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GATT-OUT OF THE PUBLIC DOMAIN: CONSTITUTIONAL DIMENSIONS OF FOREIGN COPYRIGHT RESTORATION*

The United States has elected to heal the wounds in the international intellectual property community.¹ Due to stringent American copyright rules that were not in conformity with international norms, the United States has allowed reinstatement to foreign citizens certain copyrights that have fallen into the public domain.² Effective January 1, 1996, pursuant to 17 U.S.C. § 104A (1994) ("§ 104A"), the United States Copyright Office began the process of restoring these copyrights.³ To be eligible for restoration, a copyright must not be in the public domain in its country of origin through expiration of its term of protection.⁴ Furthermore,

* First Prize - 1996 A.S.C.A.P. Nathan Burkan Writing Competition at St. John's University School of Law; submitted to 1996 National A.S.C.A.P. Nathan Burkan Writing Competition.

¹ See John G. Byrne, *Changes on the Frontier of Intellectual Property Law: An Overview of the Changes Required by GATT*, 34 DUQ. L. REV. 121, 128 (1995) (discussing how TRIPS agreement achieved many of United States' intellectual property objectives including its desire to bolster international intellectual property); see also Stephen E. Bondura & Lloyd G. Farr, *Intellectual Property Rights Abroad and at Home After GATT*, S.C. LAW., Oct. 7, 1995, at 20, 23 (discussing Trade Related Aspects of Intellectual Property ("TRIPS") provisions of General Agreement on Tariffs and Trade ("GATT") and noting that, if enforceable, it will provide U.S. companies with "level playing field" in efforts to protect intellectual property abroad).

² See *General Agreement on Trade and Tariffs: Intellectual Property Provisions, Joint Hearings on H.R. 4894 and S. 2368 Before the Subcomm. on Intellectual Property and Judicial Administration of the House Comm. on the Judiciary (Serial No. 90) and the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary (Serial No. J-103-77)*, 103 Cong., 2d Sess. (1994) [hereinafter *Joint Hearings*] (testimony of Eugene Volokh) (finding that "[t]he two bills . . . address a serious problem: Many authors, especially foreign authors, have lost their copyrights in their works because of certain provisions of pre-1989 U.S. copyright law."); David Nimmer, *The End of Copyright*, 48 VAND. L. REV. 1385, 1402 (1995) (noting that "we [the United States] are now making amends" by restoring foreign copyrights); Lionel S. Sobel, *Back from the Public Domain*, 17 ENT. L. REP. 3, at *1, available in LEXIS, LawRev Library, ALLREV file (discussing trade negotiations in relation to TRIPS and noting that other countries insistence on restoration of certain of their copyrights by U.S. caused U.S. to agree in order to secure other concessions in return).

³ See 17 U.S.C. § 104(a)(1) (1995) [hereinafter § 104A] (providing that restored copyright owner's copyright vests automatically on effective date of restoration); Presidential Proclamation No. 6780, 60 Fed. Reg. 15845 (1995) (announcing that effective date of TRIPS is January 1, 1996); Copyright Office Notice of Policy Decision, 60 Fed. Reg. 7793 (1995) (implementing President Clinton's proclamation that effective date of TRIPS is January 1, 1996).

⁴ § 104A(h)(6)(B).

the copyright must have been categorized as having fallen into the public domain in the United States for "noncompliance with formalities imposed at any time . . . including failure of renewal, lack of proper notice, or failure to comply with any manufacturing requirements."⁵

Whatever the motivation for doing so, a Congressional act that restores previously dead copyrights is likely to be viewed as a departure from long-standing reticence to decrease the pool of readily available knowledge for the creation of new works.⁶ The restoration is, in theory, a paradox that grinds against the American concept of what is encompassed by the public domain.⁷

Under the common law, a copyright in an unpublished work lasted in perpetuity until publication of the work in question.⁸ The common law copyright, however, has been preempted by federal law.⁹ It is settled that under federal law, a copyright granted in perpetuity is unconstitutional because the Copyright Clause only allows Congress to grant such protection for "limited

⁵ § 104A(h)(6)(C)(i).

⁶ See H.R. REP. NO. 609, 100th Cong., 2d Sess., at 51 (1988). This House Report detailed amendments to the Copyright Act as a result of the U.S. joining the Berne Convention on Copyrights. *Id.* In particular, the restoration of copyrights was discussed. *Id.* It was noted that an overbroad grant of retroactive copyrights out of the public domain may have a stifling effect on the creation of new works. *Id.* It was stressed that a balancing of interests between authors control over their works and keeping public domain material freely available was a pivotal consideration when considering the public domain's role. *Id.*; David Nimmer, *Second Wind: Congress Has Restored Copyright Protection to Works Previously in the Public Domain - and Now the Problems Begin*, L.A. LAW. 28, 28 (1995) [hereinafter *Second Wind*] (discussing effect of § 104A on public domain and noting that public domain no longer marks boundary from which no copyright will ever return); see also *Joint Hearings*, *supra* note 2, at 190 (testimony of Professor Shira Perlmutter) (asking whether Congress has authority to remove works from public domain and "fence them off" as private property and remarking that public domain material is free for anyone to use).

⁷ BLACK'S LAW DICTIONARY 1229 (6th ed. 1990) (defining "public domain," as it relates to copyright law, as "[p]ublic ownership status of writings, documents or publications that are not protected by copyrights."); see Nimmer, *Second Wind*, *supra* note 6, at 28 (noting that copyright restoration has "revolutionized the notion of the public domain," and therefore has "catapulted" durationally eligible foreign works from public ownership status back into private foreign hands).

⁸ See *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 453 F. Supp. 852, 855 n.1 (D. Me. 1978) (holding that common law copyright arises on creation of original literary work and protects author's interest until copyright proprietor publishes work and common law copyright expires), *aff'd*, 597 F.2d 13 (2d Cir. 1979).

⁹ See 17 U.S.C. § 408(a) (1995). Today, although copyright registration is not a condition of copyright protection, the copyright proprietor of an unpublished work may register his work with the Copyright Office. *Id.*; see also 17 U.S.C. § 409 (1995). The application will indicate that it is unpublished and since copyright registration is a prerequisite for certain remedies such as attorney's fees, the proprietor has an incentive to register his unpublished work. *Id.*

times."¹⁰ The actual term length, however, is within Congress' discretion to decide.¹¹ Nevertheless, before Congress passed § 104A, it was a common assumption that once a work had fallen into the public domain, for whatever reason, it was never going to be under copyright protection again.¹²

Historically, Congress has attempted only once to restore copyrights previously in the public domain only once.¹³ That special

¹⁰ U.S. CONST. art. I, § 8, cl. 8. (copyright protection may be granted "[t]o promote the Progress of Science and useful Arts, by securing for limited times to Authors and Inventors their respective Writings and Discoveries"); see *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 154 n.4 (1975) (discussing Constitution's "limited times" provision); *Goldstein v. California*, 412 U.S. 546, 560 (1973) (noting that at time of decision constitutional limited times was restriction on Congress and not on state action); *Marx v. United States*, 96 F.2d 204, 206 (9th Cir. 1938) (holding that provision of 1909 Copyright Act which contained no time limit on copyrights granted therein was governed by twenty-eight year time limit found elsewhere in Act and thus copyrights granted under that provision were not unconstitutionally perpetual).

¹¹ *Cf. Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 6 (1966) (discussing Congress' powers to implement patent clause and noting that "[w]ithin the limits of the constitutional grant, the Congress may, of course, implement the stated purpose of the Framers by selecting the policy which in its judgement best effectuates the constitutional aim"); *Pennock & Sellers v. Dialogue*, 27 U.S. (2 Pet.) 11, 16 (1829) (contemplating that Constitution delegates patent term limits to Congress). *But see* Act of December 18, 1919, 41 Stat. 368, 368-69 (authorizing President to extend time for copyright registration and renewal); Act of September 25, 1941 (codified at 17 U.S.C. § 9 (1947)) (authorizing President to extend time for registration under Copyright Act of 1809); *Bong v. Alfred S. Campbell Art Co.*, 214 U.S. 236, 243 (1909) (noting that President can also extend work's copyright term through Presidential Proclamation if Congress has granted permission); *Chappell & Co. v. Fields*, 210 F. 864, 867 (2d Cir. 1914) (holding that under 1909 Copyright Act, Presidential Proclamation is conclusive evidence of necessary basis of its own issuance and thus may not be judicially reviewed); *Time Books v. Disney*, 877 F. Supp. 496, 499 (N.D. Ca. 1995) (noting that it was pursuant to § 9(b) of 1909 Copyright Act by which President Eisenhower obtained authority to toll time period for citizens of Austria to renew copyrights in United States due to conditions in Austria at time).

¹² *See, e.g., G. Ricordi & Co. v. Paramount Pictures*, 189 F.2d 469, 472 (2d Cir. 1951) (holding that rights to motion picture derived from copyrighted novel do not extend beyond time for which the novel was copyrighted, but could include any new material from play based on novel which is in public domain), *cert. denied*, 342 U.S. 849 (1951); *Glaser v. St. Elmo Co.*, 175 F. 276, 277 (C.C.S.D.N.Y. 1909) (holding that upon expiration of copyright on novel, any person may use plot for play, copy or publish it, or make any other use deemed fit); *Ogilvie v. G. & C. Meriam, Co.*, 149 F. 858, 863 (D. Mass. 1907) (holding that on expiration of copyright of dictionary name, name and material therein became public property), *cert. denied*, 209 U.S. 551 (1908); *see also Ladd v. Law & Technology Press*, 762 F.2d 809, 812 (9th Cir. 1985) (stating that "[t]he primary purpose of the clause is to promote the arts and sciences for the public good, not to grant an economic benefit to authors and inventors"), *cert. denied*, 475 U.S. 1045 (1986). *But see Classic Film Museum, Inc. v. Warner Bros.*, 453 F. Supp. 852, 855 (D. Me. 1978) (holding that although movie, which is derivative work of copyrighted play, has expired copyright and thus is in public domain, holders of copyright on underlying play can enjoy party from performing movie because copyright on story from play is still valid); *King v. Mister Maestro*, 224 F. Supp. 101, 107 (S.D.N.Y. 1963) (holding that speech of Dr. Martin Luther King which had been publicly read and disseminated to press in wide circulation did not cause speech to fall into public domain).

¹³ *See* Priv. L. No. 92-60, 85 Stat. 857, 857 (1971). This Act restored copyrights in certain works and granted them to a private religious group. *Id.*; *United Christian Scientists v. First Church of Christ*, 829 F.2d 1152, 1166 (D.C. Cir. 1987). In *United Christian Scientists*

law was held unconstitutional by the United States Court of Appeals for the District of Columbia as violative of the Establishment Clause of the First Amendment¹⁴ and it was implied that such a restoration may be violative of the "limited times" language of the Copyright Clause.¹⁵ The only guidance on the issue from the Supreme Court is illustrated in a discussion of the Constitutional roots of Congress' power to grant patents.¹⁶ The Court has opined, in dicta, that Congress may not grant patents that will remove knowledge or information from the public domain.¹⁷

the United States Court of Appeals for the District of Columbia considered this private law of Congress which granted the Christian Science Board of Directors, First Church of Christ ("First Church") copyrights in Mary Baker Eddy's various versions of *Science and Health*, a text which was held sacred to both plaintiff and defendant. *Id.* The Court found the law unconstitutional because Congress had improperly endorsed religion in violation of the Establishment Clause of the First Amendment. *Id.* The Court also noted that "[t]hrough *Science and Health* is the pastor to Christian Scientists, it is not the office of Congress to grant continual if indeed not perpetual, dominion over the text to First Church in order that it may serve that end." *Id.*

¹⁴ *United Christian Scientists*, 829 F.2d at 1166 (finding special law that restored copyrights and granted them to religious sect violative of Establishment Clause); see U.S. CONST. amend. I (providing that "Congress shall make no law respecting establishment of religion . . .").

¹⁵ See *United Christian Scientists*, 829 F.2d at 1157. The Court described the private law emphasizing its grant of copyrights to editions of Mary Baker Eddy's works that were in the public domain because their general copyrights had lapsed or because they had never been copyrighted. *Id.* The Court mused that editions of the text in question, that were in the public domain at the time of the Act's passage, assumed the status of manuscripts awaiting their "first publication," at which time only does a copyright term of 75 years begin. *Id.* The grantees of the special copyright were therefore in a position to control the publication of the sacred text for an indefinite period of time. *Id.* at 1157 n. 22; see also § 104A(a)(1). A significant difference can be drawn between the special law considered in *United Christian Scientists*, and the restoration that occurs under § 104A. *Id.* Section 104A will only revive the copyright in eligible works for the remainder of the time it would have had left if it had never fallen into the public domain. *Id.* The copyright holders do not start over with an unpublished work. *Id.*; Katherine S. Deters, *Retroactivity and Reliance Rights Under Article 18 of the Berne Copyright Convention*, 24 VAND. J. TRANSNAT'L L. 971, 994 (1991). Deter's article suggests that the challenged law in *United Christian Scientists* violated the Copyright Clause and the First Amendment's free speech guarantee as well as its Establishment Clause. *Id.*; Wendy J. Gordon, *A Property Right in Self Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 YALE L.J. 1533, 1535 (1993). Gordon's article discusses numerous suits enjoining publication as in *United Christian Scientists*. *Id.*; Edward Samuels, *The Public Domain in Copyright Law*, 41 J. COPYRIGHT SOC'Y U.S.A. 137, 182 (1993). Samuels' article reiterates the facts and circumstances surrounding the *United Christian Scientists* litigation. *Id.*

¹⁶ See *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 6 (1966) (discussing constitutional roots of Congress' power to grant patents).

¹⁷ See *id.* Congress' power to grant patents was considered not without limitations. *Id.* As stated by Justice Clark: "Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available." *Id.* This statement, however, may not have been meant to extend to the copyright power because of a footnote in the same general discussion which notes: "The provision appears in the Constitution spliced together with the copyright provision, which we omit as not relevant here." *Id.* at 6 n.1.

The relevant consideration is not whether Congress will ever restore public domain works, because this it has already done.¹⁸ The question to be considered is whether this Act will withstand constitutional scrutiny. In particular, § 104A restores foreign citizens' copyrights but not American citizens' copyrights that have fallen into the public domain for the same reasons.¹⁹ This unequal treatment may be challenged by U.S. citizens, whose copyrights were not restored, on equal protection and due process grounds.²⁰ In this context, the issue of whether a citizen's access to federal copyright will be deemed a fundamental constitutional right will be a stumbling block for those challenging § 104A.²¹ Whether a party has standing to challenge the Act²² and whether the party is a member of a protected class are issues that are also likely to stand in the way.²³

Since Congress is removing works from the public domain and placing copyrights in those works back into private hands, there are likely to be those who have made significant investment in the exploitation of these public domain works who will be subject to

¹⁸ See § 104A.

¹⁹ See § 104A(h)(4)(a) (defining "reliance party" as any person who continues to use restored work after it is restored to its foreign owner); § 104A(h)(8)(a) (defining works eligible for restoration as those that originated in source country "other than the United States"); see also 60 Fed. Reg. 50414 (1995) (regulations to be codified at 37 C.F.R. §§ 201, 202) (providing that "[a]n eligible country is a nation, other than the United States, that is a member of the Berne Convention, or a member of the World Trade Organization, or is the subject of a presidential proclamation"); cf. *Joint Hearings, supra* note 2, at 207 (testimony of Professor Shira Perlmutter) ("[T]he bills do not directly help American Authors; they restore copyrights in foreign works only").

²⁰ Cf. Nimmer, *Second Wind, supra* note 6, at 32 nn. 6, 7 (noting that stakes are high in that 30,000 movie titles and countless numbers of television episodes are presently eligible and that real floodgate of copyright resurrection is likely to follow by American's demanding resurrection of their works as well); Sobel, *supra* note 2, at 5 (discussing possibility that Congress may have to resurrect American copyrights as well in order to placate disgruntled Americans whose copyrights have fallen into public domain for same reasons).

²¹ See *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 429 (1984) (noting that Congress' power to grant copyrights is not for exclusive benefit of individual but avenue by which important public purpose may be achieved); 2 NOWACK & ROTUNDA, *TREATISE ON CONSTITUTIONAL LAW: SUBSTANCE AND PROCEDURE* § 15.7, at 427-28 (2d ed. 1992) (discussing elusive definition of fundamental right and noting that such are generally rights which are recognized as having value so essential to individual liberty that they merit constitutional strict scrutiny).

²² See 2 NOWACK & ROTUNDA, *supra* note 21, § 2.13, at 205 (2d ed. 1992) (discussing the concept of standing as prerequisite necessary to challenge statutes on constitutional grounds, and noting that Court is reluctant to find standing when plaintiff is protesting generalized injury to large class of persons).

²³ See *Ohio Bureau of Employment Services v. Hodory*, 431 U.S. 471, 489 (1977) (holding that where statute does not negatively impact protected class, test for constitutionality does not merit strict scrutiny review).

suit by the restored copyright holder.²⁴ Those parties who may lose their investments in the exploitation of public domain works may have a colorable claim against the U.S. government for just compensation under the Takings Clause of the Fifth Amendment.²⁵ Whether these parties have "property" that is entitled to constitutional protection²⁶, and whether the government has inflicted a total loss of that property are likely to be central issues in a challenge to § 104A brought on Takings Clause grounds.²⁷

This Note will explore these possible constitutional challenges to this novel legislation. Part I provides a brief discussion of formalities of American copyright law that have caused many copyrights to fall into the public domain due to of a failure of compliance. Part II discusses the legislative history culminating in Congress' restoration of foreign copyrights under § 104A. Part III analyzes whether § 104A will survive constitutional attack based on Due process or Equal Protection grounds. Finally, Part IV determines whether the Act effects an unconstitutional taking without just compensation. This Note concludes that § 104A will withstand a constitutional challenge under either an Equal Protection and Due Process analysis or under a Takings Clause analysis.

I. THE FORMALITIES OF AMERICAN COPYRIGHT LAW

American copyright protection was long conditioned on an author's compliance with formalities.²⁸ The copyright laws however,

²⁴ See Nimmer, *Second Wind*, *supra* note 6, at 30 (noting that bulk of statutory text of § 104A relates to operation of § 104A's phase in provisions and restored copyright owners rights to compensation from injunction against those whom are called reliance parties under statute).

²⁵ See U.S. CONST. amend V ("nor shall private property be taken for public use without just compensation."); *Joint Hearings*, *supra* note 2, at 208 (testimony of Professor Shira Perlmutter) (discussing constitutionality of draft bill of § 104A and considering, in particular, whether bill would effect unconstitutional taking).

²⁶ See *Landsgraf v. USI Film Products*, 114 S. Ct. 1483, 1497 (1994) (noting that Takings Clause protects individuals only from government takings of vested property interests); *cf. Int'l News Serv. v. Associated Press*, 248 U.S. 215, 234 (1918) (holding that newspaper carrier has vested interest in format of news matter although subject of news matter itself is in public domain).

²⁷ See *Concrete Pipe and Prod. of Cal., Inc. v. Construction Laborers Pension Trust for S. Cal.*, 113 S. Ct. 2264, 2291 (1993) (holding that mere diminution of value of property does not effect unconstitutional taking by state); *Lucas v. South Carolina Coastal Council*, 112 S. Ct. 2886, 2894 n.7, 2895 n.8 (1992) (holding that only where property owner has been deprived of all economically viable use of property does unconstitutional taking occur and recognizing that distinction from situation when property owner has suffered mere diminution in value is sometimes elusive).

²⁸ See generally Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America*, 64 *TUL. L. REV.* 991 *passim* (1990) (comparing relatively

were purged of many formalities when superseded by the 1976 Copyright Act.²⁹ Although failure to register a copyright no longer forfeits a copyright under that Act, it remains a prerequisite for filing a suit for infringement.³⁰ Each registration still requires an accompanying deposit of one or more copies of the work to be registered with the Library of Congress, whether published or unpublished.³¹ In addition, the 1976 Act provides that the filing of a copyright registration is prima facie evidence of a valid copyright.³² Failure to register a copyright within three months before it is infringed limits the copyright holder to compensation for ac-

liberal french ideas of copyright to more stringent english historical notions from which U.S. Constitution derives its historical basis); Shira Perlmutter, *Freeing Copyright From Formalities*, 13 CARDOZO ARTS & ENT. L. J. 565, 566 (1995) (discussing American copyright law with particular emphasis on formalities that have "long been a hallmark of the American copyright system").

²⁹ See 17 U.S.C. § 1 (1976) (enacting the 1976 Copyright Act); see also H. REP. NO. 1476, 94th Cong., 2d Sess. (1976), reprinted in 1976 U.S.S.C.A.N. at 5668, 5668 (describing scope of 1976 Copyright Act and its effective abolishment of many formalities); Perlmutter, *supra* note 28, at 568 (discussing impact of 1976 Act on American copyright formalities).

³⁰ See 17 U.S.C. § 408(a) (1995) (stating that "the owner of a copyright or of any exclusive right in the work may obtain registration of the copyright claim . . . [but] [s]uch registration is not a condition of copyright protection"); 17 U.S.C. § 411 (1995) (stating that "no action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title"); *Techniques, Inc. v. Rohn*, 592 F. Supp. 1195, 1197 (S.D.N.Y. 1984) (holding that plaintiff must prove by writing that they are successor in interest to registered copyright holder's right to bring infringement suit); *International Trade Management, Inc. v. United States*, 553 F. Supp. 402, 402-03 (1982) (holding that before suit for infringement may be brought, plaintiff must wait for copyright office to approve its application for copyright registration); see also 17 U.S.C. § 408(d) (1995) (stating that "the Register may establish . . . procedures for the filing of an application for supplementary registration, to correct an error in copyright registration"); *Wales Industrial, Inc. v. Hasbro Bradley*, 612 F. Supp. 510, 515 (S.D.N.Y. 1985) (holding that technical mis-description in copyright registration identifying American transferee of partial copyright to "Transformers" in lieu of Japanese creators, as claimant, does not forfeit right to sue for infringement under 1976 Act).

³¹ 17 U.S.C. § 408(b) (1995); see Act of May 31, 1790, 1 Stat. 124. This Act of Congress enacted the first federally created Copyright Act. *Id.* Prior to the Copyright Act of 1909, registration and deposit had to occur before publishing to avoid forfeiture of a copyright. *Id.*; see also *Washingtonian Pub. Co. v. Pearson*, 306 U.S. 30, 40 (1939). The *Washingtonian* case relaxed this stringent rule. *Id.* Interpreting the 1909 Act, the Court found the deposit requirement a prerequisite to maintaining suit for infringement, but, unless the Registrar of the Copyright office demanded deposit, failure to deposit would not forfeit a copyright. *Id.*; 17 U.S.C. § 407(d) (1995). This concept was continued in the 1976 Act. *Id.* There, a deposit is required within three months of the first publishing and the Register of Copyrights may demand deposit anytime after publication, but the failure to comply results in a fine, not a forfeiture. *Id.*

³² 17 U.S.C. § 410(c) (1995); see *Harris Mkt. Research v. Marshall Mktg. & Communications, Inc.*, 948 F.2d 1518, 1526 (10th Cir. 1991) (interpreting statute and holding that certificate of registration is prima facie evidence of validity of copyright); see also *Autoskill, Inc. v. National Educ. Support Sys.*, 994 F.2d 1476, 1487 (10th Cir. 1993) (stating that three-part test to determine whether prima facie case of copyright infringement is met includes whether plaintiff has established ownership of valid copyright).

tual damages sustained, forfeiting any chance of receiving statutory damages or attorney's fees.³³

Until adherence to the Berne Convention³⁴ in 1989, appending copyright notice to each copy of the work published in the United States continued to be a prerequisite to retain copyright protection, unless the number of copies published without notice was "relatively small."³⁵ As early as 1946, however, the Second Circuit ruled in *Heim v. Universal Pictures*³⁶ that, unlike publication in the U.S. without proper notice of a U.S. copyright, publication abroad without such notice did not necessarily preclude the owner from later obtaining a valid U.S. copyright.³⁷

Even after enactment of the 1976 Copyright Act, copyright holders were required to apply at a certain time and in a certain form to renew their copyright for a second term; failure to do so would forfeit the second term.³⁸ The 1976 Act did eliminate the renewal requirement for any new copyrights in a prospective application, but any work published prior to 1978 was still required to be for-

³³ 17 U.S.C. § 412 (1995).

³⁴ See Berne Convention for the Protection of Literary and Artistic Works (Paris Revision 1971) [hereinafter Berne Convention], reprinted in WORLD INTELLECTUAL PROPERTY ORGANIZATION, GUIDE TO THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS (Paris Act 1971) 177 (1978).

³⁵ 17 U.S.C. § 10 (1909); see 17 U.S.C. §§ 401(a), 405 (1995) (providing that for works publicly distributed before effective date of Berne Convention Implementation Act of 1988, omission of copyright notice invalidates copyright); *Lifshitz v. Walter Drake & Sons*, 806 F.2d 1426, 1432 (9th Cir. 1986) (holding that copyright holder has forfeited copyright by publishing 15,000 copies with defective copyright notice). But see *Eisen Durwood & Co. v. Tolkien*, 794 F. Supp. 85, 86 (S.D.N.Y. 1992) (holding that first publication of "The Lord of the Rings" trilogy in U.S. without copyright notice did not put work into public domain because special provision known as ad-interim copyright under 1909 Copyright Act, but does waive certain remedies otherwise available to author). See also Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853, 2858-9 (providing that omission of notice on copies and phonorecords distributed after effective date of Berne Convention no longer forfeits copyright); 17 U.S.C. § 405(a)(1) (1995) (providing that omission of copyright notice on "relatively small" number of copies does not invalidate copyright).

³⁶ 154 F.2d 480 (2d. Cir. 1946).

³⁷ *Id.* at 486; see also *Twin Books Corp. v. Walt Disney Corp.*, 877 F. Supp. 496, 498 (N.D. Cal. 1995) (holding that publication of work abroad without copyright notice did not cause work to automatically fall into public domain).

³⁸ See Act of May 31, 1790, § 1, 1 Stat. 124, 124 (1790) (providing for renewal of second term); 17 U.S.C. § 24 (1909) (same); see also *Fred Fisher Music Co. v. M. Whitmark & Sons*, 318 U.S. 643, 654 (1943) (holding that mere enactment of copyright act does not nullify author's assignment of renewal rights to transferee if he is alive at time for renewal); *Harris v. Coca Cola Co.*, 73 F.2d 370, 371 (5th Cir. 1934) (noting that renewal rights are not automatic for current holder of copyright because it is a "recognition extended by the law to the author of the work that has proven meritorious"); *White-Smith Music Publishing Co. v. Goff*, 187 F. 247, 252 (1st Cir. 1911) (construing renewal right to allow author to capture some benefit of his work that came into its own during its first term under publisher's control).

mally renewed.³⁹ Only in 1992 did Congress reverse this disparate treatment of renewal by providing that all copyrights created before the 1976 Act, due for renewal after 1992, would automatically renew.⁴⁰

II. LEGISLATIVE INTENT BEHIND COPYRIGHT RESTORATION

Foreign authors, as well as Americans, have been denied the right to sue for infringement⁴¹ and their works have fallen into the public domain because of a failure to comply with American formalities.⁴² Since Congress has recently moved to reverse the effects of these formalities, it is helpful, especially in a constitutional analysis, to try to determine the congressional purpose in enacting § 104A.⁴³

After much debate, the United States took a major step toward trying to repair the rift between our copyright laws and those of

³⁹ 17 U.S.C. § 304(a) (1995).

⁴⁰ See Automatic Renewal Act of 1992, Pub. L. No. 102-307, 106 Stat. 264 (1992) (providing for automatic renewal of copyrights created before 1976 act which have come up for renewal after 1992); 17 U.S.C. § 304(3)(b) (1988 & Supp. V 1994) (providing that copyright holders no longer must renew their copyright regardless when copyrighted); 17 U.S.C. § 304(a) (1995) (providing that filing for renewal is still allowed, though not mandatory, but still affords copyright holder certain advantages in some situations with respect to when rights vest).

⁴¹ See *Joint Hearings*, *supra* note 2, at 191 (testimony of Professor Shira Perlmutter) (noting that "as difficult as it has been for American authors to comply with the strict formalities that were the hallmark of United States copyright law for so many years, it has been even more difficult for foreign authors.").

⁴² See, e.g., *Twin Books Corp. v. Walt Disney Corp.*, 877 F. Supp. 496, 496 (N.D. Cal. 1995). In *Twin Books* the transferee of the Austrian author of Bambi's copyright was denied an injunction against Disney because the daughter of the Austrian author failed to renew her copyright in 1951. *Id.* This was despite a 1946 presidential proclamation extending the time to renew given the conditions existing in Europe at the time. *Id.* The rationale of the decision can be stated as that the 28 year copyright term for the work, first published in Austria without a copyright notice in 1923, and published with one in 1926, began to run from the 1923 date and thus renewal in 1954 was not timely. *Id.* at 498. Along with this somewhat harsh decision, the Court in *Twin Books* also mentioned, in dicta, that "Bambi" may have fallen into the public domain in the U.S. because Bambi was first published in 1923 without a copyright notice pursuant to the 1909 Copyright Act in force at that time. *Id.* This result would probably run afoul of the *Heim v. Universal* decision. See *Heim v. Universal Pictures*, 154 F.2d 480, 486 (2d. Cir. 1946). The *Heim* decision held that publication abroad without copyright notice does not necessarily preclude the copyright proprietor from obtaining a valid U.S. copyright. *Id.*; see also *London Film Prod. Ltd. v. Intercontinental Comm.*, 580 F. Supp. 47, 47 (S.D.N.Y. 1984). One American court has even held that diversity jurisdiction was proper to settle a suit based on infringement of foreign copyrights which took place abroad, even when these works had lapsed into the public domain in the United States. *Id.*

⁴³ Cf. *Arlington Heights v. Metropolitan Housing Dev. Corp.*, 429 U.S. 252, 257 (1977) (analyzing legislative purpose of statute in question in order to come to decision on constitutionality); NOWACK & ROTUNDA, *CONSTITUTIONAL LAW* § 14.2, at 598 (5th ed. 1995) (describing judiciary's review of legislative purpose in face of equal protection challenge).

the rest of the world by joining the Berne Convention on Copyrights in 1989.⁴⁴ With Berne, Congress amended our copyright laws to create a system more in sync with those of other Berne nations, thus encouraging those nations to give American authors reciprocal benefits abroad.⁴⁵

Article 18(1) of the Berne Convention requires new members to restore the copyright to a foreign work that has not fallen into the public domain in its country of origin.⁴⁶ The work to be restored however, must have fallen into the public domain in the new country because of failure to comply with formalities that the new country had previously required.⁴⁷ Old members are required to give reciprocal rights to new members.⁴⁸ Accordingly, the retroactive restoration of copyrights in certain foreign works in the U.S., as well as the restoration of American works in some foreign countries, should have occurred when the U.S. joined the Berne convention.⁴⁹

⁴⁴ See Berne Convention, *supra* note 34, at 1; Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (codified in scattered sections of 17 U.S.C.).

⁴⁵ See H.R. REP. NO. 609, *supra* note 6, at 6-7. This report states that "the purpose of the legislation is to allow the United States to join the Berne Convention . . . the world's premier multilateral copyright treaty." *Id.* This Report, accompanying H.R. 4262, the bill implementing amendments to the copyright law resulting from adoption of the Berne Convention, asserted that "the benefits of the legislation will be multifold." *Id.* According to the Report, it established multi-lateral relations with twenty four member nations with whom relations did not currently exist, it would play a role in larger trade relations with foreign nations, it will maintain the collections of copyrighted works kept in the Library of Congress, and place American copyright law on a footing similar to that of most other countries. *Id.*

⁴⁶ See Deters, *supra* note 15, at 995 (discussing retroactively effective provisions of Article 18 of Berne Convention and concluding that United States is substantially in violation of those provisions); Gloria C. Phares, *Retroactive Protection of Foreign Copyrights: What Has Congress Be-Gatt?*, 7 J. PROPRIETARY RTS. 2, available in 1995 Westlaw No. 4 JPROPR 2, *2 (noting that Article 18 of Berne Convention requires retroactive protection of copyrights that have fallen into public domain in joining nation for failure to comply with formalities previously required).

⁴⁷ See Phares, *supra* note 46, at *2 (observing that works in copyright in country of origin should have been restored here when U.S. joined Berne despite author not having complied with formalities of U.S. law).

⁴⁸ See Deters, *supra* note 15, at 981 (discussing reciprocal retroactive rights under Article 18 of Berne Convention).

⁴⁹ *Id.*; Paul L. Slevin & Eric J. Weisberg, *GATT Implementation Bill Restores Copyright in Foreign Works*, 42 J. COPYRIGHT SOC'Y U.S.A. 272, 272 (1995). Slevin and Weisberg noted that § 104A was enacted to comply with Berne and to improve United States' position in its bid to seek retroactive protection in other Berne nations for American works. *Id.* Other countries, particularly Russia, have refused to protect American works in the public domain in Russia because of Congress' previous application of Article 18. *Id.*; see *Broadcasting Industry: Americans Pirating European Made Films*, TECH. EUROPE, Mar. 6, 1992, at *1 available in LEXIS, Nexis Library, Allnews File. Europeans have complained that although European files are theoretically protected in the United States without registration under the Berne Convention, in practice, European films are being pirated. *Id.*; see also

Congress, however, seized on a paragraph in Article 18(3) of Berne that allows a member country to determine how it will implement the convention, and opted not to restore any copyrights.⁵⁰ Congress found that the question of restoring copyrights from the public domain raised constitutional issues. As a result, the potential stifling effect that such a restoration could have on our own public domain merited at least further consideration.⁵¹ This policy did not fare well with the intellectual property community abroad and it diminished the chances of gaining reciprocal rights for American authors, which rights were the purpose of joining the Berne Convention.⁵²

Joint Hearings, supra note 2, at 244. U.S. groups interested in § 104A have postulated that if the U.S. fails to fully implement Article 18 of the Berne Convention, it will encourage our trading partners to continue "legal piracy" of U.S. works. *Id.*

⁵⁰ See H.R. REP. NO. 609, *supra* note 6, at 51 (noting that "considerable debate over whether any recognition of the 'principle' of Article 18(1) of the Convention is absolutely required in light of the sweeping discretion accorded states by Article 18(3)."); see Sobel, *supra* note 2, at 4. According to Sobel, Congress thought that if a foreign work is in the public domain in another country because its copyright in that country has expired, it is not necessary for that country to grant retroactive protection to that work. *Id.* American copyright law has protected works that are unpublished without registration, until they were published, at which time they were to be registered. *Id.* Congress took the position that the foreign copyrights simply "expired" in the U.S. whenever they were published abroad, thus exempting them from restoration. *Id.*; cf. *Heim v. Universal Studios*, 154 F.2d 480, 486 (2d Cir. 1946). It is interesting to note the contrast of this finding to the holding of *Heim v. Universal* which holds that publication abroad does not necessarily preclude a copyright proprietor from obtaining a valid U.S. copyright. *Id.*

⁵¹ See H.R. REP. NO. 609, *supra* note 6, at 51. The Report elaborated:

The overall approach of the Committee to limit implementing amendments only to areas clearly in conflict with the text of the Convention has led the Committee to avoid precipitous lawmaking in this delicate and important aspect of national copyright policy. The importance of maintaining intact the United States public domain of literary and artistic materials - from the points of view of commercial predictability and fundamental fairness - argues strongly for legislative caution. The question of whether and, if so, how Congress might provide retroactive protection to works now in our public domain raises difficult questions, possibly with constitutional dimensions.

Id. See generally J.H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Components of the WTO Agreement*, 29 INT'L LAW. 345, 367 (1995). Reichman noted that the restoration provisions in TRIPS conflict with the approach that Congress took when the U.S. joined the Berne Convention in 1989. *Id.*

⁵² See *Joint Hearings, supra* note 2, (comments of Jason Berman, C.E.O. of Recording Industry Association of America) (urging change in interpretation of Article 18 of Berne by enacting retroactive restoration provision for the sake of American business abroad); *id.* at 133, 137 (testimony of Ira S. Shapiro, General Counsel, Office of the United States Trade Representative) (discussing dissatisfaction of several Berne Union members with U.S. interpretation of Article 18 and noting that convention does not provide for meaningful dispute resolution process for them to seek redress for that dissatisfaction); *id.* at 244, 248-50 (summary statement of Eric H. Smith, Executive Director, International Intellectual Property Alliance) (noting that other countries such as Thailand, Poland, Brazil and Russia have relied on Congress' interpretation of Article 18 and have refused to restore any copyrights in their public domain from United States authors).

In 1995, the issue was revisited with the Trade Related Aspects of Intellectual Property ("TRIPS") provisions of the General Agreement on Tariffs and Trade ("GATT") which required, inter alia, the United States to comply with certain provisions of the Berne Convention, at least one of which it chose not to implement before: the restoration of foreign copyrights.⁵³ The Act implementing TRIPS,⁵⁴ which includes the § 104A restoration, was intended to complete the United States' compliance with Berne and to provide foreign nations an incentive to give U.S. citizens reciprocal rights abroad.⁵⁵

III. EQUAL PROTECTION AND DUE PROCESS

It is all but settled that the executive and the legislative branches of the federal government cannot collectively enter into treaties that serve to extend the power of the federal government or derogate from any right reserved to the states or to United

⁵³ See Text of Trade Related Aspects of Intellectual Property ("TRIPS") Agreement, reprinted in 47 PAT. TRADEMARK & COPYRIGHT J. 230 (Jan. 13 1994) (publishing TRIPS agreement); see also copyright provisions of the North American Free Trade Agreement "NAFTA", reprinted in 17 ENT. L. REP. 3, at *1 (June 1995) (publishing copyright provisions of NAFTA; as Part of NAFTA United States had already entered into similar but less extensive agreement relating only to restoration of movies with Canada and Mexico, which agreement has been included in, and superseded by, implementation act of GATT agreement); 60 FED. REG. OF COPYRIGHTS No. 29, at 8252 (publishing list of 345 movies restored under NAFTA); *Joint Hearings*, supra note 2, at 133, 137 (testimony of Ira S. Shapiro, General Counsel Office of The United States Trade Representative) (noting that NAFTA was first step towards implementation of Article 18); Sobel, supra note 2, at *4 (discussing § 104A as it was first enacted pursuant to NAFTA and noting that "[w]hile conceptually significant, this first version of section 104A was of relatively little practical significance to the American entertainment industry" because it only affected movies and not other works). See generally Ysolde Gendreau, *Copyright Harmonization in the European Union and in North America*, 20 COLUM.-VLA J.L. & ARTS 37, 39 (1995) (noting that approach taken to copyright protection under NAFTA is very different than that embraced by European Union); David Nimmer, *GATT's Entertainment: Before and NAFTA*, 15 LOY. L.A. ENT. L.J. 133, 165 (1995) (discussing NAFTA's provisions that resurrect certain movies).

⁵⁴ See Uruguay Round Agreements Act, Pub. L. 103-465, 108 Stat. 4809 et seq. (1995). The GATT implementing legislation makes a number of other changes to American copyright law including; § 511, which removes the "sunset" provision of the Computer Software Rental Amendments Act of 1990 (17 U.S.C. § 109), §§ 512 and 513 which prohibit unauthorized fixation of and trafficking in sound recordings and music videos of live musical performances, adding a new chapter 11 to Title 17 of the U.S. Code, and a new § 2319A, to Title 18. *Id.*

⁵⁵ See *Joint Hearings*, supra note 2, at 1 (opening statements of Chairman Hughes) (stating that "as U.S. authors and inventors increasingly rely on foreign markets, the need for adequate foreign protection also increases."); *id.* at 244, 248 (summary statement of Eric E. Smith, Executive Director International Intellectual Property Alliance) (stating that "obtaining protection for U.S. movies, music, sound recordings, software, books and other copyrighted works on a 'retroactive' basis has been one of the key trade objectives of the last three administrations").

States citizens by the Constitution.⁵⁶ The fact that TRIPS was signed and has been implemented by law does not insure its' constitutionality any more than any other act of Congress.⁵⁷ By its own terms, § 104A, like other provisions of the Copyright Act,⁵⁸ treats American citizens differently than foreign citizens by only restoring the copyrights of foreign citizens.⁵⁹ As such, it is conceivable that § 104A will come under constitutional attack for violation of the Equal Protection Clause and the Due Process Clause.⁶⁰

The equal protection guarantee of the Fourteenth Amendment, that all persons similarly situated will be treated similarly by the law,⁶¹ by its terms contains only a prohibition of actions by state governments.⁶² If a federal law, however, improperly classifies individuals in a way that would violate the equal protection guaran-

⁵⁶ See U.S. CONST. art. II, § 2, cl. 2 (stating that "the President] shall have power, by and with the Advice and Consent of the Senate, to make treaties, provided two thirds of the Senators present concur . . ."); U.S. CONST. art. VI, cl. 2. (stating that "[t]his 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. . ."); *Reid v. Covert*, 354 U.S. 1, 10 (1957) (providing that "[n]o agreement with a foreign nation can confer power on the Congress . . . which is free from the restraints of the constitution."); *Missouri v. Holland*, 252 U.S. 416, 433 (1920) (noting that "[a]cts of Congress are the Supreme Law of the land only when made in pursuance of the Constitution, while treaties are declared to be so made under the authority of the United States.").

⁵⁷ See *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 159 (1803) (establishing concept of judicial review).

⁵⁸ See, e.g., 17 U.S.C. § 411(a) & (b) (1995) (stating that "[e]xcept for actions for infringement of copyright in Berne Convention works whose country of origin is not the United States . . . no action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title.").

⁵⁹ § 104A(h)(4)(a). Section 104A defines a "reliance party" as any person who engages in acts that would have violated § 106 (providing for exclusive copyright to a work) with respect to a work from a "source country," if that source country were eligible for copyright restoration at the time of the acts, and who continues to act in that way after the source country is eligible for copyright restoration. *Id.* The "source country" of a work is defined as "a nation other than the United States." § 104A(h)(8)(a); see also 60 Fed. Reg. 50414 (1995) (regulations to be codified at 37 C.F.R. §§ 201, 202 (1995)). This Copyright Office announcement attempted to clarify confusion and re-affirmed that an eligible country is a nation, other than the United States, that is a member of the Berne Convention, or a member of the World Trade Organization, or is the subject of a presidential proclamation. *Id.*; cf. *Joint Hearings, supra* note 2, at 207 (testimony of Professor Shira Perlmutter). Professor Perlmutter also emphasized that § 104A does not directly help American authors but only restores copyrights in foreign works. *Id.*

⁶⁰ Cf. *Sobel, supra* note 2, at 5 (noting that Congress' treating foreigners more favorably is likely to be seen by American authors whose works are in public domain as "counterintuitive" and Congress may, as political matter find it hard to resist the importuning of Americans for equal treatment).

⁶¹ See generally Joseph Tussman and Jacobus tenBroek, *The Equal Protection of the Laws*, 37 CAL. L. REV. 341, 343 *passim* (1949) (discussing well settled principles of equal protection and classification).

⁶² See, e.g., U.S. CONST. amend. XIV, § 1 (providing that "[n]o State shall . . . deny to any person within its jurisdiction the equal protection of the laws").

tee if a state government had passed the same law, the federal law will be held to violate the Due Process Clause of the Fifth Amendment.⁶³ By its words, the equal protection guarantee pertains to the disparate treatment of "persons," not only U.S. citizens.⁶⁴

A federal district court, when reviewing § 104A, will have to determine if the section's classification implicates the equal protection guarantee by analyzing the congressional purpose of the classification, and by weighing this purpose against the Act's effect.⁶⁵ The Supreme Court has held that classifications of suspect classes or classifications that derogate from fundamental rights will be independently analyzed to determine if the classification is necessary to achieve a compelling governmental purpose.⁶⁶ Classifications that implicate only economic or social welfare rights will be reviewed with deference to legislative findings that the classification is rationally related to a legitimate government purpose; the

⁶³ See *Metro Broadcasting, Inc. v. F.C.C.*, 497 U.S. 547 (1990) (holding that racial classification made by federal law should be reviewed by standard lesser than strict scrutiny under Fifth Amendment Due Process analysis), *overruled by* *Adarand Constructors, Inc. v. Peña*, 115 S. Ct 2097, 2111 (1995); *Weinberger v. Weisenfeld*, 420 U.S. 636, 638 n. 2 (1975) (holding that eligibility for certain insurance benefit payments under Social Security Act based on sex was violation of due process); *Schlesinger v. Ballard*, 419 U.S. 498, 500 n.3 (1975) (holding statute requiring discharge of male military officer was violation of Due Process given treatment of women in same scenario); *Bolling v. Sharpe*, 347 U.S. 497, 500 (1954) (holding that segregation in public education was not related to any government objective and, even if equal facilities were provided, it is still violation of Due Process); see also *Nowack & Rotunda*, *supra* note 43, § 14.1, at 1596 (noting that federal laws are scrutinized using same texts as state laws but classifications established by federal law are reviewed under implied equal protection guarantee of Fifth Amendment Due Process Clause).

⁶⁴ See U.S. CONST. amends. I-X. Many other provisions of the Bill of Rights contain the word "persons" in lieu of "citizens," including the Fifth Amendment Due Process Clause. *Id.*; see also *Wong Wing v. United States*, 163 U.S. 228, 238 (1896) (holding that Due Process rights are enjoyed by non-citizens); *Yick Wo v. Hopkins*, 118 U.S. 356, 374 (1886) (concluding that discrimination violates equal protection and Fourteenth Amendment).

⁶⁵ Cf. *Arlington Heights v. Metropolitan Housing Dev. Corp.*, 429 U.S. 252, 257 (1977) (analyzing legislative purpose of statute in question); *Nowack & Rotunda*, *supra* note 43, § 14.2, at 598. *Nowack & Rotunda* describe the judiciary's review of legislative purpose in the face of an equal protection challenge. *Id.* The legislation's desired ends are often determinative of whether persons affected by it are similarly situated with regard to the government's action. *Id.* Once the reviewing court has determined the statute's intended purpose, and found that purpose in itself constitutionally valid, the court may then review the statute's classification in terms of that purpose. *Id.*

⁶⁶ See, e.g., *Bolling*, 347 U.S. at 498-99 (reviewing segregation in public schools); *Nowack & Rotunda*, *supra* note 43, § 14.3, at 601-02. Under this test, the Justices do not defer to the legislature's reasons for including a classification. *Id.* They independently review the statute's purposes and ends to determine whether the classification is necessary and sufficiently narrowly tailored to achieve a compelling or overriding government interest. *Id.* The government has the burden of proving the statute's validity when issues of fundamental rights are at stake. *Id.*

classifications must have a "rational basis."⁶⁷ A third, "intermediate" level of review which has evolved questions whether classifications based on gender or illegitimacy have a substantial relationship to an important government interest.⁶⁸

In cases involving federal classifications based on citizenship, that discriminate against aliens, the Supreme Court has indicated that it will apply only the rational basis test or in rare cases, the intermediate test.⁶⁹ These deferential standards have been used in cases implicating foreigners because the federal government is charged with the unique responsibility of regulating foreign affairs.⁷⁰ Section 104A, however, presents the opposite scenario; it favors foreign citizens rather than discriminating against them. The Supreme Court has provided little, if any, direction in this area. Thus, to some degree, what type of rights are implicated by § 104A, and as a result what standard to apply, are open questions.⁷¹

⁶⁷ See, e.g., *United States v. Kras*, 409 U.S. 434, 446 (1973) (reviewing individuals inhibited access to bankruptcy court due to fees that are exacted which lack requisite rational basis); *NOWACK & ROTUNDA*, *supra* note 43, § 14.3, at 601. Under this standard, the Court will not review the decisions of the legislature to classify persons in terms of economics. *Id.* The Justices have decided that the reasonableness of a statute's attempt to address a legitimate governmental problem in a way that does not infringe on Constitutionally protected rights is the province of the legislature and nothing more can be gained by their review. *Id.*

⁶⁸ See, e.g., *Metro Broadcasting v. F.C.C.*, 497 U.S. 547, 567-68 (1990) (using intermediate test standard to determine constitutionality of federal affirmative action program), *overruled by Adarand Constructors, Inc. v. Peña*, 115 S. Ct. 2097, 2111 (1995); *Plyler v. Doe*, 457 U.S. 202, 230 (1982) (holding that state violated Equal Protection Clause by denying free public education to children of foreign citizens living in United States illegally).

⁶⁹ See, e.g., *Hampton v. Mow Sun Wong*, 426 U.S. 88, 116 (1976) (invalidating 5 C.F.R. § 338.101 (1971) and holding that United States Civil Service Commission could not bar resident aliens from employment in competitive civil service); see *Mathews v. Diaz*, 426 U.S. 67, 84 (1976) (holding that Congress could condition alien's eligibility for participation in federal medical insurance program on five consecutive years of residence in United States).

⁷⁰ See generally LOUIS HENKIN, *FOREIGN AFFAIRS AND THE CONSTITUTION* 257 (1972). Professor Henkin discusses classifications that our national policy makes between foreign nationals here in the United States vis a vis American citizens. *Id.* He notes that although foreign nationals that are within United States jurisdiction are entitled to Equal Protection, distinctions that are made between different nationalities which reflect the federal government's relations with other nations are apparently not of such constitutional concern. *Id.* He suggests that this type of distinction may be permissible if its purpose is to seek reciprocity for Americans in those countries or even to implement general policy towards the alien's government. *Id.*

⁷¹ It is submitted that the Court may apply the same rational relationship test to federal citizenship cases that discriminate against American citizens as is presented in the case of § 104A. It is also submitted, however, that the present effect of discrimination against American citizens in favor of foreign citizens deserves heightened scrutiny.

The Supreme Court has considered, however, the affect of federal regulation on a citizen's right to international travel.⁷² Clearly, states cannot enact laws that favor one group of citizens over another based on how long they have been citizens of a state⁷³ when certain fundamental rights are involved, because it inhibits the unqualified right to interstate travel.⁷⁴ In the federal arena however, the Supreme Court in *Califano v. Torres*⁷⁵ considered a Puerto Rican's claim that he was entitled to welfare benefits when he moved from the mainland back to Puerto Rico.⁷⁶ In comparing the right to interstate travel to the right to international travel, the Court concluded that the "right" of international travel has been treated as "no more than an aspect of the 'liberty' protected by the due process clause of the Fifth Amendment"⁷⁷ As such, it was thought that the right of international travel could be regulated "within the bounds of due process."⁷⁸

The Court cited its decisions in *Kent v. Dulles*⁷⁹ and *Aptheker v. Secretary of State*⁸⁰ in support of the proposition that a due process analysis, rather than an equal protection analysis, governs the review of the right of international travel.⁸¹ Both cases considered the question of whether the Secretary of State had the right, in the interest of national security, to deny passports to American

⁷² See *Califano v. Torres*, 435 U.S. 1, 5 n.6 (1978) (discussing affect of federal regulation denying benefits on right to international travel when citizen moves from mainland to Puerto Rico).

⁷³ See *Zobel v. Williams*, 457 U.S. 55, 65 (1982). In *Zobel*, the Supreme Court held that a state law that distributes income from its natural resources to adult citizens in varying amounts depending on the duration of their residence in the state violated the equal protection rights of newer state citizens. *Id.*; *Shapiro v. Thompson*, 394 U.S. 618, 650 (1969). In *Shapiro* it was held that a state standard that gauges eligibility for welfare benefits on the duration of the citizen's residence violates equal protection because it inhibited the fundamental constitutional right to interstate travel. *Id.* In reaching that decision, the Court held that the standard to be applied would be whether the measure promoted a compelling state interest. *Id.* It is submitted that an analogy lies to the present analysis in that both involve an equal protection challenge based on an individual's status as a citizen of a particular sovereignty.

⁷⁴ See *Griffen v. Breckenridge*, 403 U.S. 88, 105-106 (1971) (embedding right to interstate travel in Supreme Court jurisprudence); *U.S. v. Guest*, 383 U.S. 745, 757 (1966) (discussing constitutional right to interstate travel).

⁷⁵ 435 U.S. 1 (1978).

⁷⁶ *Id.* at 1.

⁷⁷ *Id.* at 5 n.6.

⁷⁸ *Id.* (citing *Zemel v. Rusk*, 379 U.S. 809 (1965); *Aptheker v. Secretary of State*, 378 U.S. 500, 505-06 (1964); *Kent v. Dulles*, 357 U.S. 116, 125 (1958)).

⁷⁹ 357 U.S. 116 (1958).

⁸⁰ 378 U.S. 500 (1964).

⁸¹ See *Califano v. Torres*, 435 U.S. 1, 5 n.6 (1978) (citing authorities that address right to international travel).

citizens who were communists.⁸² The *Kent* decision left open the question of what standard of review should be applied in determining what extent the right of international travel could be curtailed under the Fifth Amendment Due Process Clause.⁸³

The question was considered again in *Aptheker* where the Court iterated the vague standard: "[T]he Constitution requires that the powers of government must be so exercised as not, in attaining a permissible end, unduly to infringe a constitutionally protected freedom."⁸⁴ The Court analyzed the purpose of the act in question and found that it was excessive in relation to its purpose. The Secretary of State unsuccessfully argued that the Act's overriding purpose was to prevent espionage, sabotage, terrorism and other fears of the cold war.⁸⁵ The question is submitted that if the government's intention to prevent these clear evils is not enough to curtail constitutionally protected freedoms, what will result when the Court is faced with the government's intention of securing better copyright protection for American citizens?

Similarly, in *Kennedy v. Mendoza Martinez*,⁸⁶ the Court considered claims by two American citizens that were deprived of United States citizenship by federal legislation when they remained abroad during times of war and failed to answer the nation's call to arms.⁸⁷ The Court held that the government deprived these citizens of their constitutional right to citizenship secured by the

⁸² *Kent*, 357 U.S. at 128 (finding that discretion of Secretary of State was inappropriate); see also *Aptheker*, 378 U.S. at 515 (holding that issuance of passport was within Secretary's discretion).

⁸³ *Kent*, 357 U.S. at 120-27 (discussing merits of international travel and ultimately declining to decide to what extent freedom of international travel could be curtailed).

⁸⁴ *Aptheker v. Secretary of State*, 378 U.S. 500, 509 (1964) (quoting *Cantwell v. Connecticut*, 310 U.S. 296, 304 (1940)). The Court noted further that the freedom of international travel is a liberty closely related to the rights of free speech. *Id.* at 517. Therefore, the appellants were not required to demonstrate that Congress could have written a statute that did not limit their constitutional right to travel. *Id.* It is submitted that the Court by such an assertion indicated that heightened scrutiny was appropriate without directly stating it. *Id.*

⁸⁵ *Id.* at 509; see also *Shapiro v. Thompson*, 394 U.S. 618, 638 n.2 (1969). In *Shapiro*, the Court compared other privilege type rights to the right of interstate travel and noted that it made no ruling on the validity periods or residence requirements used in determining eligibility to vote, for tuition free education, to practice professions, etc. *Id.* The Court stated that such requirements could promote compelling state interests, or, may not inhibit citizens' constitutional right to interstate travel. *Id.* In comparison, it is submitted that if you consider the "constitutional right" to have a copyright the grant of a privilege or license, or if you consider the legislative purpose behind § 104A compelling, then you do not have a violation of equal protection. If you consider the right to have a copyright fundamental in any respect, however, then a very different constitutional protection for that right follows.

⁸⁶ 372 U.S. 144 (1963).

⁸⁷ *Id.* at 165.

Fourteenth Amendment,⁸⁸ without the due process guaranteed to them by the Fifth Amendment.⁸⁹ The Court noted that Congress' powers to regulate the Nation's foreign affairs are indeed subject to the constitutional requirements of the Due Process Clause.⁹⁰

Although these cases deal with the fundamental right of citizenship and the right to international travel, they can provide insight as to the likely result of a constitutional analysis of § 104A. The right of Congress to declare when and in what situations works have fallen into the public domain has heretofore been undisputed because it is one of its enumerated powers.⁹¹ Congress giveth and Congress taketh away, but like the right to grant and withdraw citizenship, Congress should grant or withdraw the privilege of copyright without undue infringement of fundamental rights of American citizens.⁹²

The removal of works from the public domain that are already available for general exploitation, and restoration of the copyright in such works to a foreign citizen, may implicate fundamental free speech rights⁹³ of every American citizen.⁹⁴ In a loosely analogous

⁸⁸ See U.S. CONST. amend. XIV, § 1 (providing that "[a]ll persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States"); see also *United States v. Wong Kim Ark*, 169 U.S. 649, 693 (1898) (holding that citizenship is right protected by Fourteenth Amendment and cannot be denied to person of Chinese descent merely because of alienage).

⁸⁹ *Kennedy*, 372 U.S. at 165-66.

⁹⁰ *Id.* at 164-65.

⁹¹ See U.S. CONST. art. II, § 8, cl. 8 (authorizing Congress to grant copyrights for "limited times"). Since the power to grant copyright protection is one of the enumerated powers in the Constitution, it is submitted as a reasonable conclusion that if § 104A had never been enacted the American citizens whose copyrights have fallen into the public domain for failure to comply with the formalities would have no reasonable expectation to ever again enjoy copyright protection. Thus, an argument could be posed that if they had no expectation, then they have no right to be disappointed now. Cf. *Board of Regents v. Roth*, 408 U.S. 564, 566 (1972). Like the situation here considered, the *Roth* decision held that the government benefits there considered were Fourteenth Amendment property only when the recipient had a legitimate expectation that he will continue receiving them. *Id.*

⁹² Cf. *Perry v. Sindermann*, 408 U.S. 593, 602-03 (1972) (holding that where substantive property right to government benefit is established courts, not legislature have final word on constitutional need for procedural safeguards for it); *Bell v. Burson*, 402 U.S. 535, 539 (1971) (holding that government must have fair procedure to determine when and why driver's license will be granted or revoked); *In re Ruffalo*, 390 U.S. 544, 550 (1968) (holding that attorney's disbarment could not occur until he and accuser had testified to all material facts and were otherwise afforded Due Process of law). See generally Peter N. Simon, *Liberty and Property in the Supreme Court: A Defense of Roth and Perry*, 71 CAL. L. REV. 146, 146 (1983) (explaining that *Perry Roth* doctrine dictates that legislatures create property and courts protect it).

⁹³ See U.S. CONST. amend. I (providing that "Congress shall make no law . . . abridging the freedom of speech").

⁹⁴ Cf. *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748, 756 (1976) (noting that First Amendment protection is afforded to communication and

situation in *Goldstein v. California*,⁹⁵ the Supreme Court considered the constitutionality of a state statute that prohibited record and tape piracy.⁹⁶ The petitioner's challenged their conviction under the statute on the grounds that federal policies inherent in the federal copyright statute were infringed upon by the state measure.⁹⁷ In this context, the Court held that "[t]he objective of the Copyright Clause was clearly to facilitate the granting of rights national in scope."⁹⁸

Furthermore, the Supreme Court has held that congressional power to grant monopoly privileges in the form of copyrights is not designed to benefit the individual but designed to achieve an important public purpose.⁹⁹ Since the Court has provided clear statements that rights granted under the Copyright Clause are national in scope, and that the copyright power must be used to benefit the American public at large, it might be said that Congress has mishandled important rights of American citizens in its fast track enactment of § 104A.¹⁰⁰

not communicator); *Smith v. California*, 361 U.S. 147, 149 (1959) (stating that there is no longer doubt that freedom of speech is within liberty protected by Due Process Clause of Fourteenth Amendment) (quoting *Near v. State of Minnesota ex rel. Olson*, 283 U.S. 697, 707 (1931)); see also *New York Times v. Sullivan*, 376 U.S. 254, 269 (1964) (interpreting First Amendment speech protection as method of guaranteeing that there is forum for free exchange of ideas to bring about political and social change). But see *Ladd v. Law & Technology*, 762 F.2d 809, 815 (9th Cir. 1985) (answering a copyright holder's challenge to requirement of depositing two copies of publication with Library of Congress under Copyright Act and holding that such requirement is not undue burden on free speech rights), *cert. denied*, 475 U.S. 1045 (1986).

⁹⁵ 412 U.S. 546 (1973).

⁹⁶ *Id.* at 549-50.

⁹⁷ *Id.* at 551. The petitioner's also challenged the statute on the grounds that the statute created a "copyright" in perpetuity in contravention of the copyright clause. *Id.* The Court took the petitioner's pre-emption argument seriously and noted that the Court's decision in *Cooley v. Board of Wardens*, 12 U.S. 299 (1851), precipitated their need to inquire whether the state statute was "absolutely and totally contradictory and repugnant" to the power granted to the federal government in the Constitution. *Id.* at 552 (quoting *THE FEDERALIST* No. 32, at 241 (Alexander Hamilton) (B. Wright ed. 1961)).

⁹⁸ *Goldstein*, 412 U.S. at 555 (citing *THE FEDERALIST* No. 43, at 309 (James Madison) (B. Wright ed. 1961)). The Court held, however, that they would not construe the Copyright Clause as a completely exclusive grant of copyright power because some related matters are local and of no national import. *Id.* at 558.

⁹⁹ *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 429 (1984). The Court explained, with these and other statements, that the power of Congress to grant and remove copyrights must be tempered with the rights of the public to the "free flow of ideas, information and commerce." *Id.*

¹⁰⁰ *Cf. Joint Hearings*, *supra* note 2, at 207 (testimony of Professor Shira Perlmutter). Professor Perlmutter argued that it is possible that a retroactive grant of protection to existing public domain works does not adhere to the constitutional mandate of promoting the progress of science in the United States. *Id.* She observed that the restored copyright holders no longer needed an incentive to create because their works have already been created. *Id.*

Just because a right is national in scope, however, does not mean that it is a fundamental right.¹⁰¹ The nature of a copyright is in some ways only an organization of individuals economic rights with regard to a particular work of intellectual property.¹⁰² It has also been suggested that since § 104A will, over time, strengthen the position of American authors in international copyright relationships by bolstering their rights to both future and existing copyright protection, these positive economic effects should justify restoring only foreigners copyrights.¹⁰³ Furthermore, it has been suggested that what Congress has effected is not a grant of new rights to foreign copyright holders. Rather, Congress has only ensured that foreigners receive the benefit of the American copyright protection that has already been made available.¹⁰⁴

In any event, it is difficult to argue that an American citizen whose copyright was not restored under § 104A has suffered an injury to the fundamental right of free speech in a greater degree

¹⁰¹ See NOWACK & ROTUNDA, *supra* note 21, § 15.7, at 427-28 (2d ed. 1992). Nowack and Rotunda have provided commentary on the elusive definition of what a fundamental right is according to the Supreme Court. *Id.* The authors note that fundamental rights are those that are recognized as having value so essential to individual liberty that they merit strict scrutiny review. *Id.* Beyond that, Nowack and Rotunda submit that there is little other guidance towards a finite definition of fundamental right except to say that it is a "modern recognition of the natural law concepts first espoused by Justice Chase." *Id.*; *cf.* *Griswold v. Connecticut*, 381 U.S. 479, 484 (1965). Justice Douglas' majority opinion in *Griswold* found a fundamental "right to privacy" infringed by a law which prohibited the use of contraceptives by married persons. *Id.* This right, he found sprang from "penumbras" of several rights found in the Bill of Rights. *Id.* Justice Goldberg, on the other hand, in his concurring opinion, did not feel obliged to find textual penumbras in the Constitution to support this fundamental right. *Id.* at 486 (Goldberg, J. concurring). Americans' access to federal copyright finds its origins in the text of the Constitution itself, but it is submitted that the Court itself is as unclear on whether a fundamental right must itself be in the text of the Constitution, as it is on whether all rights contained in the Constitution could be deemed fundamental simply because contained therein.

¹⁰² *Cf.* *United States v. Carolene Prods.*, 304 U.S. 144, 152-54 n.4 (1938) (noting that Court would henceforth exercise lesser scrutiny in analyzing statutes that affect rights deemed to be economic in nature); *West Coast Hotel Co. v. Parrish*, 300 U.S. 379, 397, 584 (1937) (holding that if state measure regulating contracts has reasonable relation to legislative purpose, requirements of Due Process are satisfied); *Lochner v. New York*, 198 U.S. 45, 54 (1905) (holding that state, not federal government, has power to regulate contracts as police power inherent in state sovereignty).

¹⁰³ See *Joint Hearings*, *supra* note 2, at 208 (testimony of Professor Shira Perlmutter) (discussing long-term effects of retroactive copyright protection for American authors that will result from restoration of foreign works in United States).

¹⁰⁴ See *id.* While considering whether § 104A met the requirement of promoting the progress of science and the useful arts, Professor Perlmutter noted that if § 104A's intended long-term effects did not meet this requirement, no protection for foreigners' copyrights would be justified. *Id.* To be fair, Professor Perlmutter was speaking in the context of whether § 104A would effect a compensable taking under Fifth Amendment analysis, a topic discussed in Part V of this Note.

than any other American.¹⁰⁵ Another problem relating to the equal protection analysis, is that it is difficult to pose an argument that an American citizen, by virtue of his citizenship, is a member of any protected class.¹⁰⁶

Justice Holmes once described the equal protection challenge as "the last resort of constitutional arguments."¹⁰⁷ This is likely to be true for a party resorting to a such a challenge to § 104A. Justice Holmes' words ring especially true when considering a challenge to a federal statute, such as § 104A, that is enacted to address what is deemed to be important to the nation's foreign policy and international industry. In light of the foregoing, it is unlikely that a challenge to § 104A on equal protection or due process grounds will prevail.

¹⁰⁵ See NOWACK & ROTUNDA, *supra* note 21, § 2.13, at 205. The authors note that if a plaintiff were challenging a statute based on a generalized constitutional injury, the Court will be more reluctant to find standing because it will then precipitate the need to address a potentially overbroad constitutional claim. *Id.* If the plaintiff, however, is arguably within a clearly defined class of persons affected by the measure, then standing may be found. *Id.* Thus when Congress has acted, the authors allege the requirements of Article III remain: the plaintiff still must state a claim for a distinct and a palpable injury to itself, even if it is an injury shared by a large class. *Id.*; see also *Simon v. Eastern Kentucky Welfare Rights Org.*, 426 U.S. 26, 41 n.22 (1976) (stating that plaintiff's must allege some threatened or actual injury before court has jurisdiction) (citing *Warth v. Seldin*, 422 U.S. 490, 501 (1975); *Defenders of Wildlife, Friends of Animals v. Hodel*, 851 F.2d 1035, 1043 (8th Cir. 1988), *aff'd*, 911 F.2d 117, 120 (8th Cir. 1990) (stating that plaintiff has burden of proving standing where defendant contests its factual basis); cf. *Joint Hearings, supra* note 2, at 207-08 (testimony of Professor Shira Perlmutter). Professor Perlmutter theorized that if each amendment to the copyright law must provide incentive to creation, the Congress could never curtail copyright protection in scope or term, even for works created in the future. *Id.* She calls for a weighing of the benefits that the American intellectual property community will receive from the policies of the copyright laws as a whole. *Id.* Those benefits include, she adds, other countries willingness to grant retroactive protection to American works. *Id.*

¹⁰⁶ See *Ohio Bureau of Employment Servs. v. Hodory*, 431 U.S. 471, 489 (1977). The *Hodory* case held that where a statute did not involve any discernable fundamental interest nor did it affect with particularity any protected class, the test for constitutionality was whether the statute had a rational relation to a legitimate state interest. *Id.* In addition, it has been suggested to the Author that perhaps equal protection analysis doesn't apply since § 104A distinguishes only between citizens and non-citizens. Thus, a class of foreigners, as opposed to aliens, not physically located within the jurisdiction of the United States may not be within the reach of the equal protection clause which only protects those "persons within its jurisdiction." Cf. U.S. CONST. amend XIV, § 1. This section provides that "[n]o State shall . . . deny to any person within its jurisdiction the equal protection of the laws." *Id.* It is submitted, however, that foreigners must acquiesce to the jurisdiction of the courts of the United States in order to enforce a copyright granted by the United States. Furthermore, that they have an American copyright should satisfy, in most cases, the requisite minimum contacts and purposeful availment necessary for personal jurisdiction over a foreign citizen in a suit relating to that copyright. *Asahi Metal Indus. Co. v. Superior Ct. of Cal.*, 480 U.S. 102, 112 (1987). In comparison, the Court held in *Asahi* that only where there is a substantial connection between the forum and the defendant can there be personal jurisdiction. *Id.*

¹⁰⁷ *Buck v. Bell*, 274 U.S. 200, 208 (1927).

IV. THE "TAKINGS" CHALLENGE

The most obvious constitutional challenge to § 104A will be that it effects a taking of private property by the federal government without just compensation when it is applied to parties who had been legally exploiting public domain works that are subsequently restored.¹⁰⁸ These parties, called "reliance parties" by § 104A,¹⁰⁹ may have made investments in such exploitation and will now be forced to abandon their use of the work or to seek costly licenses from the copyright owners in order to continue to use the work.¹¹⁰

The most basic obstacle to challenging §104A under the Takings Clause is a conceptual difficulty in characterizing a party's non-exclusive use of a work that is in the public domain as "property," regardless of the breadth of investment that party has put into its exploitation.¹¹¹ The answer may be analogous to the rule of capture which determines when wild animals have been reduced to possession.¹¹² Or, just as the Supreme Court has recognized a newspaper carrier's "quasi property right" in news that has current commercial value within the public domain; so, too, might the

¹⁰⁸ See U.S. CONST. amend. V (stating "nor shall private property be taken for public use without just compensation.").

¹⁰⁹ See § 104A(d)(2). This section provides for enforcement of copyright in restored works as against reliance parties. *Id.*; § 104A(h)(4)(A)-(C). A "reliance party" means a person who used the work which now has a restored copyright, before it was restored, and who continues to use the copyrighted work after the date of restoration. *Id.*

¹¹⁰ See § 104A(a)(1). The restored copyright vests automatically on the effective date of restoration. *Id.*; Presidential Proclamation No. 6780, 60 Fed. Reg. 15845 (1995). President Clinton has announced that effective date of TRIPS is January 1, 1996. *Id.*; Copyright Office Notice of Policy Decision, 60 Fed. Reg. 7793 (1995). Clinton's proclamation has been implemented by the Copyright Office. *Id.*; see also § 104A(c), (d)(2). The copyright owner must file a "notice of intent to enforce" with the Copyright Office, or serve such a notice directly on a reliance party, before enforcement is possible. *Id.*; § 104A(d)(2). The reliance party has twelve months after receiving either actual notice from receipt of a notice of intent to enforce, or constructive notice from the date that there is publication of the notice of intent to enforce by the Copyright Office in the Federal Register, before enforcement is possible. *Id.*

¹¹¹ See *General Agreement on Trade and Tariffs: Intellectual Property Provisions, Joint Hearings on H.R. 4894 and S. 2368 before the Subcomm. on Intellectual Property and Judicial Administration of the House Comm. on the Judiciary (Serial No. 90) and the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary (Serial No. J-103-77)*, 103 Cong., 2d Sess. 151 (1994) [hereinafter "Justice Department Memorandum"] (prepared statement of Christopher Schroeder, Counsel to the Assistant Attorney General, Office of Legal Counsel, U.S. Department of Justice) (noting that Fifth Amendment's Takings Clause prevents Legislature from depriving private persons of vested property rights except for public use and upon payment of just compensation (quoting *Landsgraf v. USI Film Prods.*, 114 S. Ct. 1483, 1497 (1994))).

¹¹² See *id.* (positing that investment that reliance party puts into public domain work may be analogously equivalent to control of wild animal (citing *Pierson v. Post*, 2 Am. Dec. 264 (N.Y. Sup. Ct. 1805))).

Court recognize a person's investment in exploitation of materials that are in the public domain as property.¹¹³

It is submitted that a subtle distinction exists between intellectual property in its various forms and other property as related to takings claims.¹¹⁴ In *Dowling v. United States*,¹¹⁵ the Supreme Court discussed whether a copyright is itself property that can be converted or stolen in the context of a criminal statute or tort law case.¹¹⁶ The Court opined that the rights of a copyright holder are distinct from the possessory interest of the physical property owner because the copyright holder's rights are subject to precisely defined limits.¹¹⁷ It was held that although a person may be subject to criminal penalties or fines under the Copyright Act for egregious copyright infringement, such person cannot be held to have stolen or converted the copyright.¹¹⁸ Thus, intellectual prop-

¹¹³ See *International News Serv. v. Associated Press*, 248 U.S. 215, 234 (1918) (recognizing dual character of news matter, and finding that although substance of news was free for all to use, "particular form or collocation" in which news service disseminates is copyrightable as literary production).

¹¹⁴ See *Waite v. United States*, 282 U.S. 508, 509 (1931). In *Waite* the Supreme Court construed a statute to grant recovery of "entire compensation" for unlicensed use of a patented invention by the United States. *Id.* The Court remarked that the statute was intended to establish complete justice between the United State and the plaintiff. *Id.*; *James v. Campbell*, 104 U.S. 356, 358 (1881). In *Campbell*, the Court held that the congressional grant of patents creates in the patentee an exclusive property right which cannot be appropriated or used by the government any more than the government could appropriate land for its use, without just compensation. *Id.*; see also 28 U.S.C. § 1498(b) (1995). When § 1498(b) was enacted in 1960, it provided a copyright holder with its sole remedy against the government for copyright infringement. *Id.* It provides that the copyright owner's "exclusive remedy" shall be the "recovery of his reasonable and entire compensation as damages" for the government's infringement. *Id.*; *Calhoun v. United States*, 453 F.2d 1385, 1391 (1972). In *Calhoun*, the U.S. Court of Claims described the § 1498's patent provisions, which allow a patent holder's infringement suit, as an avenue to get just compensation when the government exercises eminent domain over the patent. *Id.* The court further asserts that the "patentee obtains his Fifth Amendment compensation for [the government's] taking" through his suit against the government. *Id.* It is submitted that this is an indication that the precise remedy of § 1498, "entire compensation," was chosen to satisfy constitutional standards in both the patent and copyright provisions of § 1498. *Turton v. United States*, 212 F.2d 354, 355 (6th Cir. 1954). Prior to 1960, the doctrine of sovereign immunity precluded finding the federal government liable for copyright infringement. *Id.*

¹¹⁵ 473 U.S. 207 (1985).

¹¹⁶ *Id.*

¹¹⁷ *Id.* at 217. The precise question before the Court in *Dowling* was whether a federal criminal statute that provided penalties for the interstate shipping of stolen goods contemplated the inclusion of penalties for shipments of bootlegged "or pirated sound recordings and motion pictures whose unauthorized distribution infringed valid copyrights." *Id.* at 213.

¹¹⁸ *Id.* at 217. The Court in *Dowling* concluded that there was no dispute in the case whether bootlegging of copyrighted works constituted copyright infringement. *Id.* The Court stated that it was not comfortable, however, with the analogy that bootlegging copyrighted materials is like the physical removal of physical property which was offered by the government. *Id.*

erty is "taken" on a different conceptual level than ordinary personal or real property.¹¹⁹ With this precedent, it is submitted that a subtle distinction will evolve between takings cases that deal with intellectual property, and those that deal with personal or real property.¹²⁰ If you eliminate one's access to intellectual property, it is submitted that you have not deprived that person of property, per se, but of the ability to exploit the particular expression of ideas represented by what labeled intellectual property.

¹¹⁹ See *id.*; *Unix Sys. Labs., Inc. v. Berkeley Software Design, Inc.*, 832 F. Supp. 790, 790 (D.N.J. 1993). In *Unix Systems*, the United States District Court for the District of New Jersey held that in order to prove a takings claim, the requirement that private property has been taken is satisfied because trade secrets as intellectual property are considered property under state law. *Id.*; see also *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1000-01 (1984). In *Ruckelshaus*, the Supreme Court considered a takings claim based on the government's dissemination of trade secrets after submission of the same to a federal agency. *Id.* A statutory provision required the plaintiff to submit certain trade secrets as part of data disclosure provisions of the Federal Insecticide, Fungicide, and Rodenticide Act. *Id.* at 1010. The submitter of the data was entitled to disclose with the proviso that such trade secrets were not to be disclosed to others outside the agency. *Id.* The court failed to grant the plaintiff relief, because the plaintiff had not yet pursued its statutorily created remedy of arbitration and thus could potentially have recovered some value from the arbitration proceeding. *Id.* at 1013-14. Although the EPA's actions could not be a taking without compensation, the court did hold that it would constitute a taking if the arbitration proceeding did not yield adequate compensation to the plaintiff for its loss in market value to its trade secrets. *Id.* The Court recognized that the property value of a trade secret lied in its unique nature as something that the plaintiff had and that its competitors did not. *Id.* at 1013. The Court indicated that the property right of the Plaintiff's trade secret lies in its exclusiveness, or its unique nature as irreplaceable, and the plaintiff had a right to keep this information from its competitors. *Id.* at 1012. The agency argued that federal pre-emption dictates that the agency's purpose in disseminating the trade secrets is valid, regardless of the state law's characterization of trade secrets as property. *Id.* The Court stated that if the agency could preempt state property law in that way, "then the taking clause has lost all vitality," and rejected the agency's argument. *Id.* at 1012-13.

¹²⁰ See *Radioptics, Inc. v. United States*, 621 F.2d 1113, 1126 (1980). In *Radioptics*, the United States Court of Claims considered a claim that the government had disclosed the plaintiff's new technology to competitors, and such disclosure amounted to a taking. *Id.* at 1126. The plaintiff alleged that it was due compensation just as when a patent is revoked or denied by the government. *Id.* at 1128. Since the plaintiff had not patented the technology, and furthermore since there was no contractual relationship between the plaintiff and the government giving rise to a breach of contract claim, the plaintiff was denied relief. *Id.* at 1130. The Court also denied jurisdiction to hear the plaintiff's claim of misappropriation of trade secrets based on state law. *Id.* at 1128; see also *Ruckelshaus*, 467 U.S. at 1012-13. Thus the Court of Claims never reached the question that was raised but not decided by the Supreme Court in *Ruckelshaus* four years later. *Id.* But see *Mihalek Corp. v. State of Mich.*, 821 F.2d 327, 327-28 (6th Cir. 1987); *Mihalek Corp. v. State of Mich.*, 814 F.2d 290, 290-91 (6th Cir. 1987). In *Mihalek*, in two reported opinions, the Sixth Circuit Court of Appeals held squarely that there is no taking under the Fifth Amendment unless the state uses, appropriates or benefits from a copyright holder's ideas, materials, or advertising concept, or the plaintiff otherwise proves a copyright infringement case. *Id.* In *Mihalek*, the Sixth Circuit could not determine, however, what result if the government had in fact infringed on the plaintiff's copyright because they found that the government had not infringed. *Id.*

Intellectual property decisions need to recognize that the value of a given work is predicated on its unique nature.¹²¹

Employing similar logic, authorities on the subject have advised Congress that there is a distinct difference between those who the statute labels reliance parties and those who have created a derivative work based on a previously public domain work.¹²² Owners of derivative works have created intellectual property of their own.¹²³ The statute as enacted heeds the aforementioned advice by providing for a compulsory license to allow the owner of the derivative work to continue to exploit the work indefinitely upon payment of fees to the restored copyright's owner.¹²⁴ As such, it is less of a loss for the derivative work holder, however, it may not be altogether fair.¹²⁵

Of course, the question that will arise under § 104A will not be whether the appropriation of intellectual property constitutes a taking because a reliance party has no rights in the work itself.¹²⁶

¹²¹ Cf. *Ruckelshaus*, 467 U.S. at 1013 (recognizing that property value of trade secret lied in its unique nature as something that plaintiff had and its competitors did not).

¹²² See *Joint Hearings*, *supra* note 2, at 178 (testimony of Eugene Volokh) (distinguishing derivative work holders from other potential reliance parties and implying that it may not be enough to just distinguish them); *id.* at 209 (testimony of Professor Shira Perlmutter) (discussing how Congress should distinguish owners of derivative works from other reliance parties, and give former broader rights).

¹²³ See *id.* at 209 (testimony of Professor Shira Perlmutter) (noting that unlike other reliance parties, derivative work owners have property protected under copyright law and further noting that derivative work holders should not be barred from exploiting their works after twelve months by restored copyright owner).

¹²⁴ See § 104A(d)(3)(A) (providing that in case of derivative work based on restored work, reliance party may continue to exploit work if reliance party pays reasonable compensation for conduct which would be subject to remedy for infringement but for § 104A); Nimmer, *Second Wind*, *supra* note 6, at 30 (discussing this provision of § 104A and noting that it amounts to type of faux compulsory license, whereby current exploiters of derivative works pay compensation to current owner of copyright).

¹²⁵ Cf. Nimmer, *Second Wind*, *supra* note 6, at 30. Nimmer discussed difficult issues that will arise in determining what will constitute "reasonable compensation." *Id.* He remarks that § 104A provisions whereby the parties may reach a satisfactory agreement as to what amounts the reliance party derivative work holder will have to pay the restored copyright holder. *Id.* Failing that, the parties must then resort to a U.S. district court, where the court will attempt to set a fair figure. *Id.*

¹²⁶ Cf. *Wales Indus. v. Hasbro Bradley*, 612 F. Supp. 510, 514 (S.D.N.Y. 1985) (explaining rationale behind 1976 Act's doctrine of divisibility whereby person other than copyright owner can gain a property right in work and noting under this doctrine "whereby a copyright owner may transfer less than all of his copyrights . . . it is the exclusiveness of the rights transferred . . . that is essential"); see also *Library Publications, Inc. v. Medical Economics Co.*, 548 F. Supp. 1231, 1233 (E.D. Pa. 1982) (holding that copyright owner may transfer copyright in whole or in part to another only if transfer is evidenced by writing), *aff'd*, 714 F.2d 123 (3d. Cir. 1983); NIMMER, NIMMER ON COPYRIGHT § 10.02[A], at 10-20 (1985) [hereinafter NIMMER ON COPYRIGHT] (discussing principles of rights transfer in copyright law (quoting H.R. REP. NO. 1476, 94th Cong., 2d. Sess., at 123 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5739)); *Samuels*, *supra* note 15, at 156-66 (stating that one com-

Rather, the question will be whether the economic investment in the public domain work is compensable property under Fifth Amendment analysis.¹²⁷ At this point, it is necessary to assume that a reliance party has at least some type of property interest which may be entitled to protection from government takings.

A. *The Doctrine of Non-Divisibility*

The U.S. Department of Justice prepared a legal memorandum on the potential takings problems with § 104A which concluded that § 104A will not effect a taking when viewed in light of the Supreme Court's decisions on the Fifth Amendment's Takings Clause.¹²⁸ The Justice Department's opening salvo relates to the concept of non-divisibility of property in Fifth Amendment takings cases.¹²⁹ The Court has announced that Takings Clause compensable property cannot be divided to demonstrate that a portion of a larger property was completely taken and should be treated as distinct from the property remaining.¹³⁰ This is what is known as the non-divisibility doctrine.¹³¹ The premise of the non-divisibility argument is that since § 104A allows a reliance party twelve months in which to sell his existing copies or phonorecords, and may in any case be able to secure a license to continue exploiting the work, the loss that will result is not total and thus not compensable.¹³²

monly recognized aspect of public domain is that it represents body of works that public is free to use).

¹²⁷ Cf. *Justice Department Memorandum, supra* note 111, at 152. The Justice Department suggests that the reliance party may have captured the work by treating the work as its own or by acquiring a substantial number of copies of the work or by an otherwise large investment in its use. *Id.* The Justice Department goes on to assume that reliance parties have at least some vested rights in those copies or editions of the work that they have accumulated to its date of restoration. *Id.* The Justice Department concluded that it is impossible for a reliance party to have a vested interest in the work itself. *Id.*

¹²⁸ See *id.* at 150.

¹²⁹ See *id.* at 152-53.

¹³⁰ *Concrete Pipe and Prods. of Cal., Inc. v. Construction Laborers Pension Trust for S. Cal.*, 508 U.S. 602, 643 (1993) (discussing this and other settled principles of Takings Clause jurisprudence).

¹³¹ See *Penn Central Transp. Co. v. New York City*, 438 U.S. 104, 130-31 (1978) (holding that New York landmark protection law that prohibited owners of Grand central station from developing airspace above building, did not deprive them of all economic use of property because in its present status building was still useful and capable of deriving future profits for plaintiffs, thus denial by state did not constitute "total" taking); see also *Lucas v. South Carolina Coastal Council*, 112 S. Ct. 2886, 2899 (1992) (holding that taking occurs when real property owner has lost all economically beneficial use of property as result of government action).

¹³² See §104A(d)(2)(A)(ii)(I). A reliance party has twelve months from the date of publication of notice in the Federal Register in which to continue to sell off his remaining stock.

In the Supreme Court's precedent on the takings issue, if something of value was left in the plaintiff's hands after the effective regulation took place, no matter how minimal the value might have been, then no taking has occurred.¹³³ In contrast, although § 104A allows a reliance party up to one year in which to sell off stock, or to procure a license, at the end of the twelve-month period the reliance party no longer has a product of its own to sell. Conceptually, the taking occurs not at the time the copyright was restored, but at the time the remaining stock is sold off (if that is in fact possible), and the business is gone.¹³⁴ Even if a license is obtained, the reliance party ceases entirely in its previous business of exploiting public domain works, and becomes the agent of the new copyright holder in distribution efforts.¹³⁵

B. *The Effect of the Connolly Test*

In recent takings jurisprudence, the Supreme Court has failed to establish a concrete rule to determine when a government unit has effected a taking.¹³⁶ An ad-hoc analysis has evolved employing

Id.; see also § 104A (d)(2)(A)(ii)(III), (B)(ii)(III). Once notice of intent to enforce has been published or served directly on a reliance party, he can no longer continue to produce new copies or phonorecords after that date. *Id.* It is submitted that a reliance party can seek a license from the restored copyright's owner, but that depends on the parties reaching a satisfactory agreement.

¹³³ See, e.g., *Concrete Pipe and Prods. of Cal.*, 508 U.S. at 645 (holding that state imposition of penalties for employer's withdrawal from multi employer benefit program did deprive employers money payable in fines but did not result in unconstitutional taking).

¹³⁴ Cf. *Joint Hearings*, *supra* note 2, at 183, (testimony of Eugene Volokh). Volokh challenges the logic of the non-divisibility argument. *Id.* He states that if the government must compensate a citizen if it appropriates his property for one year and then returns it, it must also compensate him if it takes his property in entirety a year from now. *Id.*

¹³⁵ See *Justice Department Memorandum*, *supra* note 111, at 159 n.10. In discussing § 104A's phase in provisions, a comparison was made of the phase in provisions to amortization periods provided in regulations on billboards. *Id.* The Justice Department noted, "[t]hese phase in provisions have constitutional relevance because they bear on economic impact of [§ 104A] on the reliance party's property taken as a whole. *Id.*; see also, *Georgia Outdoor Advertising, Inc. v. City of Waynesville*, 690 F. Supp. 452, 456, 458 (W.D.N.C. 1988). Amortization periods allow a business sufficient time to get some value out of a particular investment and this will bear on whether a total taking has occurred. *Id.* It is submitted, however, that the business of exploiting intellectual property is not the billboard business. Billboards sell space, and can be moved to a non-regulated area. The value of a business that exploits literary works is dependant on the uniqueness of the work. A company that produces copies of a literary work can no longer do so if someone else holds the copyright unless they become the agent of the new copyright holder. Cf. *Joint Hearings*, *supra* note 2, at 184 (testimony of Eugene Volokh). Section 104A would place all bargaining power for a license in the hands of the restored copyright owner. *Id.* There would be nothing for a reliance party to do but accept the copyright owners terms. *Id.*

¹³⁶ See *Connolly v. Pension Benefit Guar. Corp.*, 475 U.S. 211, 224 (1986) (noting that Court has avoided development of rigid formula for identifying 'taking' forbidden by Takings Clause).

three factors that will aid a reviewing court in the resolution of a takings case.¹³⁷ In *Connolly v. Pension Benefit Guaranty Corp.*,¹³⁸ the Court enunciated those factors as: (1) the economic impact of the regulation on the claimant; (2) the extent to which the regulation has interfered with distinct investment-backed expectations; and, (3) the character of the governmental action.¹³⁹ The following discussion will consider each factor as it relates to § 104A.

1. Economic Impact of Section 104A on Reliance Parties

The economic impact on an individual reliance party will be impossible to predict before an actual claim is presented for consideration.¹⁴⁰ For the same reasons interposed above in discussing the principle of non-divisibility, however, it is not such a sure conclusion that there never will be a situation in which a reliance party would in fact suffer a complete loss of the property in question, thus bringing it within the ambit of the Fifth Amendment Takings Clause.¹⁴¹

Additionally, the Justice Department cites the general tendency of courts not to grant injunctions, in order to prevent great injustice and public injury, as potentially mitigating the loss that a reliance party would sustain.¹⁴² It is submitted, however, that it is for precisely those reasons why the economic impact on a reliance party could be considered complete.

In *Stewart v. Abend*,¹⁴³ the Supreme Court affirmed a Ninth Circuit decision which held that Jimmy Stewart's use of "It had to be Murder," the underlying story of the movie "Rear Window," infringed the copyright on the underlying story, when he continued to use the derivative movie beyond the date on which his license to

¹³⁷ *Connolly*, 475 U.S. at 224; see also *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1005 (1984) (applying takings factors to claim that trade secrets were misappropriated by government); *Pruneyard Shopping Ctr. v. Robbins*, 447 U.S. 74, 82-83 (1980) (supplying analysis of case law created factors used to determine severity of taking by government); *Penn Central Transp. Co. v. New York City*, 438 U.S. 104, 124 (1978) (applying traditional factors to takings claim brought by developer against New York City).

¹³⁸ 475 U.S. at 211.

¹³⁹ *Id.* at 224.

¹⁴⁰ See *Justice Department Memorandum*, *supra* note 111, at 158 (stating that economic impact of § 104A ultimately be determined when individual claims are presented and predicting that there are no likely scenarios where reliance parties will suffer total loss).

¹⁴¹ See *id.*

¹⁴² See *id.* at 158.

¹⁴³ 495 U.S. 207 (1990), *affg* *Abend v. MCA, Inc.*, 863 F.2d 1465, 1479 (9th Cir. 1988).

do so had lapsed.¹⁴⁴ Despite its holding of copyright infringement, the Ninth Circuit refused to enjoin Stewart's use of the story.¹⁴⁵ The work was apparently considered unique and therefore could not be replaced.¹⁴⁶

Similarly, if a reliance party is making a business exploiting a particular work, and the new copyright owner can enjoin its use, not only will the public be deprived of its use,¹⁴⁷ but the reliance party will be deprived of its business. Nevertheless, it is conceded that this argument is more theoretical than practical because the potential for a reliance party to receive absolutely no economic benefit from its investment is likely to happen in few, if any, cases.¹⁴⁸

There is some hope for the reliance party, however, because the Supreme Court has alluded that in cases where a regulation on land use has taken virtually all economically viable use out of the property, without taking the property in total, this too can constitute a taking.¹⁴⁹ The Court has expressed some trepidation at the potentially unclear precedential effect of language used in recent takings decisions.¹⁵⁰ The Court has left an open hypothetical: where a developer's tract has been required to remain ninety percent in its natural state, would its owner be deprived of all eco-

¹⁴⁴ *Id.* at 1467. The facts of the case indicate that the continued use might not have been willful at first. *Id.* In fact, it seems that the owner of the copyright on the underlying work had died, and the rights had passed from his estate to Chase Manhattan Bank for the benefit of Columbia University. *Id.* Like the user of a work in the public domain, Stewart could easily have thought that he was not infringing on anyone's copyright by using the work. *See id.* In addition, no one filed suit to assert copyrights until 1971. *Id.* That claim was settled, and the copyright proprietor again sued in the 1980's under a similar cause of action. *Id.*

¹⁴⁵ *Abend*, 863 F.2d at 1478-79 (noting that special circumstances existed in facts of case and further noting that defendants invested significant money, time and effort in creating derivative movie "Rear Window").

¹⁴⁶ *See id.* at 1479 (noting that injunction could cause public injury by denying public opportunity to view classic film for many years to come).

¹⁴⁷ *Cf. id.*

¹⁴⁸ *Accord Joint Hearings, supra* note 2, at 180 (testimony of Eugene Volokh) (noting that reliance parties would probably use year after restoration to sell their stocks in bulk to bookstores, and noting further that copies would not be worth as much as before restoration, because pressure of one-year deadline might force distributors to sell them for less, but would still be worth something).

¹⁴⁹ *Lucas v. South Carolina Coastal Council*, 112 S. Ct. 2886, 2902 (1992) (holding that state must identify background principles of nuisance to justify taking even part of plaintiff's property without compensation).

¹⁵⁰ *See id.* at 2894 n.7 (posing hypothetical fact scenarios where application of totality rule may prove to be unclear).

conomic value of the land or has he suffered only a non-compensable diminution in value to it?¹⁵¹

When the Court muses this way, it calls into question whether a complete taking is always absolutely necessary. In fact in two cases also involving real property, it appears that the Court may have softened its stance somewhat on the "all or nothing" rule.¹⁵² It is not yet clear whether this doctrinal will be limited to real property cases.¹⁵³ In subsequent cases, the Court has returned to the rule that mere diminution of value does not effect a taking, thus lending credence to an assertion that the above exception may apply only to real property cases.¹⁵⁴

Justice Cardozo once remarked that "[t]he law is not indifferent to considerations of degree."¹⁵⁵ In contrast, it appears that current the Supreme Court takings jurisprudence requires one to suffer a total loss due to a government regulation, before compensation is due.

¹⁵¹ *Id.*

¹⁵² See *Dolan v. Tigard*, 114 S. Ct. 2309, 2319 (1994). The Court held that when a plaintiff had to deed over only part of its land to state in return for permit, there was taking and it was the state's burden to show a "essential nexus" between the regulation and particular nuisance it was trying to prevent. *Id.*; *Nollan v. California Coastal Comm.*, 483 U.S. 825, 840-43 (1987). The Court held that Coastal Commission effected a taking when it required plaintiff to maintain access way to beach across his property when the government did not assert a plausible reason why the boardwalk was essential. *Id.*; see also *Lucas*, 112 S. Ct. at 2895 n.8. The *Lucas* majority recognized dissenting criticism of the total deprivation of all economic benefit test. *Id.* The Court admitted that in some cases the landowner with 95% loss will recover nothing in takings analysis, while the landowner with a total loss will recover in full. *Id.* The Court acknowledged that "takings law is full of these all or nothing situations." *Id.*

¹⁵³ See *Lucas*, 112 S. Ct. at 2899. In *Lucas*, the Court was discussing the degree of expectation that citizens have with regard to government regulation. *Id.* The Court noted that due to the government's high degree of control over commercial dealings, especially in the context of the purchase and sale of personal property, citizens should be aware that regulation may render that property worthless. *Id.*; see also *Justice Department Memorandum*, *supra* note 111, at 161. The Justice Department concluded that a total taking of personal property would not be treated by the Court as a per se taking. *Id.* The Justice Department pointed to the majority opinion in *Lucas's* distinction between personal and real property as support for this proposition. *Id.*

¹⁵⁴ See *Concrete Pipe and Prods. of Cal., Inc. v. Construction Laborers Pension Trust for S. Cal.*, 508 U.S. 602, 643 (1993) (holding that mere diminution in value does not constitute taking); *Connolly v. Pension Benefit Guar. Corp.*, 475 U.S. 211, 222-26 (1986) (same); see also *Justice Department Memorandum*, *supra* note 111, at 161 (noting that Court has returned to its former position that mere diminution in value does not constitute taking). *Contra Joint Hearings*, *supra* note 2, at 182 (testimony of Eugene Volokh) (arguing that there is "nothing magical" about real property as compared to personalty and that copyrights should be treated same as real property in Takings Clause analysis).

¹⁵⁵ *A.L.A. Schecter Poultry Corp. v. United States*, 295 U.S. 495, 554 (1935) (Cardozo, J., concurring).

2. Section 104A's Interference With Investment Backed Expectations

The Justice Department has expressed an opinion that investments made in reliance that Congress would never restore copyrights from the public domain are misguided and unjustified.¹⁵⁶ In support, it cites a 1967 article written by Professor Melville Nimmer which notes, inter alia, that the retroactive protection of works that would result from accession to the Berne Convention would be of the greatest import to American authors abroad.¹⁵⁷ In addition, the Justice Department has cited the House Report to accompany the Berne Convention Implementation Act which notes, in substance, that the question of retroactivity will be decided another day, if it is necessary at all.¹⁵⁸ Accordingly, the opinion effectively alleges that reliance parties should have foreseen the enactment of § 104A.

Undeniably, the article written by the late Professor Nimmer is evidence that the idea of restoring works has occurred to some of the great minds in copyright law as far back as 1967.¹⁵⁹ David Nimmer, son of Professor Nimmer and an authority on copyright law in his own right, has stated, however, that “[a]n amendment

¹⁵⁶ See *Justice Department Memorandum*, *supra* note 111, at 158 (applying second prong of ad hoc takings test and concluding that reliance parties should have had no investment-backed expectations).

¹⁵⁷ See Melville B. Nimmer, *Implications of the Prospective Revisions of the Berne Convention and the United States Copyright Law*, 19 STAN. L. REV. 499, 527 (1967). Professor Nimmer discussed the retroactivity of Article 18(1) in this 1967 article years before the United States joined the Berne Convention. *Id.* In his article Nimmer suggested that Article 18 may require retroactive copyright restoration. *Id.* Nimmer also discusses, however, an upcoming bill of Congress that would amend the copyright laws and suggested that it was already in conformity with the spirit, if not the letter of Article 18(1). *Id.* He remarked that “[t]his would mean that any reasonable exclusion from the principal of retroactivity will be permitted so long as the general principle is recognized.” *Id.* Professor Nimmer went on to say that the construction of Article 18 that was popular in the day was loose and noted that many Berne members of the day restricted the retroactive effect of their copyright laws. *Id.* Indeed, Nimmer noted that as a last resort Article 18(3) may permit the construction of Article 18(1) to be limited to protect the interests of those “who have invested money or otherwise changed their positions in reliance on the supposed public domain status of certain works.” *Id.* at 529.

¹⁵⁸ See H.R. REP. NO. 609, *supra* note 6, at 51 (noting that concerns of constitutional dimension caused Congress not to restore any copyrights in Berne Convention Implementation Act).

¹⁵⁹ See M. Nimmer, *supra* note 157, at 529; see also *Joint Hearings*, *supra* note 2, at 176 (testimony of Eugene Volokh) (stating that provisions of GATT and Berne Convention which require restoration of copyrights are generally quite fair, despite dubious constitutionality on Takings Clause grounds); *id.* at 191 (testimony of Professor Shira Perlmutter) (supporting policy and principles behind restoration as implementation of general principles of fairness).

as radical as copyright resurrection is bound to upset both long-standing expectations and existing business arrangements."¹⁶⁰

Current developments in the law should put all interested parties on notice that their property may be in jeopardy and they should react accordingly.¹⁶¹ Furthermore, the Supreme Court has noted that when doing business in a regulated field, one should not be surprised when those regulations are amended to further the goals of the legislation.¹⁶²

The copyright laws are the effective regulation in the field in question. It is perhaps stretching it too far, however, to hold a reliance party to notice of what is not law, and what expressly was not made law in the Berne Convention Implementation Act.¹⁶³ It is submitted that works in the public domain are unregulated and free for all to use; that is, after all, the point of having the public domain in the first place.

3. The Character of § 104A

The operation of § 104A does not effect a physical appropriation of the reliance party's property.¹⁶⁴ Rather, it adjusts the right of the American public at-large to use certain works of intellectual property, to an individual foreign copyright holder.¹⁶⁵ Other acts that have made adjustments in economic benefits from one group to another have not been considered takings if they are done for

¹⁶⁰ D. Nimmer, *Second Wind*, *supra* note 6, at 31 (discussing provision within § 104A that provides protection against liability for those whose business arrangements have included warranties against possibility that client's use of public domain work would infringe on copyright in United States); *see also* David Nimmer, *Impossible Realities*, in NIMMER ON COPYRIGHT § D.01 (Special Supp. 1995) (discussing restoration of foreign copyrights "[i]n the realm of paradox").

¹⁶¹ *Cf. Connolly v. Pension Benefit Guar. Corp.*, 475 U.S. 211, 226 (1986) (citing *Pension Benefit Guar. Corp. v. R.A. Gray & Co.*, 467 U.S. 717, 730-31 (1984)) (holding that "[p]rudent employers then had more than sufficient notice not only that pension plans were currently regulated, but also that withdrawal itself might trigger additional financial obligations").

¹⁶² *Connolly*, 475 U.S. at 227 (quoting *FHA v. The Darlington, Inc.*, 358 U.S. 84, 91 (1958)).

¹⁶³ *See* H.R. REP. NO. 609, *supra* note 6, at 51 (noting that question of restoring copyright from public domain may raise issues of constitutional dimension and because of potential stifling effect on public domain, no copyrights were restored at that time).

¹⁶⁴ *Cf. Connolly*, 475 U.S. at 225 (noting that Act there in question "does not physically invade or permanently appropriate any of the [plaintiff's] assets for its own use").

¹⁶⁵ *See Connolly*, 475 U.S. at 225. The Supreme Court has held that if public program shifts the benefits and burdens of economic life for a public purpose, such program does not constitute a taking requiring government compensation. *Id.*

the greater good of the public.¹⁶⁶ The first question is how a regulation that bestows greater, if not complete, benefits on foreign citizens rather than on American reliance parties, benefits the public. The immediate, but incomplete, answer is that it does not.

As discussed above, the Justice Department, as well as other commentators on the operation of § 104A, cite the overall purpose of the legislation as a compelling, overriding justification for the short-term disadvantages some reliance parties will face. Indeed, the Motion Picture Association of America, the Recording Industry Association of America, and the International Intellectual Property Alliance, organizations likely to encompass most reliance parties within their memberships, have supported of retroactive copyright restoration.¹⁶⁷

CONCLUSION

The foregoing analysis has concluded that if a federal statute has been enacted to pursue goals that are important to foreign policy, the government is given the benefit of lower standards of scrutiny in order that the nation may meet its foreign policy objectives. Congress' stated objectives in enacting § 104A were to comply with the GATT, and at long last to satisfy our obligations under the Berne Convention on Copyrights. A challenger to this measure on constitutional grounds will indeed have an uphill battle.

A successful challenge to § 104A on Equal Protection or Due Process grounds will depend on the challenger successfully persuading a federal district court that the privilege of having a federal copyright is a fundamental constitutional right. Alternately, the challenger would have to show that by virtue of his citizenship, he is a member of some protected class.

A federal copyright is in many ways merely a device by which the government allows an individual to profit from his intellectual

¹⁶⁶ See *Connolly v. Pension Benefit Guar. Corp.*, 475 U.S. 211, 225 (1986) (noting that withdrawal liability for employers that discontinue pension plans is not compensable in takings analysis because it serves important public purpose).

¹⁶⁷ See *Joint Hearings*, *supra* note 2, at 255 (statement of Jack Valenti, President and C.E.O., Motion Picture Assoc. of America) (urging Congress to enact retroactive foreign copyright restoration for sake of American business abroad); *id.* at 250 (comments of Jason Berman, C.E.O. of Recording Industry Assoc. of America) (same); *id.* at 244 (summary statement of Eric H. Smith, Executive Director, International Intellectual Property Alliance) (same).

property works. Economic rights have generally not been considered fundamental. Simply because the Copyright Clause is found in the text of the Constitution, it is no guarantee that a copyright will be deemed a fundamental right.

Although § 104A's restoration of copyrights to foreign citizens, and its complete ignorance of Americans similarly situated, cries out for judicial review, ironically, it is difficult to consider an American citizen, merely because he is an American citizen, a member of any constitutionally protected class. The Supreme Court has protected American citizens from being deprived of their property without due process of law; to hold a statute unconstitutional, however, merely because it bestows greater benefits on foreign citizens than it does on Americans, is an unlikely result.

A challenge to § 104A under the Takings Clause will likely fail on two grounds. First, an individual's non-exclusive use of a public domain work can hardly be characterized as private property meriting Takings Clause compensation. A reliance party may have captured the public domain work by their investment in its exploitation. This quasi-property right that a reliance party may have, however, will likely extend only to those copies or phonorecords of the work that they possess at the time the copyright in them was restored. It is with regard to that tenuous property right that the second ground to the demise of a takings challenge becomes relevant.

Section 104A allows reliance parties a full year in which to sell off their remaining stock of copies or phonorecords. Accordingly, § 104A will almost never effectively deprive a reliance party from recouping every dollar of its investment in the exploitation of previously public domain works, even if it must eventually forfeit its entire exploitation business. The Supreme Court precedent on the Takings Clause has almost invariably required the challenger to suffer a total loss before compensation by the government is due.

Section 104A is likely to withstand a challenge to its constitutionality. It remains to be seen whether the expectation of benefits in increased reciprocal rights for American intellectual property industries will come to pass and justify the short-term costs to some American reliance parties. Unfortunately for reliance parties and Americans whose copyrights would be restored if Congress had decided to place them on even ground with their foreign

counterparts, the prospects that the legislature will reverse this disparate result, or grant equivalent rights to Americans, are not on the horizon.

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