action invokes the bar of laches."¹⁶⁷ Miller had gathered most of his information about Hubbard from court documents, interviews with Hubbard acquaintances, news stories, and Hubbard's own writings, including letters and diaries.

The appellate court particularly noted its displeasure with the U.S. District Court Judge's analysis, especially his First Amendment concerns. "We are not persuaded . . . that any First Amendment concerns not accommodated by the Copyright Act are implicated in this action."¹⁶⁸ The U.S. Court of Appeals felt that the biography was a more serious infringement than the trial court had claimed. Henry Holt filed a request for rehearing on the issue of fair use in the case even though it had won on the laches ground, but the appellate court rejected the request in a sharply divided 7 to 5 opinion.¹⁶⁹

One year later, the same appellate court in another fair use case involving another unauthorized biography of L. Ron Hubbard overturned a U.S. District Court injunction against publication of Jonathan Caven-Atack's *A Piece of Blue Sky: Scientology, Dianetics and L. Ron Hubbard Exposed*. In *New Era Publications International v. Carol Publishing Group*,¹⁷⁰ the Second Circuit U.S. Court of Appeals ruled in favor of Carol Publishing (which had published the biography) on all four of the fair use factors. The appellate court felt the materials used in the work were particularly protected because they had been taken from dozens of published works rather than Hubbard's unpublished writings.

The court noted that the works were factual and that the scope of fair use is greater for factual than non-factual writing and that the materials used in the biography were neither qualitatively nor quantitatively substantial. Finally, the court said that while the book was intended to make profits and that it might "discourage potential purchasers of the authorized biography [which New Era planned to publish], this is not necessarily actionable under the copyright laws . . . Harm to the market for a copyrighted work or its derivatives caused by a 'devastating critique' that 'diminished sales by convincing the public that the original work was of poor quality' is not 'within the scope of copyright protection.'" [citations omitted]¹⁷¹ While the last decision provided comfort for biographers and others who use primarily published materials, the earlier decisions continue to haunt those who want to use unpublished documents.

The aftermath of the *Salinger v. Random House* and *New Era Publications v. Holt* decisions, according to one news account, was self-censorship by book publishers with "the authors themselves try[ing] to figure out history in a straitjacket."¹⁷² While Second Circuit opinions are binding only on federal courts in Vermont, Connecticut, and New York, the opinions have traditionally been very influential on courts in other circuits. The U.S. Supreme Court denied certiorari in both cases. In the meantime, researchers can be expected to exercise care in using unpublished materials, including those of public figures, even when the information is readily accessible to the public in libraries and other places. *Harper & Row v. Nation* may have opened a can of worms that will haunt or at least chill the dissemination of information based on unpublished materials used without the consent of the author or other copyright owner. In 1992 President George H.W. Bush signed legislation that amended Section 107 of the Copyright Act to include: "The fact that such a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of the above factors."¹⁷³ Had this provision been in effect at the

time the Copyright Act of 1976 took effect, *Salinger* and similar cases may well have been decided differently.

There have been many occasions in which literary works have been at the basis of contentious legal battles when the estate of a major artist has maintained control over a particular work. For example, Stanford Professor Carol Loeb Shloss with the support of the Center for the Internet and Society—also situated at Stanford Law School—fought a protracted legal battle over James Joyce’s literary masterpiece *Ulysses*. The Stanford professor wanted to write a book about Joyce’s family and sought the use of quotes from letters exchanged between family members, particularly Lucia Joyce—the subject of Shloss’ book, and daughter of James Joyce. The remaining heir of the Joyce estate, Stephen Joyce, nixed that idea. Since he controls his grandfather’s work until 2012, Professor Schloss filed suit, taking the position that under fair use, as a form of commentary and criticism, she did not need Stephen Joyce’s permission to use the quotes.¹⁷⁴ But when her book, *Lucia Joyce: To Dance in the Wake*, was published in 2003, her publisher, Farrar, Straus & Giroux, deleted material to avoid a conflict with the copyright owner. Schloss argued that the evidence to support some of her book’s claims was deleted. The case raises many questions about protracted ownership and access that have yet to be resolved.

In another test case of fair use in 1992, *American Geophysical Union v. Texaco*,¹⁷⁵ U.S. District Court Judge Pierre N. Leval ruled that it was not fair under Section 107 when a Texaco scientist made single copies of articles from the *Journal of Catalysis*. The parties in the case, Texaco (as defendant) and American Geophysical Union and 82 other publishers of scientific and technical journals (as plaintiffs), agreed in advance to a limited-issue bench (nonjury) trial. Both sides stipulated that the scope of the trial would be limited to the photocopying of eight articles by the one scientist from the one journal.

According to the testimony at trial, Texaco scientists, including one whose name was drawn at random for the case, routinely had the company library make single copies of articles from journals to which the company subscribes. The advantages of this approach include permitting the workers to keep easily referenced files in their desks or on office shelves, eliminating the risks of errors when data are transcribed from articles and taken back to lab, making it possible for them to take articles home to read. The judge held this was not fair use and was thus an infringement because (a) Texaco’s use was for commercial gain, (b) substantial portions of the works were copied, and (c) Texaco’s use deprived the copyright holder of potential royalties. One solution suggested by the judge was for the company to obtain clearance from the nonprofit Copyright Clearance Center, which grants blanket advanced permission to photocopy for a specified fee.

In 1994 the Second Circuit U.S. Court of Appeals in an interlocutory appeal¹⁷⁶ from the district court upheld the trial court’s decision but with somewhat different reasoning.¹⁷⁷ The appellate court held that three of the four fair use factors, including the purpose and character of use (first factor) and the fourth factor (effect upon potential market and value), favored the publisher. The majority opinion disagreed with a dissenting opinion filed by a Circuit Judge, who contended that the majority’s

ruling would require that an intellectual property lawyer be posted at each photocopy machine. As the majority saw it, all Texaco had to do in the circumstances of the case was to take advantage of existing licensing schemes or work out one on its own. A year later, the Second Circuit amended its ruling to note that its decision was limited to the specific question of whether photocopying by the company's 400 or 500 scientists was fair use.

According to the court, "We do not deal with the question of copying by an individual, for personal use in research or otherwise, recognizing that under fair use doctrine or the *de minimis* doctrine, such a practice by an individual might well not constitute an infringement."¹⁷⁸ The message the appellate court seemed to be sending is that photocopying on an individual basis for research would not ordinarily constitute copyright infringement. The problem in this case was that Texaco had a policy of encouraging photocopying—at least single copies—by scientists as a group, which meant there was the potential for hundreds of copies of the articles, presumably depriving the publishers of potential royalties. Keep in mind that Texaco had legal journal subscriptions, but that it is a commercial enterprise.

Because of the nature of the work conducted at the nation's colleges and universities, intellectual property concerns are always very high on the list of issues under regular scrutiny. There are extensive lists of breaches of security involving intellectual property by privacy and cyber-security organizations involving educational institutions due to their aggressive collection of student data involving such obvious areas as grades and other academic records but also covering issues such as online purchases by students and alumni. By the same token, academic institutions tend to be more willing than businesses to report online theft.¹⁷⁹

Two major court decisions have had particularly important impacts on the use of copyrighted materials in higher education. On March 28, 1991, U.S. District Court Judge Constance Baker Motley of the Southern District of New York issued a decision that has had a major effect on how colleges and universities use copyrighted materials in the classroom. In *Basic Books, Inc. v. Kinko's Graphics Corp.*,¹⁸⁰ the federal trial court judge soundly rejected Kinko's claim that the fair use doctrine permitted it to photocopy, without consent, anthologies of copyrighted materials as part of its Professor Publishing program under which the firm photocopied journal articles, book chapters, and other copyrighted materials selected by university instructors as readings for classes. These anthologies were then sold for profit to students. The suit was filed in April 1989 by eight publishers who said two of the stores owned by the graphics company had engaged in copyright infringement by photocopying substantial portions of twelve books for use at New York University, Columbia University, and the New School for Social Research. Neither the schools nor the professors involved were named as defendants.¹⁸¹

In her 57-page opinion, Judge Motley held that Kinko's had intentionally violated the copyright statute and ordered the chain to pay \$510,000 in actual damages as well as the plaintiffs' court costs and attorneys' fees. She also issued an injunction barring the company from photocopying and selling copies of copyrighted materials without obtaining the consent of copyright owners and paying requested royalties.

As a result, Kinko's changed its Professor Publishing program policies to comply with the court order, including obtaining permission for photocopying any copyrighted material from the copyright owner or requiring a professor to obtain permission even when he or she believes the photocopying to be protected under fair use.¹⁸² Kinko's eventually got out of the business of producing course packets.

Copyright claims have been further complicated by the digital role developed in the new millennium by libraries scanning their collections against the backdrop of two lawsuits by groups of publishers and authors. A book digitization project initiated by the massive search engine Google was subject to negotiations in August 2006 with the University of California system that would provide access to its collection of over 30 million books. That agreement provided for the scanning along with what would join those library holdings of the University of Michigan, as well as Harvard, Stanford, and Oxford Universities. At about that same time, the University of California system and thirty other universities were also involved in another mass digitization project involving Yahoo and Microsoft. This last agreement was publicly negotiated on behalf of the Open Content Alliance (OCA) using an open-source model in which all copyright holders would have an individual say as to whether their works could be scanned.¹⁸³

In other litigation involving higher education and new technology, Blackboard, Inc. sued a rival, Desire2Learn Inc., over alleged patent infringement. A debate ensued about whether Blackboard's patent was overly broad in covering course management and course content via e-learning and thus allegedly stifling competition among commercial providers, a claim that Blackboard, Inc. firmly rejected. Blackboard also indicated at that time that its objective was not to target colleges and universities, some of which had online education services and content management software running for some time.¹⁸⁴

In 1986, a U.S. District Court judge in California granted summary judgment for the University of California, Los Angeles, in a copyright infringement suit filed against the university by BV Engineering, a computer software company based in California. The company asked for \$70,000 in damages from UCLA for allegedly making unauthorized copies of seven computer programs and user manuals for which BV Engineering owned the copyright. The federal trial court judge ruled that the 11th Amendment to the U.S. Constitution barred state-supported institutions from being successfully sued under federal laws, including the Copyright Act of 1976, unless Congress specifically allowed such litigation or the state has explicitly waived its immunity.¹⁸⁵

In *BV Engineering v. University of California at Los Angeles* (1988),¹⁸⁶ the Ninth Circuit U.S. Court of Appeals upheld the lower court decision, and in 1989, the U.S. Supreme Court denied certiorari. Because the case simply pointed to a gap in the 1976 statute, Congress quickly revised the federal copyright statute with little opposition. Even universities supported the bill because they too own copyrights that they protect from infringement by state agencies.

The impact of the case was rather minimal even before the new law because the court's holding did not exempt individual professors from being held liable nor

did it prevent a copyright owner from seeking an injunction against a state agency for infringement. The decision merely barred BV Engineering from obtaining damages, thanks to an oversight by Congress. Under the revision, effective November 15, 1990,¹⁸⁷ the definition of “anyone” for purposes of infringement now includes “any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity.”¹⁸⁸

The Act makes it clear that any state, instrumentality, officer, or employee of a state acting in official capacity shall not be immune under the Eleventh Amendment of the Constitution of the United States or under any other doctrine of sovereign immunity from suit in federal court for copyright infringement.¹⁸⁹ The revised statute also preserved the same remedies, including actual and statutory damages for infringement available to nongovernmental entities.¹⁹⁰ The net effect of that law was to put state governments in the same position as everyone else (except the federal government) for purposes of copyright infringement.

Section 107 of the 1976 statute specifically mentions criticism, comment, and news reporting as purposes that can be considered fair use, but, as the courts have made clear, these uses do not always enjoy protection in an infringement suit. A U.S. District Court Judge in Atlanta awarded WSB-TV \$108,000 plus attorneys’ fees and court costs against TV News Clips for videotaping portions of the station’s local newscasts and selling them to the public in 1991.¹⁹¹ The court also issued a permanent injunction barring the company from making any further copies of newscasts or offering them for sale. The news clips service charged clients \$65 for the first program and \$30 each for additional programs. The same company was earlier ordered to pay \$35 in damages to another Atlanta station, WXIA-TV,¹⁹² which eventually obtained an injunction prohibiting the service from making copies of the station’s newscasts.¹⁹³

In 1991 several Los Angeles police were indicted for assault and other charges for allegedly beating or failing to stop the beating of an area motorist pulled over for speeding. George Holliday, an amateur photographer, videotaped the beating from his apartment window. The videotape was shown hundreds of times on stations across the country and the networks after it was allegedly distributed by a Los Angeles TV station without consent of Holliday, who owned the copyright to the tape, registered with the Copyright Office. Holliday’s attorney reportedly mailed letters to more than 900 television stations around the country demanding payment for use of the film. Whether stations are protected under the fair use doctrine has not been determined, but it is likely that stations would be held liable when a tape is copyrighted and not considered a public document nor in the public domain.

In 1992 Gordon Lish won a \$2,000 judgment for copyright infringement against *Harper’s*, which had published more than half of the fiction writer–editor–teacher’s unpublished letter to his students. In *Lish v. Harper’s Magazine Foundation*,¹⁹⁴ U.S. District Court Judge Morris E. Lasker’s ruling rejected the magazine’s claim of fair use because the evidence supported Lish on the first three factors associated with fair use, although the publication had little or no impact on the market for the letter (fourth factor).

On March 7, 1994 the U.S. Supreme Court handed down its decision in the long-awaited case of *Luther R. Campbell a.k.a. Luke Skywalker v. Acuff-Rose Music, Inc.*¹⁹⁵ The original song, “Oh, Pretty Woman,” was written by Roy Orbison and William Dees in 1964. Twenty-five years later, Luther R. Campbell wrote a song, “Pretty Woman,” which was intended to satirize the original work. Orbison and Dees’ song is a rock ballad about a man’s fantasies concerning a woman he sees walking down the street. Campbell’s tune, on the other hand, is a rap song that includes lines such as “Big hairy woman you need to shave that stuff,” and “Two timin’ woman girl you know you ain’t right.”

Campbell asked Acuff-Rose Music, Inc., the copyright owner of the original song, for a license to use the song in a rap version by 2 Live Crew, but Acuff-Rose refused. 2 Live Crew recorded its version anyway on the album “As Clean as They Wanna Be,” which sold almost 250,000 copies in less than a year. Acuff-Rose filed a copyright infringement suit in U.S. District Court. The trial court granted a summary judgment for the defendants on the ground that the 2 Live Crew song was a parody of the original and fair use under the Copyright Act of 1976.

On appeal, the Sixth Circuit U.S. Court of Appeals reversed the trial court in a 2 to 1 decision, holding that the 2 Live Crew song’s “blatantly commercial purpose . . . prevents this parody from being fair use.” The appellate court analyzed the song on the four factors of fair use under Section 107 of the Copyright Act and found (1) every commercial use, as was the case here, is presumptively unfair (factor one, purpose and character of use), (2) this work fell within the categories of work the copyright intended to protect (factor two, nature of the copyrighted work), (3) by “taking the heart of the original and making it the heart of a new work,” 2 Live Crew had taken too much (factor three, amount and substantiality) and (4) since “the use of the work is wholly commercial, . . . we presume a likelihood of future harm to Acuff-Rose exists” (factor four, effect on the potential market).

The U.S. Supreme Court also invoked the four factors but came to a different conclusion, noting that on the first factor, parodies by definition must draw to some extent upon the original work they are criticizing.

. . . For the purposes of Copyright law, the nub of the definitions, and the heart of any parodist’s claim to quote from existing material, is the use of some elements of a prior author’s composition to create a new one that, at least in part, comments on the author’s works.¹⁹⁶

The Court went on, “The threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived.” The justices said the 2 Live Crew song “reasonably could be perceived as commenting on the original or criticizing it, to some degree. 2 Live Crew juxtaposes the romantic musings of a man whose fantasy comes true, with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility.”

The first factor is only one factor in the fair use determination, according to the Court, and commercial use should not be presumptively considered unfair.

The Supreme Court spent little time with the second factor, noting that this criterion had never been much help “in separating the fair use sheep from the infringing goats in a parody case.”

The Court differed substantially with the Court of Appeals on the third factor. The opinion noted that while parodists cannot “skim the cream and get away scot free,” the lower court “was insufficiently appreciative of parody’s need for the recognizable sight or sound when it ruled 2 Live Crew’s use unreasonable as a matter of law. The Supreme Court could not make a final determination from the record on the fourth factor. The opinion noted that the defendants put themselves at a disadvantage in moving for summary judgment “when they failed to address the effect on the market for rap derivatives, and confined themselves to uncontroverted submissions that there was likely no effect on the market for the original.” Nevertheless, the Court did not see this as a fatal flaw and criticized the appellate court for applying the presumption that commercial use was unfair use on this factor, as it had done on the first factor. Parodies and the originals usually serve different markets, according to the justices. “We do not, of course, suggest that a parody may not harm the market at all, but when a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act,” the Court said. The key is whether the parody is acting as a substitute or as criticism. In reversing the judgment and remanding it back to the trial court, the Supreme Court held:

It was error for the Court of Appeals to conclude that the commercial nature of 2 Live Crew’s parody of ‘Oh Pretty Woman’ rendered it presumptively unfair. No such evidentiary presumption is available to address either the first factor, the character and purpose of the use, or the fourth, market harm, in determining whether a transformative use, such as parody, is a fair one. The court also erred in holding that 2 Live Crew had necessarily copied excessively from the Orbison original, considering the parodic purpose of the use.¹⁹⁷

Soon after the Copyright Act of 1976 was passed, a group of authors, educators and publishers met and drafted fair use guidelines for educators who wanted to make use of copyrighted works. The guidelines were eventually made part of the *Congressional Record*, and are widely used by the courts in interpreting “educational use” under fair use doctrine. Unfortunately, the guidelines did not include multimedia use because new technologies such as electronic digitalization were not in popular use at that time.

In September 1994 the Consortium of College and University Media Centers set up a committee of educators and representatives of various copyright owners, including major publishers, recording firms, and motion picture producers, to draft guidelines for fair use of multimedia by educators. In a satellite broadcast three years later, the committee released the final version of its “Fair Use Guidelines for Educational Multimedia.”¹⁹⁸ The guidelines were the result of extensive discussion and negotiations among the committee’s members. Although they do not constitute a legal document *per se*, the guidelines are useful in court decisions regarding

educators' use of copyrighted materials in multimedia projects because they are now also in the *Congressional Record*. They also represent an agreement among the diverse copyright owners represented that they will not pursue claims for copyright infringement when the guidelines are followed.

The list of endorsers includes such heavy hitters as the Association of American Publishers, the Business Software Alliance, the Magazine Publishers of America, the McGraw-Hill Companies, Microsoft Corporation, the Motion Picture Association of America, the National Cable Television Association, the Newspaper Association of America, the Software Publishers Association, Time Warner Inc., West Publishing Company, and Viacom, Inc. The guidelines were supported, but not endorsed by the U.S. National Endowment for the Arts, the U.S. Copyright Office and the U.S. Patent and Trademark Office.

The guidelines are aimed specifically at educators and students who want to use multimedia in classroom projects. They do not include the display or broadcast of whole works such as digital images or dramatic works. Separate subcommittees were established to deal with the latter uses.

Under the new guidelines, a professor or student may, for example, use 30 seconds or 10 percent, whichever is less, of a single musical work, and the individual may make only a limited number of copies of videos, CD-ROMs, etc. that incorporate the copyrighted materials. There are restrictions as well on the use of such works for distance education programs, including the requirement that access be controlled through passwords and other security measures.¹⁹⁹

As of 2002, the Technology, Education and Copyright Harmonization (TEACH) Act was signed into law by President George W. Bush as part of justice reauthorization legislation (H.R. 2215). That initiative, while requiring institutions to vigorously enforce copyright protections, became integrated into sections of that law (Title 17, U.S. Code) in an effort to bring opportunities to so-called distance learning students in line with those who study in the traditional classroom format.

A group of freelance writers later sued the *New York Times* and four other companies for reproducing their work in electronic form without authorization. The suit involved 21 articles published between 1990 and 1993. The publishers, including the *Times*, *Newsday*, Time Inc., and the *Atlantic Monthly*, had sold to the other defendants—University Microfilms Inc. and the Mead Corporation (now Lexis/Nexis)—the right to include the stories in databases and CD-ROMs. The writers had been compensated for the use of their works in print but argued they were entitled to additional royalties on the ground that electronic reproduction was a separate or new publication, not a revision of the original.

The companies argued that the electronic format was part of the original collective work for which the writers had sold the rights. Under the Copyright Act of 1976, the creator of a "collective work," which all of the parties agreed was involved in this case, transfers only the right to reproduce and distribute the creator's particular contribution to the work, including any revisions, unless there is a different agreement in writing. Thus the key question in the case was whether publishing the articles in the electronic databases constituted a new work or simply a revision of

the original. In 1997 U.S. District Court Judge Sonia Sotomayor in New York sided with the defendants. In *Jonathan Tasini et al. v. The New York Times Co. et al.* (1997),²⁰⁰ the trial court judge granted the defendants' motion for summary judgment, holding that they had not exceeded their authority under Sections 101 and 201 (c) of the Copyright Act. The Second Circuit U.S. Court of Appeals reversed the trial court decision, and the publishers appealed. On further appeal, the U.S. Supreme Court upheld the Court of Appeals decision. In *The New York Times Co. et al. v. Jonathan Tasini* (2001), the Supreme Court ruled:

For copyright purposes, although the transfer of a work between media does not alter the character of that work, the transfer of newspaper and magazine articles to computer databases—unlike the conversion of newsprint to microfilm—does not represent a mere conversion of intact periodicals (or revisions of periodicals) from one medium to another, for (1) the databases offer users individual articles, not intact periodicals, and (2) media neutrality should protect freelance authors' rights in their individual articles to the extent those articles are now presented individually, outside the collective work context, within the databases' new media.²⁰¹

This was a clear victory for freelancers because the Court made it clear that their rights under the Copyright Act had been infringed by the reproduction and distribution of their articles by the electronic publishers in a manner in which they had not been authorized. The Court also ruled that the print publishers had also engaged in copyright infringement by contracting with the electronic publishers to reproduce the articles in the databases. The result has been that print publishers now obtain permission to reproduce the articles electronically either sometime before they are included in databases or as part of the original contract. The latter appears to be more common.

The generic term Web2.0 has been adopted to describe the new high tech wave of changes now underway, fulfilling the early promise of innovation and wide participation of the early digital era. But right along with that some new issues have emerged in the quest to protect copyright while providing access and generating new creative material. One of the most interesting examples involves YouTube, a Web site where people post and watch home-grown videos. It started when two dot.com survivors of Santa Monica, California, Chris DeWolfe and Tom Anderson, planned a site consisting exclusively of material that young people would bring to it. Within a year, 35,000 videos were added to the site each day and issues started to arise regarding the sources of some of the material. Since much of it originated with network television, copyright issues emerged along with the recognition that such a massive number of viewer-participants might represent more of a marketing opportunity than a source of copyright infringement.²⁰²

Beyond the obvious attention it attracted and the immense opportunities it created, the YouTube site, along with MySpace.com and Flickr.com, a photo sharing page, were also credited with launching the careers of some previously unknown writers, performers, and photographers, including Brooke Bradack who received

a contract with talk show host Carson Daly shortly after posting her own Internet videos on YouTube. A comedian, Dane Cook, used MySpace to launch his career, which included an appearance on NBC's "Saturday Night Live." In June 2006, one source suggested that as many as 13 million people had visited the YouTube site that year, generating additional incredible interest in the mainstream media. Flickr.com, purchased by Yahoo for an estimated \$35 million, was obviously interested in the large base of users and free contributors. MySpace.com was quickly purchased by Rupert Murdoch. In the case of YouTube, the ownership of much of the source material remained at issue. Proponents of such sites trumpeted the self-service, collaborative nature of such endeavors along with the harnessing of so-called collective intelligence as a means of coming up with new ideas. Detractors continue to point to the frequency of the use of copyright material uploaded without permission.²⁰³

In 2006 Google purchased YouTube for \$1.65 billion, and five months later Viacom, the parent company of CBS, MTV, Nickelodeon, Comedy Central, and other cable networks sued YouTube for \$1 billion for what it characterized as "massive copyright infringement." The complaint also sought an injunction against further infringement. Viacom claimed YouTube made available on its Web site thousands of clips of Viacom programs without permission.²⁰⁴

Digital Millennium Copyright Act of 1998

Twenty years after the Copyright Act of 1976 took effect, the Act was substantially expanded with the Digital Millennium Copyright Act of 1998 (DMCA),²⁰⁵ signed into law by President Bill Clinton. The statute implemented two 1996 World Intellectual Property Organization (WIPO) treaties and dealt with some of the copyright issues the 1976 Act did not address. These included (1) adding limitations on the liability of online service providers for copyright infringement involving specific types of activities, (2) creating an exemption for making copies of computer programs by activating a computer for maintenance or repair, and (3) amending the Digital Performance Right in Sound Recordings Act of 1995 (DPRA), which created, for the first time in U.S. copyright history, a limited performance right in the digital transmission of sound recordings by FCC-licensed terrestrial broadcast stations. The latter change expanded the rights of broadcasters to make digital transmissions of sound recordings on the Internet using streaming audio technologies.

This right is by no means free, even for public (noncommercial) broadcasters, as demonstrated by the settlement reached between college radio stations and the recording industry in 2003 to reduce the fees they were required to pay under a fee structure announced the year before by the Librarian of Congress. The librarian was authorized to set the fees under the DMCA, but neither commercial nor noncommercial stations were happy with the fees that were set following recommendations to the librarian from an arbitration panel. The commercial stations had negotiated a lower rate before the noncommercial stations began their negotiations. The commercial station rate is lower than that set by the librarian but still higher than the

rate ultimately agreed upon for noncommercial stations.²⁰⁶ The new rates were retroactive, meaning the stations had to pay royalties that had not been previously collected, going back to 2000. A noncommercial station at a college with under 10,000 students generally pays a \$500 annual fee for Webcasting. At colleges with more than 10,000 students, the standard fee is \$500 for Webcasting rights only. The stations have to pay separate fees for broadcasting sound recordings over the air.

The limitations on the liability of online service providers for copyright infringement came into play in 2006 when YouTube was sued for copyright infringement for the first time. Independent photographer Robert Tur, well known for filming the 1992 Los Angeles riots, including the beating of Reginald Denny, sought \$150,000 for each time the video was uploaded to the service. He also sought an injunction against any additional use of his work. The video was removed from the server, although YouTube took the position at the time that under the 1998 Digital Millennium Copyright Act, the company was protected from being sued based on the actions of customers.²⁰⁷ YouTube was later the source of 5 million streams in less than a month for one skit from “Saturday Night Live” featuring a rap version of “Chronicles of Narnia.” NBC Universal demanded that YouTube remove the skit.²⁰⁸

Remedies for Infringement

Under Section 501(a) of the current copyright statute, anyone (including state agencies and officials) who violates any of the exclusive rights of the copyright owner is an infringer. The statute provides a wide range of remedies from injunctions to criminal penalties, although it does not codify common law infringement. To prove infringement, a plaintiff must demonstrate that (1) he or she owns the copyright to the infringed work, and (2) the defendant(s) copied the work.

The latter involves proving the defendant(s) had access to the work and that the two works are substantially similar. Proving ownership is usually not difficult since the owner simply has to produce sufficient evidence that he or she created the work or that the rights to the work were transferred to him or her. Registration is one way of establishing this since it constitutes prima facie evidence in court of the validity of the copyright if it is made prior to or within five years after publication. Sometimes ownership may be in dispute, however, as illustrated in a 1990 decision by the U.S. Supreme Court involving the 1954 Alfred Hitchcock movie *Rear Window*. In *Stewart v. Abend*,²⁰⁹ the U.S. Supreme Court ruled 6 to 3 that actor James Stewart and the late film director Alfred Hitchcock had violated the copyright of Sheldon Abend to *Rear Window* when they released the film in 1981 for television and in 1983 put it on videocassette and videodisc.

The complicated story began in 1942 when a short story entitled “It Had to Be Murder” by Cornell Woolrich appeared in *Dime Detective* magazine. In 1945 Woolrich sold the movie rights only, not the copyright itself, to the story to B.G. De Sylva Productions for \$9,250 with an agreement that De Sylva would have the same

rights for the renewal period (which under the statute at that time was an additional 28 years). De Sylva then sold the movie rights in 1953 to a production company owned by Stewart and Hitchcock, which made the story into the still highly popular classic film, *Rear Window*.²¹⁰

When Woolrich died in 1968, he left his estate, including copyrights to his works, to Columbia University. Chase Manhattan Bank, the executor for Woolrich's estate, renewed the copyright and in 1971 sold the renewed movie rights to "It Had to Be Murder" to Sheldon Abend, a literary agent, for \$650.²¹⁰ In that same year, the movie was made available for television, and Abend informed Stewart, Hitchcock's estate and MCA, Inc. (which released the film) that he would sue for copyright infringement if the movie were distributed further. When MCA ignored the warning and allowed ABC Television to broadcast *Rear Window*, Abend made good on his threat and sued. The parties eventually settled out of court, with Abend getting \$25,000. The saga continued, however.

In 1977, the Second Circuit U.S. Court of Appeals held that a company which had acquired derivative rights to a work still retained those rights even if the transfer of rights from the original work expired. MCA relied on that holding since *Rear Window* was a derivative work and re-released the film in 1983 on videocassette and for cable television. Abend filed suit once again. It was dismissed by a U.S. District Court judge.

On appeal, the Ninth Circuit U.S. Court of Appeals reversed, and the U.S. Supreme Court upheld the decision, 6 to 3. Abend stood to make millions of dollars in profits because the re-release had generated more than \$12 million worldwide by the time of the Supreme Court decision plus another \$5 million in profits from release on home video.²¹² Writing for the majority, Justice Sandra Day O'Connor said the 1977 Second Circuit decision was wrong. The 1909 statute in effect at the time of the ruling provided that the original copyright to a work continued, if renewed, even if derivative rights have been granted. Thus derivative rights expire when the original copyright expires, and the owner of the original rights can prevent the owner of the derivative rights from continuing to use the work. The Court was not sympathetic to the complaint by MCA, Stewart, and Hitchcock's heirs that "they will have to pay more for the use of works that they have employed in creating their own works. . . . [S]uch a result was contemplated by Congress and is consistent with the goals of the Copyright Act."²¹³ The decision affected hundreds of films and was estimated to cost the movie industry millions of dollars.²¹⁴

In the area of trademark infringement, the use of names within an entertainment context often presents litigants with an increasingly challenging and complex burden of proof. On June, 27 2006, a Southern California rock band filed a complaint in U.S. District Court against the CBS television reality program "Rock Star: Supernova," with a claim under unfair competition and trademark infringement that it used the "Supernova" mark first.²¹⁵

According to the lawsuit, that group had performed under the Supernova name previously and even released three albums and also some singles under that name. The lawsuit noted that representatives of Mark Burnett Productions had filed seven

U.S. trademark applications for the name “Supernova” and two for “Rock Star: Supernova.” The CBS program hosted by rocker Dave Navarro followed the plights of 15 contestants hoping to appear as the lead singer with the newly formed group consisting of former members from well-known rock groups: Metallica, Guns N’ Roses, and Motley Crue. Defendants Mark Burnett, CBS, and the members of the new rock group (Tommy Lee, Gilby Clarke, and Jason Newstead) were not obligated to answer the lawsuit when it was first reported in the press because it had not yet been served. But at that time, some astute television observers commented on the difficulty of coming up with creative, original names in an ever-expanding universe of intellectual property. At the time of this particular suit, the *Television Business Report (TVBR)*, while emphasizing the seriousness of such legal challenges, reviewed the names of some continually popular rock groups such as “Paul Revere and the Raiders,” noting with tongue in cheek that one member of that particular rock group was actually named Paul Revere, indicating that care must be taken with historical names, especially those that still hold currency. To avoid messy legal actions, *TVBR* suggested that rock groups might want to look back to American history and consider less contentious names such as “Rock Star: Mugwump or Rock Star: Millard Fillmore.”²¹⁶

Demonstrating access is usually a relatively simple matter, especially when a work has been widely distributed, but occasionally a defendant is able to prove lack of access. A typical example occurred when rocker Mick Jagger successfully fought a copyright infringement suit in 1988 for his hit song “Just Another Night.”²¹⁷ Reggae musician Patrick Alley claimed the chorus from Jagger’s song had been lifted from the 1979 recording “Just Another Night.” Alley claimed that Jagger had access to his song through a drummer who had played on both records and that Jagger probably heard Alley’s song when it was played on several smaller New York radio stations. Jagger denied he had heard the song, and a U.S. District Court jury in New York ruled in his favor after hearing testimony from the defendant that included him singing some of his lyrics.²¹⁸

Substantial similarity is typically the key in deciding an infringement case. Although it was rendered prior to enactment of the current copyright statute, a 1977 ruling by the Ninth Circuit U.S. Court of Appeals has become a leading case related to criteria for evaluating substantial similarity. In cases of direct copying such as a chapter, extensive excerpts, and appropriation of exact wording, proof of copying is usually cut and dried, but indirect proof is typically all that can be shown and this can be done with evidence of substantial similarity.

In *Sid and Marty Krofft Television Productions, Inc. v. McDonald’s Corp.* (1977),²¹⁹ the creators of the show “H.R. Pufnstuf” successfully claimed that McDonald’s television commercials infringed on their copyright because the McDonaldland setting in the hamburger chain’s ads and the characters portrayed in them were substantially similar to those in “H.R. Pufnstuf.” The U.S. Court of Appeals applied a two-prong test in reaching its conclusion. First, is there substantial similarity between the underlying general ideas of the two works? If the answer is “no,” there is no infringement. If “yes,” the second question is, is there

substantial similarity in the manner of expression of the two works? If “yes,” there is infringement. If no, the lawsuit fails. Both of these are questions of fact for a jury to determine or for the judge in a bench trial. Substantial similarity is often difficult for a plaintiff to prove on the two questions, but as the *Krofft* case illustrates, it can be done. The court found that McDonaldland and H.R. Pufnstuf’s Living Island had substantially similar characters, scenery, dialogue, and other features. Some of the most damning evidence presented at trial was that former Krofft employees had helped design and build McDonaldland.²²⁰

A classic case of substantial similarity involved the highly popular movie *Jaws*. In 1982 a U.S. District Court in California found that the movie *Great White* was substantially similar to *Jaws* and, therefore, an infringement.²²¹ The similarities were striking, as the court noted, including similar characters (an English sea captain and a shark hunter who together track a vicious shark), a similar plot, and virtually identical opening and closing sequences. The judge in the case felt that it was obvious that “the creators of *Great White* wished to be as closely connected with the plaintiff’s motion picture *Jaws* as possible.”²²² The producers of the infringing movie were ordered to pay damages, and an injunction was issued to ban further distribution of the film. *Great White* was dead in the water with no sequels in sight.

The similarities were also striking in a 1989 Seventh Circuit U.S. Court of Appeals decision involving greeting cards.²²³ For two years, Ruolo designed distinctive greeting cards for Russ Berrie & Co. under a contract granting the latter the exclusive right to produce and sell them as its “Feeling Sensitive” line.

When the contract expired and Ruolo notified the company that it would not be renewed, Berrie marketed a similar line of cards known as “Touching You.” The appeals court upheld a jury decision that Berrie had infringed because the cards were substantially similar. They were designed for similar occasions and were identical in size and layout. Both cards featured two colored stripes on the left side on which a foil butterfly was superimposed and one colored stripe on the right side. Both series of cards were printed on cream-colored paper with handwritten messages in brown ink. The Court of Appeals characterized the action as trade dress infringement in which the substantial similarities lie in the overall image or “look and feel” of the works, as evidenced in size, shape, color, graphics, packaging, and other visual aspects. The appellate court upheld the jury award of \$4.3 million.

This same “look and feel test” is often applied in determining infringement in computer software cases. According to one author, though, “[W]hile broad protection may be given by some courts to the structure, sequence and organization of a program, copyright law provides no general protection for the overall ‘look and feel’ of a computer program.”²²⁴ The authors predict that patent law will emerge to grant the necessary protection that copyright law does not provide for computer software.²²⁵

By passing the Sonny Bono Copyright Term Extension Act (CTEA) in 1998, as discussed earlier, the U. S. Congress included 20 years of additional copyright protection. This Act amended earlier 1976 legislation. The new Act, named after

the late Congressman who had once been an entertainer and also spouse of Mary Bono, his widow and Congressional successor. As noted earlier, this Act was heavily supported by the Walt Disney Company and thus acquired the pejorative nickname of “The Mickey Mouse Protection Act,” a back-handed reference to aggressive corporate legal activity and efforts to further extend copyright ownership for creative works. Critics of such efforts point to the large number of Disney works based on earlier published literary material existing in the public domain as a counterpoint to successful efforts by Disney to protect its characters, brands, and logos.²²⁶

A challenge to CTEA also came in the form of *Eldred v. Ashcroft* (2003),²²⁷ in which Stanford Law Professor Lawrence Lessig represented noncommercial Web site operator Eric Eldred in asking the Court to strike down the Act on First Amendment and other constitutional grounds. Eldred argued that the extension exceeded Congress’ authority under the copyright clause portion of Article I, Section 8, clause 8 of the U.S. Constitution (“by securing for limited times”). He also argued the extension violated the free speech provision of the First Amendment. U.S. District Court Judge June Green rejected the arguments, and the decision was appealed. The U.S. Court of Appeals upheld the decision. On further appeal, the U.S. Supreme Court ruled 7 to 2 that the Act was constitutional. The majority opinion written by Judge Ruth Bader Ginsberg pointed to earlier copyright acts, holding that Congress had not exceeded its authority and that the Act did not violate the First Amendment. The Court applied the intermediate scrutiny test, ruling that strict scrutiny did not apply.

Professor Lessig, founder of the Center for the Internet and Society, has written extensively on copyright duration, arguing for openness and availability, as quickly as possible.²²⁸ He has proposed the idea of a creative commons license under which artists would make their works available for free under certain conditions prior to publication, specifying the restrictions, if any, in a link next to the work or by embedding it in an MP3, PDF, or other file.²²⁹ For example, an artist could require that any reuse credit the author or that such use be only noncommercial. The creator could also put the work immediately in the public domain.

Injunctions, Impoundment, and Disposition

Under Section 502 of the Copyright Act, federal courts can grant both temporary and permanent (“final”) injunctions to prevent infringement once infringement has been proven. The permanent injunction against *Great White* is an example of how this form of equitable relief can be effective. With the injunction, the movie could no longer be distributed, shown, or sold anywhere in the United States. While injunctions are clearly forms of prior restraint, the courts have indicated they are constitutionally permissible to prevent further infringement of intellectual property rights. A mere threatened infringement is usually not sufficient to warrant an injunction, but once infringement is proven, an injunction becomes a potent weapon available for the copyright owner. As with all injunctions, violations can subject a defendant to citation for contempt and fines as determined by the court.

Section 503 provides two other effective remedies: impoundment and disposition. Impoundment involves the government seizing potentially infringing materials or forcing a defendant to turn them over to the custody of the court until a case is decided. In its final decision, the court can also “order the destruction or other reasonable disposition of all copies or phonorecords” determined to violate copyright.²³⁰ The federal courts rarely have to resort to these remedies, but they clearly have the authority to use them.

Damages and Profits

The most common remedy for infringement is an award of damages. A copyright owner who files suit against an alleged infringer can opt at any time before the court issues its decision (before “final judgment”) for either actual damages along with any additional profits or statutory damages, but the owner cannot recover both. Under Section 504 an infringer can be liable for actual damages caused by the infringement plus any profits attributable to the infringement. All the copyright owner needs to show at trial to establish the amount of profit is the infringer’s gross revenue.²³¹ A defendant can offset the profits awarded the plaintiff by proving deductible expenses and any portion of the profits that did not come from the infringement. Otherwise, the defendant may have to surrender all profits. There is no limit on the amount of actual damages a copyright owner can recover so long as sufficient evidence demonstrates the extent of the harm suffered. As with all civil suits in federal courts, judges have a responsibility to ensure that awards are not excessive in light of the evidence presented at trial. However, the judge and jury have considerable discretion in determining what is reasonable.

The 1988 revision of the Copyright Act²³² substantially increased the amount of statutory damages available. If the copyright owner of an infringed work chooses statutory damages instead of actual damages and profits, he or she may obtain an award from \$750 (minimum) to \$30,000 (maximum) for each work infringed, depending upon what the court considers an appropriate amount. If the copyright owner can prove that the infringement was willful, she or he can recover, at the court’s discretion, up to \$150,000 for each work.²³³ On the other hand, if the infringer can convince the court that she or he was not aware or had no reason to believe infringement occurred (i.e., innocent infringement), the court can reduce the statutory damages.²³⁴

A fair use provision is tucked away in Section 504 under which “an employer or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment . . . cannot be held liable for statutory damages for infringement in reproducing a work if the person believed and had reasonable grounds for believing that the use was a fair use.” A similar exception is made for public broadcasting employees who infringe by performing or reproducing a published nondramatic literary work.

President Clinton signed the No Electronic Theft Act into law on January 6, 1998.²³⁵ Under this law, federal prosecutors can charge individuals who illegally

copy or distribute copyrighted materials on the Internet even when they made no money from doing so. The Act, which amends provisions of Titles 17 and 18 of the U.S. Code, was in response to a 1994 decision by a U.S. District Court in Massachusetts to dismiss the charges against a Massachusetts Institute of Technology student accused of using the MIT computer system to illegally distribute millions of dollars in software. The judge threw out the charges on the ground that he had made no commercial or private financial gain.

The No Electronic Theft Act made it a felony to copy or to distribute 10 or more copies of a copyrighted work with a cumulative retail value of more than \$2,500, with penalties of up to five years in prison and fines of up to \$250,000. A second or subsequent offense can lead to imprisonment of up to six years. It is a misdemeanor under the law to make or distribute during any 180-day period one or more copies of a work with a total retail value of more than \$1,000. A misdemeanor violation can be punished with a maximum of one year in prison and a fine of up to \$100,000. For both felonies and misdemeanors, prosecutors have to demonstrate that the acts were willful and not protected under the fair use doctrine.

Even though the bulk of the anti-theft attention was directed at major corporations, experts in the field were quick to point out that small business owners, especially in particular smaller pockets of creativity in the country where intellectual property innovations are plentiful, also need to be aware of their rights. Some areas, evidenced by the filing of many patents, also demonstrate the need to take the threat very seriously. For example, in 2005, close to 3,000 patents alone were issued to small businesses and individuals in Ohio.

While signs of such innovation ranked Ohio eighth overall in patents issued, it also demonstrates the extent and the need for small companies in such locales to be willing to fight in court to maintain their intellectual property rights. While larger companies in bigger communities known for such innovation often have in-house capability to fight intellectual property right challenges and claims, the smaller, family-owned companies were also targeted by the federal and Ohio local governments to increase their overall awareness of the extent of the crime and seek to enforce their rights beyond both local and national levels. As the problem becomes more pronounced, more pervasive, and more troublesome, smaller companies can find themselves spending half or more of a marketing budget on lawsuits just fighting patent infringement to protect intellectual resources.²³⁶

The result of the government's efforts in this area has been impressive although a lot more obviously needs to be done. But in the short time since the federal government began to target the need for recognition of the problem and litigation in the area as a means of protection, defendants prosecuted for intellectual property theft increased 97 percent from October 2004 to the end of 2005. A large number of computer hacking and intellectual property units were established nationwide and comprehensive training programs were conducted for federal cyber prosecutors to address computer crime. In 2005, searches of 22 major online piracy groups were executed and prosecutors obtained indictments against 44 defendants, with 10 convictions the following year.²³⁷

It also took action to stop counterfeiting operations and obtained felony conspiracy and copyright convictions against nearly two dozen software, music, and movie pirates. The federal government also continued efforts to intervene in court actions to defend copyright owners' use of civil subpoenas to identify anonymous Internet users alleged to be involved in copyright infringement.

Other Remedies for Infringement

Under Section 505, the court can award court costs (i.e., the full cost of litigation for that side) and reasonable attorney's fees to whichever side wins.²³⁸ These remedies are at the discretion of the judge. Finally, under certain circumstances, anyone who willfully infringes for commercial or private financial gain can be fined up to \$250,000 and/or imprisoned for a maximum of five years. These offenses include such actions as reproducing or distributing during any 180-day period at least 1,000 phonorecords or copies of one or more sound recordings²³⁹ or at least 65 copies of one or more motion pictures or other audiovisual works.²⁴⁰

Most videotape recordings now carry the standard Federal Bureau of Investigation warning, complete with seal, at the beginning of the tapes. The FBI is the primary police authority for enforcing the criminal provisions of the copyright statutes. The statutes also include a provision making it a federal crime to traffic in counterfeit labels for phonorecords and copies of motion pictures and other audiovisual works.²⁴¹

In spite of its best efforts, Congress left some gaps in the copyright law, many of which have been closed with various amendments enacted since the legislation originally passed in 1976. The most prominent gap, at least from the consumer perspective, was revealed in the one U.S. Supreme Court copyright decision with which the public is familiar: *Sony Corporation of America v. Universal City Studios, Inc.* (1984).²⁴² The *Sony* decision or "Betamax case," as it is popularly known, is one of the most misinterpreted and misunderstood cases involving copyright since the new statute took effect. Some of the misunderstanding can be traced to inaccuracies in news stories about the decision and to the apparent general attitude among the public that home videotaping is a fair use and should not be regulated.

The case developed when Universal Studios, Walt Disney Productions, and other television production companies sued the Sony Corporation²⁴³ for contributory copyright infringement. The production companies claimed the Japanese firm marketed to the public the technology to infringe on copyrighted works. This infringement occurred, according to the plaintiffs, when consumers used Sony's Betamax VCRs²⁴⁴ to record copyrighted programs broadcast on local stations, including "time shifting," or recording for later use programs not viewed at the time they were broadcast. (The Court characterized this practice as the principal use of a VCR by the average owner.)

A U.S. District Court judge for the Central District of California ruled that recording broadcasts carried on the public airwaves was fair use of copyrighted works and thus Sony could not be held liable as a contributory infringer even if such home recording were infringement. The Ninth Circuit U.S. Court of Appeals reversed the trial court's decision, but the U.S. Supreme Court reversed the appellate court ruling.

In a very narrow decision that dealt only with Sony's liability for manufacturing and marketing the recorders, the Court agreed with the district court that the company was not guilty of contributory infringement. In a 5 to 4 opinion written by Justice John Paul Stevens, the Court concluded that home time-shifting was fair use:

In summary, the record and findings of the District Court lead us to two conclusions. First, Sony demonstrated a significant likelihood that substantial numbers of copyright holders who license their works for broadcast on free television would not object to having their broadcasts time shifted by private viewers. And second, respondents failed to demonstrate that time shifting would cause any likelihood of nonminimal harm to the potential market for, or the value of, their copyrighted works. The Betamax is, therefore, capable of substantial noninfringing uses. Sony's sale of such equipment to the general public does not constitute contributory infringement of respondents' rights.²⁴⁵

The Court went on to note that there is no indication in the Copyright Act that Congress intended to make it unlawful for consumers to record programs for later viewing in homes or to prohibit the sale of recorders. "It may well be that Congress will take a fresh look at this new technology, just as it so often has examined other innovations in the past. But it is not our job to apply laws that have not yet been written."²⁴⁶ After the decision, several bills were proposed in Congress to respond to the Court's holding such as taxing recorders and blank tape, but most legislators apparently felt the political fallout from such legislation would be too great.

The Sony decision, which barely attracted a majority of the justices, left many unanswered questions. Is videotaping at home an infringement? The Court said that the record supported the trial court's decision that home time shifting was fair use, but the fair use doctrine does not mention such use as permissible. In fact, a literal application of the four criteria for fair use would appear not to protect this practice. For example, home taping typically involves recording an entire program (under the third factor, more than a substantial portion), its purpose is entertainment rather than nonprofit educational use (factor one) and, contrary to the Court's musings, such taping likely negatively affects the potential market for the work (factor four). Is it fair use to record cable television programs, including pay channels? Is it fair use to edit programs while they are being recorded by deleting commercials, for example? Do recorded programs have to be erased as soon as they are viewed, or is it fair use to archive them for future multiple viewings?

Registration

Even though registration is no longer required for copyright protection,²⁴⁷ there are some major advantages and the process is relatively simple. The advantages include:

1. Public record of the copyright
2. Standing in court to file suit for infringement

3. If made within five years of publication, *prima facie* evidence in court of the copyright's validity
4. If made within three months after publication or prior to infringement, the availability of statutory damages and attorney's fees

Registration may be made any time during the duration of the copyright by sending the following in a single envelope or package to the copyright office:

1. A completed application form (different types of works have different forms)
2. A \$45 filing fee for registration via paper or \$35 for electronic registration (for most works)
3. One copy or phonorecord if the work is unpublished or was first published outside the United States, or two copies or phonorecords if the work was first published in the United States

There are seven standard forms for original registration, and three of them have short versions. In addition, Form CA is used to correct or amplify information given on an earlier form and Form RE is for renewals. Of the standard forms, TX and its short form are for registration of published and unpublished nondramatic literary works. Form TX is also used for reference works, directories, catalogs, and compilations of information. Form VA is used for works of the visual arts such as sculptures and architecture and works used in the sale or advertising of goods and services if the copyrightable material is primarily pictorial or graphic. Motion pictures and other audiovisual works require Form PA. Form SR is for sound recordings, and Form G/DN is a special form for registering a month's issues of a daily newspaper and GR/CP is a supplementary form for the registration of group contributions to periodicals. Form SE is for serials such as periodicals, newspapers, annuals, journals, proceedings, and transactions of societies.

Registration is effective the day the copyright office receives the properly completed application, fee, and materials. Certificates can take as long as four months, but most are mailed within one to two months. The certificates are simply copies of the form signed and dated by the copyright office.

Another option is preregistration, which is available for works that have a history of prerelease infringement. The work must also be unpublished but be in the process of preparation for commercial distribution. The application is only online and requires a \$100 filing fee.²⁴⁸

Copyright Protection for Newer Technologies

Copyright protection exists for a wide range of technologies, including computer programs, automated databases, and semiconductor chips (also known as mask works). Computer programs have been the subject of considerable litigation even with the new statute, but the courts have made it clear that computer software

enjoys copyright protection. In June 1988 the copyright office announced, after public hearings and a review of public comments, that it would “require that all copyrightable expression embodied in a computer program owned by the same claimant, including computer screen displays, be registered on a single application form” (Form TX or PA).²⁴⁹ Until that time, conflicting court opinions had created confusion over whether a single form could be used. Now the question appears resolved, although other new technologies will undoubtedly raise other questions. The courts have also made it clear that copyright protection covers object codes, source codes, and microcodes in software as well as the overall structure of a program or its “look and feel.”

The copyright statute does not specifically mention automated data bases, but the copyright office and the courts interpret the legislative history of the Act to include automated data bases as compilations of facts and thus literary works.²⁵⁰ Such data bases, as with all copyrightable works, must involve originality and not simply be mere mechanical collections of information.²⁵¹ Finally, semiconductor chips (sometimes called integrated circuits) were added to the list of copyrightable works with the Semiconductor Chip Protection Act of 1984.²⁵² The provisions regarding these mask works differ some from those of other works.

Moral Rights

The most controversial issue in the debate over whether the United States should join the Berne Convention was Article 6, which requires convention members to protect the moral rights or *droit moral* of authors. These rights are entirely independent of copyright, but by agreeing to adhere to the convention the United States is obligated to abide by all of the provisions, including those involving moral rights.

Moral rights fall into two categories under the convention: *paternity rights* and *integrity rights*, both of which have been formally recognized in many other countries for some time. Paternity rights involve the right to be credited as the author of a work and to prevent others from attributing a work to you that is essentially not your work. For example, a publisher who, without consent, omitted the name of the primary author from a book or a magazine editor who, without consent, falsely attributed an article to a well known author to sell more copies or lend credibility to the magazine would be violating paternity rights. (Even if the famous author contributed a small amount to the work, his name cannot be used without his consent.) Integrity rights basically involve “the right to object to distortion, other alteration of a work, or derogatory action prejudicial to the author’s honor or reputation in relation to the work.”²⁵³

A classic example of the latter was the 1976 Second Circuit U.S. Court of Appeals decision that the ABC Television Network violated the copyright of the British comedy troupe known as Monty Python of *Monty Python’s Flying Circus* fame when the network edited the programs to make room for commercials.²⁵⁴ The court held

that the changes significantly impaired the integrity of the works and that Monty Python had the right to prevent “distortion or truncation” of its creations. The court cited common law, copyright law, and Section 43(a) of the Lanham Act dealing with unfair competition for its authority. Even though the comedy team had granted the British Broadcasting Corp. the right to license the programs overseas, that right did not include allowing licensees to significantly distort them.

In 2001, a U.S. Court of Appeals for the Ninth Circuit issued an injunction that effectively shut down Napster, the source of free music that was downloaded, played, and shared via MP3 files over the Internet. While the court injunction was appealed it signaled Napster’s eventual decline although it subsequently started a legal ad-supported service in 2006 to try to compete with Apple Computer’s iTunes.²⁵⁵ But the broader context of the earlier blatant copyright infringement—music files downloaded and shared without any charge—was viewed within the backdrop of a precipitous drop in CD sales. As with some other online distribution systems, corporate America was caught in an interesting and somewhat controversial dilemma. While seeing a rise in illegal use of products through advancement of the new technology, corporations were faced with a precipitous decline in overall interest by legal means. They had to become more creative and investigate new strategies.

These are the same kinds of challenges faced by the mainstream television industry when other sources such as YouTube developed an interest in online or so-called viral video programming built on user-generated or user-selected content, described by supporters as the democratization of the mass media, with opportunities to retrieve content more at the consumer’s disposal. And thus a new debate emerged about whether such efforts at sharing streaming video should be encouraged rather than aggressively litigated as fiercely as in the past. Interestingly, NBC allowed some material lifted from “Saturday Night Live” to remain on YouTube for a while, although it eventually called for its removal, leading some to believe that the major players were taking a closer look at the impact and potential of this development. Most of the subsequent corporate legal activity involving the democratization of the so-called new media has focused on the means of recouping costs from the lawful sharing of content by including some form of encryption device, whether the source is audio or video.²⁵⁶

Plagiarism

Plagiarism, or the misappropriation of another’s intellectual or creative works, is a recurrent problem. It is often difficult to demonstrate plagiarism, but accusations crop up from time to time. In 2000 WSPD-AM in Toledo, Ohio, signed a consent order with *The Blade*, a Toledo newspaper, under which the station agreed to give proper attribution to the paper when it used information from *The Blade* on the air.²⁵⁷ The owner of the newspaper had sued the station, claiming the broadcaster was stealing published stories and passing them off as its own. The newspaper was

particularly concerned about a morning radio host whose slogan was “I read *The Blade* so you don’t have to,” which both sides agreed was a satirical statement. Nevertheless, under the agreement the host had to clearly indicate that the stories on which he commented were written by *The Blade*. In 2003 *Syllabus* magazine apologized after it published an article entitled “Probing for Plagiarism in the Virtual Classroom” that had apparently plagiarized passages from an article published a year earlier by another author in a different publication.²⁵⁸

In 2003 BYU NewsNet, a student-managed news organization at Brigham Young University, voluntarily forfeited two national awards for innovative Web design when the student editors determined that a substantial portion of their Web site was rather similar to a basic site discussed in a software design guide published by another organization.²⁵⁹ The perception, which research indicates is probably accurate, that plagiarism by students has become a serious problem on college campuses has led many universities to subscribe to anti-plagiarism software such as TurnItIn and MyDropBox. These programs allow student papers to be checked and a report issued indicating any plagiarism detected.²⁶⁰

In 2006 19-year-old Harvard sophomore Kaavya Viswanathan, who had signed a half-million dollar contract with Little, Brown & Co., a major publisher, admitted that she had used substantial portions of the work of writer Megan McCafferty in her first novel, *How Opal Mehta Got Kissed, Got Wild, and Got a Life*.²⁶¹ The book was ultimately withdrawn from sale.

Romance writer Janet Dailey, who has sold more books than any other female in the country,²⁶² publicly admitted in 1997 that she borrowed ideas and passages for her novel *Notorious* from Nora Roberts’ book *Sweet Revenge*. Roberts is also a best-selling romance author. Dailey attributed her plagiarism to a psychological disorder for which she was being treated.²⁶³

Award-winning writer, poet, and sculptor Barbara Chase-Riboud settled out of court in 1998 with film producer Steven Spielberg and Dreamworks SKG after Chase-Riboud had sued Spielberg and the studio for plagiarism. Chase-Riboud claimed the movie *Amistad* used characters, events and dialogue from her book *Echo of Lions*. Both the book and the film revolved around the revolt by Africans on a Spanish slave ship bound for the United States, which led two years later to an historic decision by the U.S. Supreme Court. John Quincy Adams, a former President of the United States, served before the Supreme Court as the attorney for the Africans, who were granted their freedom by the Court.

Chase-Riboud asked for \$10 million in damages and for a preliminary injunction to stop the movie’s premiere in 1997. The U.S. District Court for the Central District of California denied Chase-Riboud’s motion for the injunction, and the movie made its scheduled debut in theaters around the country. The plagiarism suit was allowed to move forward until a settlement was reached, under which Chase-Riboud dropped her suit and complimented the studio and Spielberg on their film.

Most actions of this type do not result in lawsuits for copyright infringement, but the resultant negative publicity is often punishing. Smart journalists and smart

journalism students know that when there is any doubt about whether a reader, listener, or viewer (including a professor) might be misled into thinking that a work is entirely original when it is not, clear attribution is essential for both expressions and ideas. Attribution will not prevent a successful lawsuit for copyright infringement, but it can at least alleviate perceptions of plagiarism.

The tendency of Internet users to copy, share, and swap their music files came to a head in 2001 when the record industry sued the highly popular file sharing Napster network in the Ninth Circuit Court of Appeals. The court sided with the industry and agreed that the exchange of recorded music via Napster's file sharing created and also encouraged copyright infringement. Subsequent related cases focused more on individual file sharers with special attention given to college students, as opposed to the corporate software providers, as a means of establishing where most of the activity was taking place.²⁶⁴

But some degree of uncertainty still exists regarding who is at fault in such cases because the courts have often had to reconsider whether companies are actually encouraging copyright infringement or merely providing the means to do so. In the aftermath of cases focusing on peer-to-peer file sharing, for example, tens of thousands of sites, particularly those situated at the nation's colleges and universities, were shut down in a major crackdown on music theft and as a means of underscoring the pervasiveness of the crime.

As awareness of the value of intellectual policy has grown along with the growth of the Internet and increased opportunities for theft via computer, the U.S. government has increasingly targeted that area for attention. In March 2004 former Attorney General John Ashcroft set up a government task force specifically targeted to address the field of intellectual property and designed to review developments and make recommendations on how enforcement efforts might improve. The Justice Department had already announced strategies to aggressively prosecute Internet crime such as computer intrusion, copyright and trademark violation, theft of trade secrets, and economic espionage, as well as theft of high tech components for computers. Beyond that, the Justice Department had announced its commitment to work with local law enforcement agencies to see that crimes were reported and information shared across jurisdictional boundaries. The department increased relationships with high tech communities and local governments by way of offering subject area experts in intellectual property law and additional legal advice for collection of digital evidence to pursue criminals in this area. In less than eight months the task force returned with a number of added recommendations including suggestions regarding prevention and international cooperation. With the awareness that intellectual property thefts were costing American companies over \$250 billion each year, Ashcroft's successor in the U.S. Attorney General's office, Alberto Gonzalez, followed up on those recommendations—appointing new members for this extended government task force and directing them to implement the recommendations of the previous government report. Then working with the U.S. Patent and Trademark Office, close to a million dollars was earmarked for piracy prevention under the Justice Department.²⁶⁵

In conjunction with the release of the 2006 progress report on intellectual property and as a follow-up to government initiatives to crack down on piracy, the U.S. Attorney General's office announced that in addition to 25 cities such as Baltimore and Philadelphia previously targeted for attention, 7 new cities would create new computer hacking and intellectual property (CHIP) units. In targeting additional cities such as San Diego, the new CHIP units would provide special prosecutors trained in detecting intellectual property theft in their districts with an eye to preventing cyber crime. These stepped-up government efforts, also including seminars and Web sites devoted to the problem, were part of an informational initiative called the Strategy Targeting Organized Piracy (STOP!) to target e-commerce by informing small business owners of the potential for cyber theft and criminally prosecuting hackers and others using technology to maliciously steal or propagate code that would disrupt the flow of normal business operations. These increased education efforts and government-inspired litigation were considered very logical in light of the fact that California alone by 2004 had more than one million small business operators exporting over \$1 billion in products. Intellectually property-based companies, particularly in that area known internationally for creativity and innovation, were especially keen on eliminating the potential for piracy and counterfeiting.²⁶⁶

Hollywood movie studios and major record labels won another legal war when Grokster, once regarded as a major safe haven for digital pirates, decided to stop operating in November 2005. Five months earlier, the Supreme Court issued its unanimous opinion in the peer-to-peer file swapping case in *Metro-Goldwyn-Mayer Studios v. Grokster* (2005).²⁶⁷ The case revolved around whether distributors of file sharing software such as Grokster would be liable for copyright infringement by program users. The case was complicated by the fact that thousands of Americans swapped files online. The Supreme Court's decision in this case was that file swapping companies could be sued by the recording industry and others that were hurt by the practice. The Court also said such companies could be held liable in cases in which the software was found to be part of the business model and intended for an illegal purpose. Justice Souter, writing for a unanimous Court, emphasized the need for balance between the values of creative pursuits through copyright protection and promoting innovation through new technology.

Grokster addressed growing concerns of balance between copyright interests and technology providers in the age of growing consumer use of sophisticated digital technology. It tightened the previous Supreme Court decision regarding the use of technology, specifically Betamax, in *Sony Corp. v. Universal Studios Inc.*,²⁶⁸ which held that sellers of VCRs were not liable for user copyright infringement when there was also substantial non-infringing use of their product. In that case the Court said that the Sony Corporation could not be sued if the owners of their copying machines used them to record illegally. The case extended consideration of whether the actual intent of the business was to violate copyright, especially in instances in which over 90 percent of the use was illegal.

The case appeared against the backdrop of a U.S. Department of Justice study finding a 26 percent increase in suspects charged with intellectual property theft

from 1994 to 2002. The number of people convicted for that crime rose more than 50 percent in the same time frame while the federal government increased efforts to provide greater public awareness of the nature and extent of the crime. Using *Star Wars* as an example, the United States Under Secretary of Commerce for Intellectual Property, Jon Dudas, pointed out how copying and downloading computer games, video games, DVDs, and music from such a popular Hollywood film was stealing someone else's property, emphasizing how respect for the work of others was an important part of the American educational process.²⁶⁹

Grokster, a software developer, was utilized as a peer-to-peer operation. The U.S. Supreme Court decision came in the wake of Napster, a company serving as a middleman that was forced by the Ninth Circuit U.S. Court of Appeals to fold its operations in 2001. After abuses became known, Napster and the other national file sharing companies had started to change their formats to charge users for downloading files, with a percentage of profits going to the artists and creators of the works. Some legal scholars, such as Rod Smolla, have revisited the issue as presenting a generational challenge to the extent that a large number of young people do not view the downloading of an artist's work in the same category as stealing a CD off the shelves of the local Wal-Mart, Walgreens, or Target.²⁷⁰

In *Grokster* the Court sent the case back to district court for trial, noting that the entertainment industry could file privacy lawsuits against companies that encouraged the theft of movies and music over the Internet.²⁷¹ Grokster had been accused of being responsible, by way of encouraging or "inducing" the illegal downloading of copyrighted files by running file sharing software to enable the download of music and movies online to a large number of users. After the decision, Grokster agreed to settle the suit, pay the plaintiffs \$50 million in damages, and immediately shut down its Web site. At that time, Grokster's Web site posted in part: "There are legal services for downloading music and movies. This service is not one of them."²⁷² In the aftermath of the *Grokster* verdict, many entertainment sources claimed that the Supreme Court's decision in this case almost immediately enhanced the growth of legal music services and improved the prospects for legitimate peer-to-peer markets.²⁷³

Television programs are often bootlegged and flow freely on the Web, but some online services such as Google now offer legal downloads of popular programs such as *CSI*, *Star Trek: Voyager* and even TV classics such as *I Love Lucy*.²⁷⁴ AOL's online network, In2TV, offered almost 5,000 episodes of 100 classic television series such as *Welcome Back, Kotter*, while Yahoo had contemporary hits such as *Apprentice* with Donald Trump and *Two and a Half Men* as well as news reports and more than 10,000 music videos.²⁷⁵

Hollywood feature-length motion pictures continue to be pirated, typically on DVD, sometimes even before they appear on the silver screen, in China, Russia, and other countries. Intellectual property experts agree that this type of theft will continue until the creative and artistic communities in those countries begin to suffer financially as well because their works are pirated. Only then is it likely that governments in such countries will crack down on piracy. In the meantime,

some innovative techniques are emerging to counter this problem. For example, in 2006 Hollywood director Steven Soderbergh introduced a \$1.7 million crime drama entitled *Bubble*, which simultaneously opened in theatres, on high definition cable, and on DVD. This experiment was conducted by Mark Cuban and Todd Wagner, who owned the Landmark Theatre chain, which they had purchased with the proceeds from the sale of their company, Broadcast.com, to Yahoo for almost \$6 billion.²⁷⁶ The experiment was not universally praised because it broke the conventional approach of showing a movie in theatres for at least a month, followed by the release of the DVD and then showings on pay cable, followed by free television. This business model assumes that viewers will pay at least twice to see the same movie but in different formats. The simultaneous release business model is aimed at making a film available to 90 percent of the consumers who would be unlikely to see the initial theatrical release, including youths, a traditionally strong market for films.²⁷⁷ Whether this approach will slow illegal copying and the pirating of motion pictures remains to be seen.

Summary and Conclusions

Copyrights, trademarks and patents fall under an area of the law known as *intellectual property*, which also usually includes trade secrets. The constitutional origins of intellectual property, at least for copyrights and patents, can be traced to Article I, Section 8 of the U.S. Constitution. There are three basic types of patents: *utility*, *plant*, and *design*. Patents generally have protection for 20 years. Trade secrets, on the other hand, can theoretically be protected in perpetuity, if certain conditions are met.

Trademarks have considerable protection under both state and federal law, but trademark holders must take aggressive steps to ensure that their marks do not become diluted and risk going into the public domain. Most advertisers and other commercial and noncommercial enterprises also constantly monitor the use of their trademarks for possible infringement, while making sure they treat the trademarks of others with appropriate respect.

Copyright, on the other hand, is strictly a federal matter, since enactment of the Copyright Act of 1976, which eliminated state copyright laws and common law copyright. The Act made other substantial changes in copyright law, not the least of which was significantly increasing the amount and duration of copyright protection for original works of authorship. Public perceptions and even those of communication professionals still consist of myths and distortions that bear little relationship to the real world of copyright. Many writers and artists still find it difficult to believe that copyright protection exists automatically upon creation of a work in a tangible medium without benefit of registration and that attribution alone does not protect one from a successful infringement suit. The concept of fair use is even more difficult to comprehend, and the courts as well as Congress have added to the confusion.

Nevertheless, the federal copyright statute is a powerful arsenal for the creators of original works of authorship. The fact that copyrighted works, other than works made for hire and anonymous works, are protected under the Sonny Bono Copyright Extension Act for 70 years beyond the last surviving author's death reflects the tone of the law. It is an authors' law—plain and simple—and journalists must be cautious in using the expressions of others. The law is not very forgiving, as attested by its provisions granting remedies from injunctions and damages to criminal penalties.

Congress continues to fill gaps that are occasionally detected by courts, especially as new technologies from electronic digitalization to distance education via the Internet become more prevalent. The fair use doctrine continues to add to the confusion, but guidelines such as those drafted for educational multimedia by the Consortium of College and University Media Centers are positive steps. Cutting-edge technologies will also continue to be developed to thwart would-be pirates, such as encryption techniques to curb the illegal copying of movies and music, including those delivered via modems, cable, and satellite.²⁷⁸

The most serious problem, at least from the perspective of industry, continues to be pirating, including illegal downloading on the Internet. One year after the U.S. Supreme Court handed down the *Grokster* ruling, illegal file sharing was apparently still alive and well. In the year following *Grokster*, the Recording Industry Association of America (RIAA) sued some 6,000 individuals for what it considered illegal downloading. With 10 million or more people around the world clicking into peer-to-peer technology each month, according to one report,²⁷⁹ and with most file sharing likely illegal, it is obvious why the recording industry continues its fight to catch pirates, even when they are individual consumers rather than organized offenders.

Endnotes

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3. Jeff Nesmith, *Tech Innovations Swamp U.S. Patent Office*, Atlanta Journal-Constitution, Aug. 27, 2006, at B1.
4. *Id.*
5. Pub. L. 100-418 (1989).
6. Pub. L. 98-417 (1984) and Pub. L. 100-670 (1988) had granted such an extension for drugs, but the 1989 Act broadened the extension to include patents for other inventions and discoveries.
7. 35 U.S.C. §101.
8. 35 U.S.C. §161.
9. 35 U.S.C. §171.
10. All patent infringement suits must be brought in the U.S. District Court. Other federal courts and state courts have no jurisdiction. Appeals from the U.S. District Court are then heard exclusively by the U.S. Court of Appeals for the Federal Circuit. Upon a writ of certiorari, a discretionary writ, the U.S. Supreme Court can, if it so chooses, hear any appeals from the Federal Circuit.
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12. 35 U.S.C. §103.
13. *Polaroid v. Eastman Kodak*, 789 F.2d 1556, 229 U.S.P.Q. 561 (Fed. Cir. 1986), *cert. denied*, 479 U.S. 850, 107 S.Ct. 178, 93 L.Ed.2d 114 (1986).
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22. N.C. Gen. Stat. §66-152(1).
23. 764 ILCS 1065/3(a).
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29. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 94 S.Ct. 1879, 40 L.Ed.2d 315 (1974).
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125. 17 U.S.C. §203(a)(3).
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127. 17 U.S.C. §111.
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162. *Salinger v. Random House*, 811 F.2d 90, 13 Med.L.Rptr. 1954 (2d Cir. 1987), *cert. denied*, 484 U.S. 890, 108 S.Ct. 213, 98 L.Ed.2d 177 (1987).
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244. Betamax VCRs used the Beta format, which since then has lost out to the VHS format, but at the time of the suit, Beta was the dominant format. Even Sony eventually abandoned Beta for VHS in its VCRs for home use. Although some technical experts still argue that the Beta format was superior to VHS, VHS won the battle, primarily because manufacturers of VHS recorders outmaneuvered Beta in the marketplace.

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246. *Id.*
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250. U.S. Copyright Office, *Copyright Registration for Automated Data Databases*, www.copyright.gov.
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