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## Overview of Copyright Law

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## Overview of Copyright Law

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### *Abstract*

This article offers an overview of copyright in general in common law and civil law countries, with an emphasis on the U.S. and the European Union. It addresses the history and philosophies of copyright (authors' right), subject matter of copyright (including the requirement of fixation and the exclusion of "ideas"), formalities, initial ownership and transfers of title, duration, exclusive moral and economic rights (including reproduction, adaptation, public performance and communication and making available to the public, distribution and exhaustion of the distribution right), exceptions and limitations (including fair use), and remedies. The article also covers the liability of intermediaries, and new copyright obligations concerning technological protections and copyright management information. It concludes with some observations concerning the role of copyright in promoting creativity and free expression.

### *Key words:*

intellectual property, copyright, authors' right, Berne Convention, WCT, originality, fixation, moral rights, reproduction right, adaptation right, performance/communication rights, making available right, distribution right, three-step test, fair use, Information Society Directive, intermediary liability

#### a. History and philosophies of copyright (authors' right)<sup>1</sup>

Copyright is the law of literary and artistic property. It regulates the ownership and exercise of rights in creative works. Copyright laws vest exclusive rights in the creators of works of authorship. The justifications for copyright spread along a spectrum from natural rights-based ownership of the fruits of one's intellectual labors to utilitarian expectations that granting authors property rights in their works will encourage them to create works for the greater benefit of society. On the one end, authorship alone commands strong proprietary rights;

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<sup>1</sup> The regime that common law countries denominate 'copyright' in civil law countries is generally called 'author's right' (eg, 'droit d' auteur' in French, 'diritto d'autore' in Italian, 'Urheberrecht' in German). Although the difference in nomenclature may denote philosophical differences of orientation, with common law countries focusing on the object of protection, and civil law countries on the subject of protection, these differences are relatively insignificant in practice, and therefore for simplicity, this article will refer throughout to 'copyright.'

on the other, those rights result only, and sparingly, from a necessary bargain on behalf of the broader public. Civil law regimes most often tend toward the creators' entitlement end of the spectrum, and common law systems generally situate at the social contract end. But these characterizations are largely caricatures: mixed motives in fact pervade civilian and common law copyright systems alike, and a given national law's location on the spectrum is often more a matter of emphasis than of fundamental orientation. Moreover, evolving economic, social and technological conditions inevitably alter the intensity of that emphasis.

Copyright laws emerged from printing monopolies. Following the invention of printing, a system of printing privileges, paired with State control over the content of the works, developed in many European States, particularly in Venice, the Papal States, and France. The governing authority, having verified the work's political and religious orthodoxy, granted the petitioner, usually a printer-bookseller, but sometimes the work's author, a time-limited monopoly over the printing, selling, and importation of copies of the work.<sup>2</sup> England departed from this scheme in vesting in the publishers themselves the control over the dissemination of books. In 1557, the Crown granted to the Stationers' Company, made up of the leading publishers of London, a monopoly over book publication (excepting persons who received printing privileges directly from the Crown), thus placing in the hands of the guild the power to restrain the publication of seditious or heretical works. Publishers were given an exclusive and perpetual right of publication of works that passed muster with the Government and the Church (by way of the Star Chamber).<sup>3</sup> As with many systems of printing privileges, the English monopoly primarily promoted investment in the material and labor of producing and distributing books; protecting or rewarding authors was generally an ancillary objective.<sup>4</sup>

After the English licensing laws lapsed at the end of the 17<sup>th</sup> century, Parliament enacted the Statute of Anne in 1710. The Act's title and first section announce the objectives that underlie much copyright law and policy. Titled "An act for the encouragement of learning," the Statute of Anne continued: "Whereas printers, booksellers, and other persons have of late frequently taken the liberty of printing, reprinting, and publishing, or causing to be printed, reprinted, and published, books and other writings, without the consent of the authors or

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2 On printing privileges, see, eg, Elizabeth Armstrong, *Before Copyright: The French Book-Privilege System 1498–1526* (CUP 1990); Maria Grazia Blasio, *Cum Gratia et Privilegio: Programmi editoriali e Politica Ponteficia a Roma 1487-1527* (Rome 1988); Carlo Castellani, 'I privilegi di stampa e la proprietà letteraria in Venezia dalla introduzione della stampa nella città' (1888) 36 *Archivio Veneto* 127–39; Pierina Fontana, 'Inizi della proprietà letteraria nello stato pontificio (saggio di documenti dell'Archivio vaticano)' (1929) 3 *Accademie e Biblioteche d'Italia* 204-21; Rudolph Hirsch, *Printing, Selling and Reading, 1450-1550* (Otto Harrassowitz 1974); Angela Nuovo and Christian Coppens, *I Giolito e la stampa nell'Italia del XVI secolo* (Droz 2005); Jane C Ginsburg, 'Proto-property in Literary and Artistic Works: Sixteenth-Century Papal Printing Privileges' (2013) 36 *Colum J L & the Arts* 345 (hereafter Ginsburg, 'Proto-property in Literary and Artistic Works'). See also sources cited, *infra*, n 3.

3 See John Feather, *A History of British Publishing* (Routledge 1988) 31–32 (hereafter Feather, *A History of British Publishing*) (describing how the Stationers Company 'became an equal partner with the Crown in the suppression of undesirable books').

4 See, eg, Cyprien Bladgen, *The Stationers' Company: A History 1403–1959* (George Allen & Unwin 1960); Lotte Hellinga and JB Trapp (eds), *Cambridge History of the Book in Britain, Vol. 3, 1400–1557* (CUP 1998); Mark Rose, *Authors and Owners: The Invention of Copyright* (Harvard University Press 1993) (hereafter Rose, *Authors and Owners*); Feather, *A History of British Publishing* (n 3). Authors could directly hold privileges, however, and in some systems of printing privileges, particularly the Papal privileges, but to a lesser extent in Venice and France as well, authors in fact frequently applied for and received monopolies over their works' publication and distribution.

proprietors of such books and writings, to their very great detriment, and too often to the ruin of them and their families: for preventing therefore such practices for the future, and for the encouragement of learned men to compose and write useful books . . .” The Act granted to authors exclusive rights of printing, reprinting and importation of copies to last for 21 years for existing works and for 14 years for works published in the future. Moreover, were the author still living at the end of the first 14-year term, the exclusive rights of reproduction and distribution would revert to the author for an additional 14 years. Registration of the title at Stationers’ Hall was a condition of obtaining the remedies of statutory copyright.

Where justifications for printing privileges most often rested on the need to prevent free-riding off of the printer’s investment,<sup>5</sup> the Statute of Anne echoed this theme, but focused instead on authors. It thus became the first law explicitly and systematically to vest copyright in the work’s creator. Two factors, one philosophical, one economic, motivated this shift in orientation. First, making authors the owners of the exclusive right reflects the Enlightenment tenet that property derives from labor. From ownership of the physical fruits of agricultural and other labors, it is not a long step to ownership of the incorporeal fruits of intellectual labor. Indeed, if John Locke voiced the former argument in his *Treatises on Government*, he made the latter in his writings on the expiration of the Licensing Act.<sup>6</sup> The replacement of the Licensing Act with laws vesting property rights in authors also sought to break the monopoly of the Stationer’s Company by promoting the rise of other publishers with whom authors might negotiate.<sup>7</sup> In that respect, one may perceive the author’s reversion right not only as a creator-oriented endeavor to ensure that authors share in the success of their works, but also as a measure to promote competition among booksellers, for the author who retrieves his rights is free to grant the second fourteen-year term to another publisher.<sup>8</sup>

The United States copyright tradition also recognizes both the general public interest in fostering creativity, and the individual rights of creators – for limited times – over the fruits of their intellectual labors. The Constitution’s copyright clause provides “The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”<sup>9</sup> The clause echoes the Statute of Anne’s incentive rationale, but its authorization to Congress to promote the progress of learning “by securing for limited times to authors . . . the exclusive right to their . . . writings” also reveals undercurrents of natural property claims, for “securing” suggests that some kind of exclusive right already inhered in works of authorship. Hence Madison’s reference in *Federalist 43* to copyright in Britain as “a right of common law.” The clause’s direction that the exclusive right be “for limited times,” in the plural, may also advert to

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5 That said, authors who received printing privileges also often invoked the need for a privilege to prevent others from reaping the benefits of their labors, see, eg, Ginsburg, ‘Proto-property in Literary and Artistic Works’ (n 3).

6 On these writings, see Laura Moscati, ‘Un “Memorandum” di John Locke tra *Censorship e Copyright*’ (2003) LXXVI *Rivista di storia del diritto italiano* 69 (hereafter Moscati, ‘Un “Memorandum” di John Locke’).

7 See Feather, *A History of British Publishing* (n 3); Moscati, ‘Un “Memorandum” di John Locke’ (n 6); Rose, *Authors and Owners* (n 4).

8 On the reversion right in the Statute of Anne and its successors in British and U.S. Copyright law, see Lionel Bently and Jane C Ginsburg, “‘The sole right shall return to the Author’: Anglo-American Authors’ Reversion Rights from the Statute of Anne to Contemporary U.S. Copyright’ (2011) 25 *Berkeley Tech LJ* 1475.

<sup>9</sup> US Constitution, art 1, § 8, cl 8.

the Statute of Anne’s conditional second term of copyright, and thereby implicitly endorse the author’s reversion right established by the English example.

The first U.S. copyright statute adopted many features of the Statute of Anne, including the dual 14-year terms with reversion to the surviving author, and registration and deposit formalities. The rights secured were to “print, publish and vend,” and the subject matter covered “any map, chart or book.” In the handful of major copyright revisions (principally, 1831 and 1909) through the 1976 Act (and in the more frequent amendments since), Congress has gradually increased the kinds of works that are eligible for copyright and the kinds of exclusive rights afforded to the copyright owner. As Congress has increasingly aligned the U.S. copyright system with international norms, it has also progressively extended the period of copyright protection and reduced the significance of compliance with statutory formalities.

b. Subject matter

Copyright protects creative works of the human mind. The threshold of creativity is low, and carries no requirement of artistic merit, civic virtue, or commercial value. In the E.U., a showing that the work is the “author’s own intellectual creation,”<sup>10</sup> or in the U.S., a showing of “at least some minimal degree of creativity,”<sup>11</sup> meet the standard. Nor, despite the grounding of one rationale for copyright in entitlement to the fruits of intellectual labor, need an author demonstrate that she labored mightily: the fruit of a moment’s inspiration, as well as the result of long hours of research and reflection both can qualify. By the same token, expenditure of labor (or “sweat of the brow”), without some increment of creativity, for example in the selection or arrangement of information, however painstakingly gathered, does not suffice.

Human agency in the creation of a work is implicit, hence no copyright inheres in objects produced by purely natural or feral forces, for example, driftwood or paintings by chimpanzees. By contrast, copyrightable authorship can result when human beings manipulate or build on such objects, for example by reshaping, combining or coloring pieces of driftwood. Similarly, computer-assisted works, such as digitally altered images, can qualify, but purely computer-generated outputs, such as automatic translations, would not.<sup>12</sup>

Most copyright systems distinguish the creation of works from their “interpretation” through performance, reserving “copyright” to the former (such as musical compositions) and denominating the latter (such as vocal or instrumental performances of the compositions) as the subject matter of “neighboring rights.” (The U.S., however, considers audio-recorded performances – called “sound recordings” – to come within copyrightable subject matter.)

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<sup>10</sup> Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L167/10 (hereafter ‘InfoSoc Directive’); Case C-5/08 *Infopaq International A/S v Danske Dagblades Forening* [2009] ECR I-6569 (hereafter *Infopaq*).

<sup>11</sup> *Feist Publ’ns Inc v Rural Tel Serv Co* 499 US 340, 345 (1991).

<sup>12</sup> The U.K. Copyright Designs and Patents Act 1988, however, includes a provision on computer-generated works. It is not clear whether their copyright coverage is consistent with the autonomous EU norm of originality articulated in *Infopaq* (n 10).

Apart from their characterization of performances or interpretations of works, national copyright laws may also diverge in their expression of what constitutes copyrightable subject matter: some laws provide only a general description, such as “works of the mind,” while others, primarily in common law countries, list categories of works, such as literary works, musical compositions, audiovisual works, etc. It is not clear whether these categories are illustrative or limitative, thus whether an unlisted type of work would still be protected if it manifests original creativity but cannot be analogized to a recognized category.

### *Fixation*

In addition, many, mostly common law, national regimes require that the work be fixed in a tangible medium of expression before copyright will attach. In the U.S. the Constitutional reference to “writings” has been thought to require fixation. These national laws, however, are generally open-ended as to the medium of fixation; it need not be a traditional format, such as paper, and the work need not be directly perceptible, for example, it may be a musical composition fixed in a phonogram. The media of fixation also encompass new technologies such as computer memory. National laws also differ regarding whether the author must authorize the fixation to bring the work within the subject matter of copyright. For example, the U.S. requires that the author, or someone authorized by her, make the fixation,<sup>13</sup> while the U.K. considers that even an unauthorized fixation (such as a surreptitious recording) brings the work within copyright (and also may make the person doing the unauthorized fixation an infringer).

Fixation serves an evidentiary purpose; it makes it possible to ascertain what the work is. The probative role of fixation may explain why, in the U.S. the fixation must permit the work to be “perceived, reproduced or otherwise communicated for a period of more than transitory duration.”<sup>14</sup> But the medium of the fixation should not be confused with the work itself. The work is incorporeal. Fixation is the threshold which all works must cross to qualify for copyright protection in those countries that require fixation, but once across, the work exists independently of any particular material object in which it may be concretized. For example, a choreographic work may be filmed, or fixed in notation, but neither of these instantiations *are* the work. Once a work is “fixed,” and therefore within the scope of copyright coverage, it no longer matters for purposes of infringement whether the work was copied from a fixed or unfixed source. Thus, for example, copying a protected dramatic work from a book containing the text of the play will infringe the work (assuming no applicable exceptions), but so will the unauthorized recording or transcription of the dialog from a live performance of the work.

By the same token, even when the medium of fixation, for example, a photograph of an ice sculpture, may be a work of authorship in its own right, the second-level work of authorship that portrays an underlying work should not be confused with, and for the reasons discussed above, confers no rights in, the work portrayed. The photograph may fix the ice sculpture, thus

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<sup>13</sup> Exceptionally, and pursuant to international obligations under article 14(1) of the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property (TRIPS), the U.S. Copyright Act has since 2004 provided for musical performers’ rights to authorize the fixation or transmission of their unfixed performances, 17 USC § 1101; the U.S. criminal code also imposes penalties for unauthorized audio or audiovisual fixation and distribution of musical performances, see 18 USC § 2319A.

<sup>14</sup> 17 USC § 101.

preserving the record of the work after the original has melted, but the two works are as distinct as if the photograph had depicted a previously fixed sculpture, such as a statue in bronze.

### *Quantum of creativity*

If the level of creativity is low, it is nonetheless unclear whether the work itself must achieve some degree of heft. In U.S. copyright doctrine, short phrases and commonplace designs are thought to lack minimal creativity,<sup>15</sup> or are likely to be needed as basic elements for others' creations. The more a phrase is generic or descriptive, or the more it gives instructions to accomplish a functional objective, the less U.S. courts are inclined to permit copyright to interfere with others seeking to make practical use of the words.<sup>16</sup>

But, as the headlines to news stories often demonstrate, a short phrase may in fact be very creative, yet also be very brief. Brevity is, after all, the soul of wit; why should it be a bar to copyright? The building blocks rationale makes sense if the objective of excluding short phrases is to prevent private claims of right in elements so basic as to belie anyone's "creation." By contrast, if the goal is simply to expel expressions that fail to cross some unstated threshold of heft regardless of their level of creativity, then it is not clear what if any sensible copyright policy the exclusion advances.

E.U. copyright doctrine appears less wedded to quantity. The Court of the Justice of the European Union, construing the EU Information Society Directive, ruled in *Infopaq International A/S v. Danske Dagblades Forening* that a sequence of 11 words could meet the "author's own intellectual creation" standard.<sup>17</sup>

### *Derivative works and compilations*

Because the threshold of originality is low, copyright also protects works that are based on or build on pre-existing works ("derivative works"). Thus translations, musical arrangements, motion pictures derived from novels, and other adaptations all can be copyright subject matter (though if the pre-existing work is still under copyright, the author's or proprietor's permission to adapt the underlying work will generally be necessary). Similarly, compilations of works or of data may be protected if either their selection or organization is minimally creative. In the cases both of derivative works and of compilations, the adapter's or compiler's copyright covers only to the "new matter," that is, to the original contribution to the underlying material, and does not extend to or affect the copyright status of that material. For example, a modern-day sequel to a 19<sup>th</sup>-century novel will enjoy a copyright in its expression of new plot and character elements; the sequel will not remove the prior literary work from the public domain, nor will it prevent

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<sup>15</sup> See Copyright Office Regulations, 37 CFR § 202.1(a) (excluding, inter alia, 'Words and short phrases such as names, titles, and slogans; familiar symbols or designs').

<sup>16</sup> See, eg, *Magic Mktg v Mailing Servs* 634 F Supp 769 (WD Pa 1986) (refusing to extend copyright to such phrases as 'priority message: contents require immediate attention'). See also *Southco Inc v Kanebridge Corp* 390 F 3d 276 (3d Cir 2004) (en banc) (holding part numbers used to assemble machine parts not copyrightable); *Spilman v Mosby-Yearbook Inc* 115 F Supp 2d 148 (D Mass 2000) (holding grammatical alterations and 'stylistic tweaking' are not copyrightable); *Apple Computer v Microsoft Corp* 799 F Supp 1006 (ND Cal 1992) (holding phrase 'Get Info,' used as part of computer graphical interface, was not copyrightable).

<sup>17</sup> *Supra*, n 10.

other authors from going back to the 19<sup>th</sup>-century source to create works using the characters and plots as they were developed in the source work. A compilation of data does not confer protection on the compiled information, apart from its original presentation in the compilation. Thus, for example, the author of a guide listing and rating restaurants may prevent the wholesale copying of the ratings, which constitute the author's original contribution to the information, but she may not prevent others from reproducing the information in her guide regarding the names and addresses of the restaurants she listed.

### *Idea/expression distinction*

Copyright does not protect everything contained within an original work of authorship. We have seen that with respect to works incorporating preexisting public domain works or data, copyright covers only the author's original treatment of those elements, and not the underlying material itself. Copyright excludes not only information (data), but also ideas and processes. While the latter two might be original and creative, the law considers them to be necessary building blocks toward everyone's creativity, and thus leaves them "to range freely."<sup>18</sup> This doctrine is known in some countries as the "idea/expression dichotomy." Thus, for example, Marcel Duchamp's drawing of a moustache and a goatee on a postcard of the Mona Lisa may have been highly creative (as well as provocative), but any copyright in the work which Duchamp (equally provocatively) titled "L.H.O.O.Q."<sup>19</sup> would not have entitled him to prevent others from acquiring reproductions of the Mona Lisa or any other public domain iconic image and superimposing different combinations or depictions of facial hair or coiffure. The exclusion of processes further seeks to separate the domains of copyright and of patent. Patents protect functional works, if they meet the much higher standard of prerequisite creativity (novelty and non-obviousness, or "inventive step"). Copyright doctrine does not permit "end-runs" around the more restrictive standard for a patent by resort to copyright's lesser level of creativity.<sup>20</sup> Where a work of authorship combines expressive and functional elements, copyright will protect only the form of expression in which the ideas or processes are communicated. Moreover, if in order to duplicate or put into use an unprotected idea, concept, or system, it is necessary substantially to copy another's otherwise copyrightable expression, such copying is not an infringement. In those instances, the expression "merges" with the idea, and shares the idea's unprotectable status.<sup>21</sup>

### *Applied art*

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<sup>18</sup> See Henri Desbois, *Le droit d'auteur* (3rd edn, Dalloz 1978) 22 ('[les idées] sont par essence et par destination de libre parcours').

<sup>19</sup> Pronounced aloud in French, the letters read 'elle a chaud au cul' (more delicately translated as 'she is in a state of sexual desire').

**20 Handbook editors will cite to Estelle Derclaye's chapter**

<sup>21</sup> Software may present the most frequent example of the difficulties of distinguishing expression from function. International treaties mandate copyright protection for computer programs, but also declare the exclusion of 'ideas, procedures, methods of operation or mathematical concepts as such.' Compare Agreement on Trade-Related Aspects of Intellectual Property Rights (opened for signature 15 April 1994, entered into force 1 January 1995) 33 ILM 81 (hereafter TRIPS), art 10(1) and WIPO Copyright Treaty (opened for signature 20 December 1996, entered into force 6 March 2002) 36 ILM 65 (hereafter WCT), art 4(1) with TRIPS art 9(2) and WCT art 2.



Works of applied art, such as furniture design, present particular difficulties, to which national laws have responded differently. In some countries, the original design of a useful article may enjoy a copyright so long as the article's function does not command the design elements. In other countries, including the U.S., the availability of a "multiplicity of forms" through which the same function might be achieved does not suffice; the design elements must be "separable" from the article's function. Such a rule tends to confine most works of applied art to the realm of design patents or other specific design protection laws.

#### c. Formalities

Copyright formalities—conditions precedent to the existence or enforcement of copyright, such as provision of information about works of authorship that will put the public on notice as to a work's protected status and its copyright ownership, or deposit of copies of the work for the national library or other central authority—have performed a variety of functions in copyright history. Formalities that condition the existence or enforcement of copyright on supplying information about works of authorship may have been intended to enable effective title searching, thus furthering the economic interests both of copyright owners and of potential exploiters. Copyright-constitutive formalities, such as notice of copyright, deposit, registration and renewal, erect a barrier to the existence of protection, concomitantly casting into the public domain published works that fail to comply. These formalities thus (at least in theory) have divided works of perceived economic significance worth the effort of compliance from the mass of other creations, leaving the latter free for others to exploit. When failure to comply with formalities results in forfeiture of the copyright, this extreme sanction arguably protects exploiters who, in the absence of notice, might not otherwise have known that its author has claimed copyright in the work. Authors might have exclusive rights to print, reprint and vend, but they first would be put to the burden of making their claims clear.

The extent to which any system of formalities in fact achieved all or any of the above objectives is open to question. By the beginning of the 20<sup>th</sup> century most countries had abandoned formal prerequisites to protection and had made the obligation to deposit copies for the national library a free-standing duty, thus divorcing it from the existence or enforcement of copyright. The U.S., however, retained the notice formality until it joined the Berne Convention in 1989 and modified its law to comply with that treaty's prohibition on conditioning the enjoyment or exercise of copyright on fulfillment of formalities. The U.S. continues to make registration of works with the Copyright Office a prerequisite to judicial enforcement of copyright (for works of U.S. origin) and to awards of statutory damages or attorney's fees (for all works regardless of country of origin).<sup>22</sup>

The waning of mandatory formalities has, some contend, rendered rights clearance excessively complicated because without notice or registration it is difficult to ascertain if the work is still protected, or who owns the rights that a third party might seek to exploit. As a result, works might be "orphaned," cast in a limbo in which they retain copyright protection, but resist licensing because the would-be licensee cannot locate an owner with whom to transact. The public thus is deprived of beneficial republications or adaptations of these works. It is not

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<sup>22</sup> 17 USC §§ 411, 412. See generally, Jane C Ginsburg, 'The US Experience with Mandatory Copyright Formalities: A Love/Hate Relationship' (2010) 33 Colum J L & the Arts 311.

clear to what extent the “orphan works” problem in fact flows from the waning of mandatory formalities, as opposed to longer copyright terms (see *infra*). In many countries, collecting societies maintain records of copyright ownership, or there are other voluntary registries of works and their owners, and digital identifiers may now and in the future facilitate locating and transacting with copyright owners even in the absence of a centralized, State-managed registry.

d. Entitlement/Ownership

1. Initial ownership

Copyright laws generally vest the exclusive rights comprising a copyright in the author, the human creator of the work. Where the work results from the collaboration of more than one author it may be considered a “joint work” or “work of collaboration,” and its rights will be held in common, absent a contract to the contrary. But countries differ over the characterization of a work as “joint.” For example, in the U.K. “a ‘work of joint authorship’ means a work produced by the collaboration of two or more authors in which the contribution of each author is not distinct from that of the other author or authors.”<sup>23</sup> But in the U.S., “a ‘joint work’ is a work prepared by two or more authors with the intention that their contributions be merged into inseparable *or interdependent* parts of a unitary whole” (emphasis supplied).<sup>24</sup> Thus, for example, under U.K. law, a song produced by the collaboration of a composer and a lyricist would be two separate distinct works, words and music, while under U.S. law, music and lyrics created in collaboration would be a single “musical work[], including any accompanying words.”<sup>25</sup> On the other hand what constitutes a collaboration may differ not only across national copyright regimes, but, in the U.S., across federal circuit courts of appeal. In some jurisdictions an intent to collaborate may not suffice; it may in addition be necessary to show that each co-author’s contributions would separately have been copyrightable<sup>26</sup> (a standard perhaps in tension with the statutory inclusion of inseparable contributions), or that the alleged co-author was the “mastermind” of the resulting work<sup>27</sup> (a standard perhaps in tension with a concept of shared authorship).

In some countries all co-authors must agree on the grant of exclusive or non exclusive rights in a joint work; in others, including the U.S., any one joint author may license non exclusive rights without the others’ accord, but must account to them for profits. Co-authors need not each have contributed equally to the work’s creation, but courts may exclude from co-authorship status a person who has merely brought ideas to the development of the work, such as an editor in a publishing house, or whose contribution consisted primarily of executing the technical know-how to give a work concrete form, such as a welder who assembles a monumental sculpture under the artist’s direction.

*Employee and commissioned works*

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<sup>23</sup> UK Copyright Designs and Patents Act 1988, s 10(1).

<sup>24</sup> 17 USC § 101.

<sup>25</sup> 17 USC § 102(a)(2).

<sup>26</sup> See, eg, *Thomson v Larson* 147 F 3d 195 (2d Cir 1998).

<sup>27</sup> *Aalmuhammed v Lee* 202 F 3d 1227, 1233 (9th Cir 2000).

National copyright laws diverge over the initial ownership of copyright by employers or other hiring parties. In the U.S., but also in the U.K. and the Netherlands, for example, the copyright in works prepared by employees in furtherance of their employment vests in the employer.<sup>28</sup> The U.S. copyright act goes so far as to denominate the employer of the creator of a “work made for hire” the “author” of that work. U.S. “Works made for hire” come in two varieties, (1) employee-created works; and (2) certain specially ordered or commissioned works, so long as the type of work figures among a limitative list set out in the copyright act (the list includes contributions to audiovisual works and compilations and collective works; the latter category covers newspapers and periodicals), and both parties to the commission have signed a writing that states that the work will be “for hire.” If these conditions are met, the hiring party will own all rights in the work. If not, for example, if the commissioned work does not fall within the statutory categories, or if a proper writing is not executed, then the creator remains the “author” and first owner of all rights under copyright.

With respect to certain categories of work, particularly audiovisual works and computer software, some countries either deem employers the initial owners of copyright or presume that the actual creators have transferred their rights to the employer or producer.<sup>29</sup> Some suspicion that the nature of the authorship entailed in a computer program is more industrial than artistic may underlie those countries’ departure from the usual rule of creator-ownership. By contrast, with respect to audiovisual works, practical considerations, rather than perceptions of a lack of the right kind of creativity, explain the vesting of, or presumption of transfer of copyright to, producers of audiovisual works: these works often involve too many creative contributors for a co-authorship ownership regime feasibly to enable the work’s exploitation.

## 2. Transfers of ownership

Copyright, like other forms of tangible and intangible property, can be transferred from the author to another, *inter vivos* or by will or by intestate succession, in whole or in part.<sup>30</sup> To be an effective transfer, an assignment of copyright or a grant of exclusive rights must be in writing and signed by the grantor; in some countries, including the U.S., a non-exclusive grant may be valid even though oral or inferred from conduct. Copyright ownership is “divisible:” the author need not assign all her copyright interest, but may limit the scope of the grant to a particular time period or territory, for example, a one-year license to perform a dramatic work in New York City, or to a medium of expression, for example, the right to publish a novel but not the right to

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28 17 USC § 201(b); Copyright, Designs, and Patents Act 1988, c 48, s 11 (UK); Auteurswet [Copyright Act], *Stb* 1912, 60, art 7 (Neth).

29 See, eg, Code de la propriété intellectuelle [Code of Intellectual Property] (hereafter France, Code of Intellectual Property) arts L 113-9 (employers are presumptive owners of employee-created software); L 132-24 (presumption of transfer of rights from statutory co-authors to producer of audiovisual work).

30 In ‘monist’ systems that follow the German copyright tradition, the economic rights and moral rights are inseparably linked in one common right (like the trunk of a tree with two branches); because the moral right/personality right is inalienable, the entire right cannot be transferred except upon the death of the author. As a result, during the author’s lifetime, rights to economic uses may be licensed but not assigned. See Michael Gruenberger, ‘Germany,’ sec 4[2][a] in Lionel Bently (ed), *International Copyright Law and Practice* (Matthew Bender 2015) (hereafter Bently, *International Copyright Law and Practice*). Thanks to Dr. Silke von Lewinski for the arboreal metaphor.

adapt it into a motion picture. Similarly, having granted some exclusive or non exclusive rights to one co-contractant, the author or copyright owner can grant other rights to other parties, for example, the novelist might grant English-language rights to one publisher, and foreign language rights to other publishers.

### *Protections of authors as weaker parties*

Because, at least until recently, most authors have been ill-equipped to commercialize and disseminate their works on their own, authors have granted rights to intermediaries to market their works. Since most authors are the weaker parties to publishing, production, or distribution contracts, the resulting deal may favor the interests of the intermediary to the detriment of the authors. Even putting aside the parties' relative bargaining power, the highly speculative value of literary, artistic and musical works at the time of their creation can mean that a contract for the exploitation of a work of authorship may not fairly allocate the benefits of the work's subsequent success. Many national copyright laws have introduced a variety of corrective measures, starting with the very first copyright act, the 1710 British Statute of Anne, which instituted the author's reversion right<sup>31</sup> (still in force, albeit much modified, in US copyright law<sup>32</sup>) precisely in order to enable authors to grant rights anew, with fuller knowledge of the work's market value. Many continental European copyright laws have imposed detailed limitations on the form and scope of grants, for example ruling some rights to be inalienable, and/or requiring the precise articulation of the scope of the rights granted (thus requiring ambiguities, such as the coverage of new media, to be construed against the grantee), the provision of royalties for each mode of exploitation, and "bestseller clauses" that grant or allow the author to negotiate for a higher percentage return in the event of a significant disproportion between the agreed-upon remuneration and the work's actual success.<sup>33</sup>

### *Chattel rights*

Finally, copyright law distinguishes between ownership of a copyright, or of any of the exclusive rights under a copyright, and ownership of the material object in which the work is embodied. The distinction first arose in the common law world in the 1741 Chancery decision in *Pope v. Curll*,<sup>34</sup> concerning the unauthorized publication of letters by Alexander Pope, of which

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<sup>31</sup> Act for the Encouragement of Learning, 8 Ann, c 19, s 11 (1710) (Gr Brit) (hereafter Statute of Anne) ('the sole right shall return to the author' if still living at the expiration of the initial 14-year copyright term).

<sup>32</sup> 17 USC § 203 (inalienable right to terminate grants 35 years after the execution of the contract).

<sup>33</sup> See, eg, France, Code of Intellectual Property (n 29) arts L 131-1–132-30; §§ 31–32(B) Urheberrechtswahrnehmungsgesetz [Copyright Administration Act] v 9.9.1965, BGB1 I S 1294 (FRG); Loi Relative au Droit D'Auteur et aux Droits Voisins [Law on Copyright and Neighboring Rights] of 30 June 1994 (as amended by the Law of 3 April 1995), Moniteur Belge [MB] [Official Gazette of Belgium], 27 July 1994, 19297, arts 3, 11, 24, 26, 55. For analysis of particular national laws' provisions on authors' contracts, see, eg, Bently, *International Copyright Law and Practice* (n 30). On amendments to the German author-protective provisions, see, eg, Wilhelm Nordemann, 'A Revolution of Copyright in Germany' (2002) 49 J Copyr Soc'y 1041; William R. Cornish, 'The Author as Risk-Sharer' (2002) 26 Colum J L & the Arts 1, 8–16. See generally, Paul Katzenberger, 'Protection of the Author as the Weaker Party to a Contract under International Copyright Contract Law' (1988) 19 IIC 731.

<sup>34</sup> *Pope v Curll* (1741) 2 Atk 342, discussed, eg, in Mark Rose, 'The Author in Court: Pope v. Curll (1741)' (1991–92) 10 Cardozo Art & Ent LJ 475; Ronan Deazley, 'Commentary on *Pope v. Curll* (1741)' (*Primary Sources on Copyright (1450-1900)*, 2008) <[http://www.copyrighthistory.org/cam/tools/request/showRecord?id=commentary\\_uk\\_1741a](http://www.copyrighthistory.org/cam/tools/request/showRecord?id=commentary_uk_1741a)> accessed 27 April 2016.

Edmund Curll had obtained lawful possession. Pope contended that, as the letters' author, he retained the exclusive right to publish them; Curll rejoined that the publication right belonged to him as the owner of the letters. Lord Chancellor Hardwicke distinguished the corporeal "property of the paper," which passed to the recipient of the letter, and thence to Curll, from the incorporeal property in the words, which remained with their author. In modern copyright law, this principle has been generalized to all kinds of works of authorship.<sup>35</sup> Thus, for example, if an artist paints a work and sells the finished canvas, she retains all exploitation rights in the work, absent a contract to the contrary. As a result, the artist, not the purchaser of the painting, would have the sole right to create postcards—a derivative work—based on the painting. But the artist cannot prevent the buyer from selling the physical object—the canvas—which the buyer now owns, because disposal of the chattel falls within the ownership rights of the purchaser of the physical object that embodies a copy of the work of authorship.<sup>36</sup> Neither, in the U.S., can the artist prevent the owner of the physical object from publicly displaying it so long as the viewers are present in the place where the object is displayed.<sup>37</sup>

e. Duration

The copyright term begins with the creation of the work. It is no longer necessary to publish the work, or to comply with formalities of notice, registration or renewal of registration, for copyright to attach or to persist. The minimum term of protection under the Berne Convention is fifty years *post mortem auctoris*. Many countries, including the U.S. and the member states of the European Union, have adopted a longer term of 70 years *pma*. When the work is of joint authorship, the term is calculated from the death of the last surviving co-author.

The duration of copyright in works whose terms cannot be calculated by reference to the death of a human author generally runs from a period of years from publication or creation of the work. In the E.U. anonymous and pseudonymous works endure for 70 years from the date on which the work was first lawfully made available to the public,<sup>38</sup> in the U.S. the term of copyright in anonymous and pseudonymous works and works made for hire is 95 years from publication or 120 years from creation, whichever expires first.<sup>39</sup>

The duration of neighboring rights in the E.U. was extended in 2011 from 50 to 70 years from publication or first lawful communication to the public. The 2011 Directive also included elaborate provisions for the reversion of rights to performers if following fifty years from first publication or communication to the public, the phonogram producer does not exploit the

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35 In the 19th and first half of the 20th centuries, however, some countries, including France, and some states within the U.S., imposed a presumption that sale of the original copy of a work of art transferred the rights to publish the image in prints or engravings, thus placing the burden on the artist to reserve publication rights.

<sup>36</sup> See, eg, 17 USC §§ 109, 202. In some countries, the resale of the painting may give rise to an obligation to pay royalties to the artist, see discussion *infra* ('droit de suite').

<sup>37</sup> 17 USC § 109(c).

<sup>38</sup> Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights [2006] OJ L372/12, art 1(3).

<sup>39</sup> 17 USC § 302(c).

phonogram.<sup>40</sup> Coupling reversion rights with term extension echoes the first copyright act: the Statute of Anne provided that were the author still living at the end of the initial 14-year term, “the sole right shall return to the Author” for a new 14-year term.<sup>41</sup> Performers’ (much watered-down) recapture of rights may also have made the controversial addition of 20 years to the period of protection more palatable, particularly for those unimpressed with pleas for parity with a copyright term that the E.U. had extended by 20 years in 1993.

In both cases, a term of protection 20 years in excess of the already long international standard of life+50 for copyright, and the more modest 50 years from fixation for neighboring rights,<sup>42</sup> has provoked criticism on at least two grounds. First, the extension keeps works out of the public domain for an additional 20 years, thus depriving the public, and other authors, of free use of the works, with little evidence that authors and performers (or their heirs) of these aging works in fact benefit from the additional period of protection. Second, the longer the term of protection, the more difficult it may become to locate a work’s current rightholders, thus increasing the transaction costs of obtaining licenses, or making licenses unobtainable. Initiatives to facilitate exploitation of “orphan works” or “unavailable works” have been adopted or are under discussion in the E.U. and other countries.<sup>43</sup>

## f Rights

### 1. Moral Rights

Authors’ rights are both “moral” and economic. The civil law tradition has long recognized the moral dimension of author’s rights, linked to the personality of the author and inherent in the property right that arises from the act of creation. Moral rights encompass the author’s right to be recognized as the creator of the work (right of attribution or “paternity”), and the right to prevent alterations to her work that are deleterious to her honor or reputation. The latter prerogative is known as the right of integrity, but the denomination is somewhat misleading to the extent that the right entitles the author to a remedy for deleterious changes to her work, but, in most countries, not against the total destruction of her work. The right to determine whether, when, and how to disclose her work to the public (right of divulgation) shares both moral and economic features; in the latter guise, common law countries have

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<sup>40</sup> Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011 amending Directive 2006/116/EC on the term of protection of copyright and certain related rights [2011] OJ L 265/1, art 1(2)(c). See generally, Jane C Ginsburg, ‘Durée de la protection des enregistrements sonores : Comparaison des régimes EU et UE’ (2012) 1 *Juris Art et Culture* 27.

<sup>41</sup> AEL 1710 (n 31) s 11.

<sup>42</sup> Berne Convention for the Protection of Literary and Artistic Works (opened for signature 9 September 1886, entered into force 5 December 1887) 1161 UNTS 30, art 7; Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (opened for signature 26 October 1961, entered into force 20 December 1996) 496 UNTS 43, art 17.

<sup>43</sup> See, eg, Directive 12/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works [2012] OJ L 299/5; US Copyright Office, *Report on Orphan Works and Mass Digitization* (June 2015) <<http://copyright.gov/orphan/reports/orphan-works2015.pdf>> accessed 21 April 2016; Loi no 2012-287 du 1er mars 2012 relative à l’exploitation numérique des livres indisponibles du XXe siècle (1) [Law 2012-287 of Mar. 1, 2012 on the Digital Exploitation of Unavailable Books of the Twentieth Century], JO du 2 mar 2012, p 3986, (effective as of the publication of décret n°2013-182 of 27 February 2013 on the application of articles L.134-1 à L.134-9 of the Code of Intellectual Property).

recognized a “right of first publication.” Common law systems have adopted the moral rights of attribution and integrity more recently, and more sparingly, than in civil law states; the U.S., notwithstanding its 1989 adherence to the Berne Convention, still fully protects neither interest. The only moral rights-specific legislation in the U.S. is limited to a narrowly-defined class of “works of visual art.”<sup>44</sup>

The Berne Convention, art. 6bis, establishes that moral rights subsist independently of a transfer of economic rights, but that instrument does not declare moral rights to be inalienable. National laws diverge: in some states, notably France, their inalienability extends not only to authors residing in France, but to exploitations in France of foreign authors. Thus, France will, for example, protect the right of an American creator to oppose the dissemination in France of altered versions of her work, even though she may have signed a contract governed by U.S. law that specifies that she transfers any moral rights she may have respecting any country covered by the contract.<sup>45</sup> By contrast, in most common law countries, moral rights (or the economic rights that protect analogous interests) are freely alienable, though the law may require the contract to specify which moral rights are transferred for what purposes.<sup>46</sup>

The duration of moral rights also varies by country. In some states they endure for the life of the author, in others for the duration of the term of economic rights, and in a few states, including France, they are perpetual.<sup>47</sup> Because enforcement of moral rights may dissipate over time, particularly if there are no longer any heirs, the state may confer standing on an authors’ society or on the ministry of culture to advance interests in the work’s integrity or attribution.<sup>48</sup>

## 2. Economic Rights

### a. Reproduction right

Among the exclusive rights comprised within a copyright, the reproduction right, or right to produce copies, is historically the most basic of all. The right protects against copying in any medium, including within the temporary memory of a computer. Just how temporary the copy may be before it is deemed too transient to constitute an actionable reproduction is a matter of some dispute in the U.S., in contrast to the E.U. The 2001 E.U. Information Society Directive addresses “temporary acts of reproduction . . . , which are transient or incidental [and] an integral and essential part of a technological process” and, under specified conditions, requires their exemption from the scope of the reproduction right.<sup>49</sup> The provision of a mandatory exception

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44 17 USC §§ 101, 106A.

45 See, eg, *Huston v Turner Ent*, Cass civ [Supreme Court], 1re ch, 28 May 1991, 149 RIDA 197 (1991), 23 IIC 702 (1992) (English translation); Jane C Ginsburg and Pierre Sirinelli, ‘Authors and Exploitations in International Private Law: The French Supreme Court and the Huston Film Colorization Controversy’ (1991) 15 Colum-VLA J L & the Arts 135.

46 Eg, Visual Artists Rights Act of 1990 (VARA), 17 USC § 106A.

47 See, eg, France, Code of intellectual property (n 29), art L 121-1, cl 2.

48 André Lucas, Henri-Jacques Lucas and Agnès Lucas-Schloetter, *Traité de la propriété littéraire et artistique* (4th edn, LexisNexis 2012) 537, para 614 (hereafter Lucas, *Traité de la propriété littéraire et artistique*) suggest that article L 121-3 authorization to the ministry of culture to act in the event of the heirs’ abusive exercise or non exercise of the deceased author’s divulation right could be extended to authorize the ministry of culture to act on behalf of the deceased author’s attribution and integrity rights in the absence of heirs.

49 InfoSoc Directive (n 10), art 5(1).

for these transient copies suggests that they would otherwise be considered actionable copies. In the U.S., by contrast, the Second Circuit Court of Appeals has held that the statute's equation of copies with fixations, which are defined as "permit[ting] the work to be perceived, reproduced or otherwise communicated *for a period of more than transitory duration*,"<sup>50</sup> means that a buffer copy lasting 1.2 seconds cannot be a copy for purposes of infringing the reproduction right.<sup>51</sup> The court declined to indicate how much longer a transient fixation in computer memory must endure to become an actionable copy, though it acknowledged that some minutes (rather than seconds) might suffice.

### *Scope of the reproduction right*

The reproduction right is not limited to verbatim (or the visual or musical equivalent) copying; it also protects against paraphrasing. But the right prohibits only actual use of the copyright owner's work as a model, either directly or indirectly; it does not cover coincidental similarities in a work created independently and without reference to the first. Thus, for example, resemblances that result from the contending authors' independent resort to common prior sources (as not infrequently occurs in the case of popular songs) are not actionable. Independent generation is therefore a complete defense to an infringement action. But if copying occurred, it need not have been willful; even unconscious copying can infringe.<sup>52</sup>

In all events, the second author must have copied protected material. As explained earlier, a second author may freely copy a copyrighted work's ideas and discrete facts, so long as he or she does not also copy the expression or particular manner in which the first author set forth these ideas and facts. In addition, to violate the exclusive right of reproduction, the second author's copying must be "substantial." Substantiality of copying depends very much on context; even a small, but qualitatively important, extract from a larger work may be found to infringe, depending on the nature of the copyrighted work and of the portion copied.

Many of these precepts are easier said than applied. For example, the line between unprotected "idea" and protected "expression" is notoriously indistinct. As one of the greatest U.S. copyright jurists, Learned Hand, admitted, "Obviously, no principle can be stated as to when an imitator has gone beyond copying the 'idea,' and has borrowed its 'expression.' Decisions must therefore inevitably be ad hoc."<sup>53</sup> The same federal judge coined the "abstractions test" for analyzing claims of infringement when the defendant has not lifted verbatim extracts. The "test" in fact is less a rule or standard than a restatement of the problem:

[W]hen the plagiarist does not take out a block in situ, but an abstract of the whole, decision is more troublesome. Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his

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50 17 USC § 101 (emphasis supplied).

51 *Cartoon Network v CSC Holdings* 536 F 3d 121 (2d Cir 2008).

52. See, eg, *Bright Tunes Music Corp v Harrisongs Music Ltd* 420 F Supp 177 (SDNY 1976).

53. *Peter Pan Fabrics Inc v. Martin Weiner Corp* 274 F 2d 487 (2d Cir 1960).



“ideas,” to which, apart from their expression, his property is never extended. Nobody has ever been able to fix that boundary, and nobody ever can.<sup>54</sup>

The determination of how generously to mark off protectable “expression” will also depend on the nature of the work, for example, whether the work is fictional or fanciful, on the one hand, or is factual or functional, on the other. Too narrow a characterization of material in the latter kinds of works as protectable expression risks rendering the copyright so “thin” as to discourage the effort or investment in the work’s production. But too broad a characterization runs a greater risk of interfering with the copyright policies favoring free access to ideas, methods, systems and the like. Judge Easterbrook of the Seventh Circuit Court of Appeals recognized this quandary in a controversy concerning a work of historical exposition and speculation:

Intellectual (and artistic) progress is possible only if each author builds on the work of others. No one invents even a tiny fraction of the ideas that make up our cultural heritage. Once a work has been written and published, any rule requiring people to compensate the author slows progress in literature and art, making useful expressions “too expensive” forcing authors to re-invent the wheel, and so on. Every work uses scraps of thought from thousands of predecessors, far too many to compensate even if the legal system were frictionless, which it isn’t. Because any new work depends on others even if unconsciously, broad protection of intellectual property also creates a distinct possibility that the cost of litigation—old authors trying to get a “piece of the action” from current successes—will prevent or penalize the production of new works, even though the claims be rebuffed. Authors as a group therefore might prefer limited protection for their writings—they gain in the ability to use others’ works more than they lose in potential royalties. . . .

Yet to deny authors all reward for the value their labors contribute to the works of others also will lead to inefficiently little writing, just as surely as excessively broad rights will do. The prospect of reward is an important stimulus for thinking and writing, especially for persons . . . who are full-time authors. Before the first work is published, broad protection of intellectual property seems best; after it is published, narrow protection seems best. At each instant some new works are in progress, and every author is simultaneously a creator in part and a borrower in part. In these roles, the same person has different objectives. Yet only one rule can be in force. This single rule must achieve as much as possible of these inconsistent demands. Neither Congress nor the courts has the information that would allow it to determine which is best. Both institutions must muddle through, using not a fixed rule but a sense of the consequences of moving dramatically in either direction.<sup>55</sup>

Ultimately, in copyright law, unprotectable “ideas” and “facts” are not epistemological concepts but legal conclusions; the scope of the reproduction right turns on notions—often unarticulated and unproven—of appropriate competition. Thus, copyright doctrine attaches the label “idea” to aspects of works which, if protected, would (or, we fear, might) preclude, or render too expensive, subsequent authors’ endeavors.

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54. *Nichols v Universal Pictures Corp* 45 F 2d 119, 121 (2d Cir 1930).

55. *Nash v CBS Inc* 899 F 2d 1537, 1540–1541 (7th Cir 1990).

## b. Adaptation (derivative works) right

The adaptation right, or right to make derivative works, overlaps somewhat with the reproduction right, since an adaptation, whether into another medium, such as a poster depicting a painting, or into another language, or into a different form of expression, such as a play based on a novel or a motion picture based on a play, will necessarily incorporate the adapted work in whole or in part. Indeed, some copyright laws, such as France's, do not provide explicitly for a right of adaptation, instead treating unauthorized derivative works as infringements of the reproduction right.<sup>56</sup> In U.S. copyright law, a derivative work "is a work based upon one or more pre-existing works," and includes "any . . . form in which a work may be recast, transformed, or adapted."<sup>57</sup> In countries whose laws expressly cover adaptation rights, the concept embraces not only additions to a prior work, but also deletion, abbreviation and abridgment as well as elaboration and embellishment. The derivative works right thus provides authors their closest U.S.-law analog to the moral right of integrity (for those authors who retain derivative work rights). For example, the heavy editing of television programs without the consent of the Monty Python comedy group, who were the copyright owners of the underlying scripts, was held to infringe.<sup>58</sup>

While capacious, the derivative works right is not unlimited. Not every work that is "inspired by" or "goes with" the underlying work, or, more broadly, that capitalizes on the economic value of the underlying work, is necessarily a "derivative work." For example, a playwright who, having seen "West Side Story," is inspired to pen her own ethnic variation on "Romeo and Juliet," has not created an infringing derivative work. Her work may be "derivative" as a matter of literary criticism, and she may be capitalizing on a market the first author created for ethnic transpositions, but if she has embroidered only on the prior author's ideas, she has not incorporated the prior work's expression, and so cannot be deemed to have infringed. Similarly, a work, such as a bibliography or abstract, that recapitulates only factual information from or about a prior work, has not copied or adapted its "expression," and so does not infringe.

By the same token, mere reference to a prior work does not create an infringing derivative work, even if the association of the two works economically benefits the second. For example, if an entrepreneur markets a sound recording of 1920s popular music as a perfect audio background for reading *The Great Gatsby*, the suggestion that one freestanding work makes an ideal accompaniment to another does not convert the complementary work into a "derivative work." (By contrast, an audiobook that included the music in the soundtrack of a recorded reading of the book would, by virtue of the incorporation of the two works into one, probably constitute a recasting, transforming or adapting of the novel, as would the audiobook without accompanying music.)

## c. Rights of public performance/communication to the public

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<sup>56</sup> See, eg, Lucas, *Traité de la propriété littéraire et artistique* 251, para 254 ('the rights of translation and of adaptation are considered as corollaries of the rights of reproduction and of public performance and therefore are not elevated to distinct prerogatives').

<sup>57</sup> 17 USC § 101.

<sup>58</sup> *Gilliam v American Broadcasting Companies* 538 F 2d 14 (2d Cir 1976).

While exploitation of works of authorship through distribution of copies long dominated the economy of copyright, the rights of public performance and communication to the public now, thanks principally to digital media, equal or surpass the reproduction right in economic significance.<sup>59</sup> In most countries, the right of “public performance” refers to performances of works to a public present at the place of performance, while “communication to the public” and its subset, “making available to the public” concern transmissions by wired or wireless means to members of the public, whether separated in space, as for example, with radio and television broadcasting, and/or in time, as with on-demand digital transmissions.<sup>60</sup> By contrast, the rights of public performance and display in U.S. copyright law cover performances and displays both in places open to the public, and by transmissions to members of the public, including those separated in space and/or time.<sup>61</sup>

Under the “making available right,” which addresses individualized access by members of the public, it is not necessary that the enterprise have in fact transmitted the content to any member of the public; it suffices that the enterprise have offered to transmit the content. The right, as its name indicates, covers the proposal of individualized access to the work. In most countries, the making available right covers both streaming and downloading. The U.S. copyright act does not explicitly include a “making available right”; the public performance right extends to offers of transmissions of performances of works, that is, of works that can be viewed or listened to contemporaneously with their transmission (streams), but not to transmissions of digital files that will not be heard or seen until the user opens the file that has been sent to her computer (downloads).<sup>62</sup> As we will see, the U.S. distribution right encompasses the digital delivery of files, but there may be some uncertainty whether that right also reaches the offer to deliver a digital file. That ambiguity may cast doubt on whether the U.S. protects all aspects of the making available right as envisioned by international norms.<sup>63</sup>

In most countries, musical performers have the exclusive right to authorize the fixation or transmission of their live performances,<sup>64</sup> and performers and producers of phonograms enjoy neighboring rights of reproduction, and communication to the public. In the U.S., sound recordings have no right of public performance in places open to the public or by broadcasting, but their digital communication gives rise to remuneration rights for non interactive transmissions, and to exclusive rights for interactive transmissions.<sup>65</sup>

### “The public”

The exclusive right to perform works *in public* entered most copyright laws at least a generation later than the right to reproduce the work in copies, although in France, the right of

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59 See, eg, Jane C Ginsburg, Essay, ‘From Having Copies to Experiencing Works: The Development of an Access Right in US Copyright Law’ (2003) 50 J Copyr Soc 113.

60 See, eg, InfoSoc Directive (n 10), art 3.

61 17 USC §§ 101, 106(4)(5)(6).

62. See, eg, *US v American Society of Composers, Authors and Publishers* 627 F 3d 64 (2d Cir 2010).

63 But see US Copyright Office, *The Making Available Right in the United States: A Report of the Register of Copyrights* (2016) 74–76 (hereafter US Copyright Office, *The Making Available Right in the United States*) (concluding that U.S. copyright law adequately covers all aspects of the making available right set out in international treaties).

64 Article 14(1) of the TRIPs Agreement requires that WTO member states protect performers’ rights of fixation and transmission.

65 17 USC §§ 106(6), 114(d)–(j).

playwrights to authorize or prohibit the public performance of their works, introduced as part of the 1791 revolutionary law regulating theaters, preceded by two years the general right of authors to control copying and publication of their works. Most controversies concerning the right have tested the meaning of “in public” or “open to the public” in light of most laws’ exemptions for performances within a “family circle” or “circle of family and social acquaintance.”<sup>66</sup>

The meaning of “the public” with respect to the right of communication *to* the public (or, in the U.S., of public performance or display by transmission) encompasses a broad variety of modes of remote communication. These include traditional “push” technologies, in which the transmitting entity, such as a broadcaster or a cable or satellite operator, communicates works simultaneously to as many members of the public as choose to turn on their receiving devices. The right of communication to the public also covers “pull” technologies in which individual members of the public receive transmissions of on-demand content at a place and time chosen by them. The right also reaches hybrid models in which the members of the public individually access the service, but the transmitting entity selects the specific content to transmit, perhaps based on profiles of individual user preferences.

Construing “the public” has proved much more fraught in the context of secondary transmissions of an initial authorized transmission.<sup>67</sup> Case law in the U.S. and the E.U. has created more complexity than clarification. In the U.S., there is uncertainty regarding when services that offer individualized transmissions from remotely stored digital copies made from initial public transmissions should be considered to be providing the works “to the public.”<sup>68</sup> In the E.U., the Court of Justice has ruled that secondary transmissions to the public do not violate the right of communication to the public unless the transmission reaches a “new public” not contemplated by the original transmission, or is achieved by a “different technical means” from the initial mode of transmission.<sup>69</sup> Under this approach, a hyperlink that leads directly to the targeted content makes the work available, but not to a “new public,” because the mode of access is “the Internet,” and the public that accesses the work via the link is the same public as could have accessed the content directly from the source website (provided that content was initially made available without access restrictions). U.S. courts have reached a similar result on different reasoning, holding that the source website publicly performs or displays the work because the content resides on its server; the website or search engine that provides the link, but on whose server the content does not reside, accordingly does not “perform” or “display” the work even though the user accesses the content by means of the linking site.

### *Performing rights organizations*

Public performances and communications to the public tend to be both ubiquitous, given the multiple venues for live performances and the pervasive media of communication, and to exploit large quantities of works. It may be burdensome and expensive for exploiters to locate and obtain licenses from all the individual right holders, as well as for the right holders to police all the exploiters. These difficulties, albeit augmented with the development of remote communications, were already present well before the advent of the radio. Once legislatures

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66 Eg, *ibid* § 101.

67 Many secondary transmissions may also be the objects of compulsory licensing in national laws.

68 *American Broadcasting Companies Inc v Aereo Inc* 134 S Ct 2498 (US 2014).

69 Case C-466/12 *Nils Svensson and Others v Retriever Sverige AB* [2014] ECLI:EU:C:2014:76.

brought within the scope of authors' exclusive rights live public performances, not only in theaters, but also restaurants, taverns and other places where music is performed, it became apparent that individual composers could not separately enforce their rights against the plethora of enterprises who owned or controlled the places where music was played.

The need for effective enforcement gave rise to the formation of performing rights societies, first in Europe, and subsequently throughout the world. These societies license the public performance and communication to the public rights in nondramatic musical compositions, pursue unlicensed users, and distribute royalties to their composer, lyricist, and publisher members. By representing the interests of large numbers of copyright holders, the performing rights societies are able to secure better enforcement and compensation than could individual claimants. The collective nature of the licensing also benefits users: rather than seek out individual authors, a party wishing to perform quantities of copyrighted music may obtain all the requisite authorizations from one or two sources in each country of exploitation (multi-territorial licenses are currently in prospect, but local licensing still enables performing rights societies to include foreign works within the scope of the licenses because of reciprocal agreements among the societies). Performing rights societies are the most well-established examples of collective licensing entities and have served as a model for licensing arrangements for institutional and enterprise photocopying and digital copying of books and periodicals, as well as (principally outside the U.S.) for other high-volume exploitations of the subject matter of copyright and neighboring rights. Because collective licensing societies pool works and fix prices, they invite antitrust scrutiny. ASCAP and BMI, the major U.S. performing rights societies, operate under antitrust consent decrees, and E.U. and national competition authorities regulate the activities of local collective management entities.

#### d. Distribution right

The copyright owner also has the exclusive right to distribute copies of the work to the public. In most countries the distribution right covers only tangible copies, while in the U.S., the right also includes digital copies disseminated over digital networks, such as the Internet. U.S. authorities consider that a digital delivery that results in the fixation of a copy of the work in computer memory without contemporaneous perception of the work by the recipient – i.e., a download rather than a stream – comes within the statutory distribution right; the latter, as we have seen, is considered a public performance by transmission. (In many other states, delivering or offering to deliver a download is considered a communication to the public.) The U.S. statute equates distribution with “transfer of ownership,” a concept that may initially have presumed an analog environment. A transfer of ownership of an analog copy implicitly involves the transferor's divestiture of her copy so that the transferee may take possession. A book sold by a bookstore leaves the store with the customer; there is one fewer copy in the store's inventory. With digital copies, by contrast, one typically “sends” a copy, but retains one's “original” or “own” copy in one's computer memory. There is no divestiture; rather at least two people now own copies where before there was only one owner. Nonetheless, in the context of digital dissemination, U.S. courts focus not on the sender's retention of a copy, but on the creation of a new copy in the computer of the recipient, a copy that the recipient now owns.<sup>70</sup>

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<sup>70</sup> *London-Sire Records Inc v Doe* 542 F Supp 2d 153 (D Mass 2008). See also 17 USC § 115(d): ‘A “digital phonorecord delivery” is each individual delivery of a phonorecord by digital transmission of a sound recording

The distribution right entitles the copyright owner to authorize or prohibit the first sale of the copy of the work. The corollary right to prevent importation of copies (a right that goes back to the first days of printing privileges) also enables the copyright owner to prevent entry onto a given territory of copies made abroad; though, as we shall see, national laws differ regarding the right of the copyright owner to prevent importation of authorized foreign-made copies. After the first lawful sale within a given territory, the right is “exhausted,” and the copyright owner cannot control further sale of that copy. National laws diverge over whether rightholders can control, or be remunerated for, other forms of disposition of the physical copy after its first sale, most importantly by leasing or lending it. While the E.U. provides for rental rights, and for mandatory remuneration to authors and performers,<sup>71</sup> U.S. law, with two exceptions for phonograms and copies of computer programs, considers that the right to control the disposition of the tangible copy by rental is transferred with the ownership of the physical copy.<sup>72</sup> From the U.S. perspective, it follows from the distinction between incorporeal intellectual property rights on the one hand and chattel rights in the physical object on the other, that the owner of the latter has the right to exploit or dispose of the physical object, so long as she does not make further copies; the additional copies come within the domain of the copyright, while the single tangible copy acquired by sale or gift is an item of personal property.

Courts in several countries have addressed what the “copy” means for purposes of the exhaustion doctrine. A change in the tangible medium of fixation may result in the creation of a different copy than the one sold under the authority of the copyright owner. The Court of Justice of the European Union has recently ruled that the exploiter of a process that separates a photographic image from the paper on which it was printed, allowing the image to be transferred to a different medium, could not shelter under the exhaustion doctrine, even though no additional copies were made, because the process yielded a different object:

The fact that the ink is saved during the transfer cannot affect the finding that the image’s medium has been altered. What is important is whether the altered object itself, taken as a whole, is, physically, the object that was placed onto the market with the consent of the rightholder.<sup>73</sup>

By contrast, the Supreme Court of Canada, on almost identical facts, came to the opposite conclusion.<sup>74</sup> In the U.S., the U.S. Copyright Office and lower courts have construed the statutory limitation of the first sale doctrine to “that copy” to preclude a “digital first sale

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which *results in a specifically identifiable reproduction by or for any transmission recipient* of a phonorecord of that sound recording . . .’ Accord, US Copyright Office, *The Making Available Right in the United States* (n 63) 21-22 (distribution right covers digital copies created in recipient’s computer memory). Moreover, on further examination, a ‘distribution’ need not always result in a loss of possession, even in the analog world. For one very old technological example, consider the biblical loaves and fishes. English versions of the gospels recount that Jesus ordered his disciples to ‘distribute’ the loaves and fishes to the public. Though the supply seemed inadequate, all the public were served, yet at the end, the same number of loaves and fishes remained in the baskets as at the outset. *Matthew* 14:20 (King James); *Mark* 6:41 (King James); *Luke* 9:16 (King James); *John* 6:11 (King James). For another bread-related example of a distribution which does not require the donor to part with her possession, a baker can parcel out to other bakers batches of sourdough ‘starter’ yet retain an amount sufficient to prepare her own loaves.

71 Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property [1992] OJ L 346/61, art 4.

72 17 USC §§ 109(a)–(b).

73 Case C-419/13 *Art & Allposters International BV v. Stichting Pictoright* [2015], ECLI:EU:C:2015:27, para 45.

74 *Théberge v Galerie d’Art du Petit Champlain Inc*, 2002 SCC 34.

doctrine,” because, even if the sender deletes the copy from her own computer’s memory, the process of digital dissemination entails the creation of a new copy in the computer of the recipient.<sup>75</sup>

National laws also differ with respect to the geographic scope of the exhaustion doctrine. Under E.U. law, once a lawfully-made copy has been sold within the E.U., the principle of free movement of goods requires that it may be resold in every other E.U. member state. But the copyright owner may prevent the entry into the E.U. of a copy from outside the E.U., even if that extra-E.U. copy was lawfully made under license from the copyright owner.<sup>76</sup> By contrast, in the U.S., the Supreme Court has held that the statutory right to prevent importation of copies does not apply to copies lawfully made abroad under license from the U.S. copyright holder.<sup>77</sup>

### *Contractual avoidance of the exhaustion doctrine?*

As we have seen, the sale (or other transfer of ownership) of a copy triggers the exhaustion doctrine. By contrast, if the copyright owner alienates possession of a copy without in fact selling it, and thus engages in rental, lease or lending, the copyright owner can control secondary markets for the recirculation of the copy because the distribution right will not yet have been “exhausted” by a sale; lawfully possessing a copy does not suffice without ownership. Not surprisingly, then, some copyright owners, particularly in certain industries, prefer to “lease” rather than to “sell” copies of their works. If copyright owners could simply recharacterize any “sale” as a “lease,” however, there would be little left to the exhaustion doctrine, because, if the apparent sale is in fact only a “lease,” the copyright owner may prevent the possessor-lessee from reselling the copy. The case law addressing the question whether a purported “lease” should be deemed a “sale” appears to turn on the degree of restrictiveness of the license conditions and their effectiveness.<sup>78</sup>

### *Droit de suite*

The “*droit de suite*,” or artists’ resale royalty right, qualifies the exhaustion doctrine: the right requires that, for the duration of the copyright term, the creator receive a specified percentage of the price of every subsequent public resale. Because there may be no market for reproduction or communication to the public of many works of art, exploitations of incorporeal copyright rights may not benefit many artists; the *droit de suite* therefore seeks to provide artists

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75 See US Copyright Office, *DMCA Section 104 Report* (August 2001) 111 <<http://www.loc.gov/copyright/reports/studies/dmca/sec-104-report-vol-1.pdf>> accessed 23 April 2016; US Copyright Office, *The Making Available Right in the United States* (n 63) 22 n 94; *Capitol Records, LLC v ReDigi Inc* 934 F Supp 2d 640 (SDNY 2015); US Department of Commerce Internet Policy Task Force, *Copyright Policy, Creativity, and Innovation in the Digital Economy* (January 2016) 35–69.

76 See, eg, Case C-355/96 *Silhouette International Schmied GmbH v Hartlauer Handelsgesellschaft mbH* [1998] ECLI:EU:C:1998:374 (trademarks, but same result would apply to regional exhaustion of copyright).

77 *Kirtsaeng v John Wiley & Sons Inc* 133 S Ct 1351 (US 2013).

78 See, eg, *Vernor v Autodesk* 621 F 3d 1102 (9th Cir 2010) (whether the work has traditionally been distributed with restrictive license conditions so that the possessor would not have expected to be able freely to dispose of her copy); Case C-128/11 *UsedSoft GmbH v Oracle International Corp* [2012] ECR I-0000 (whether a copy has been ‘sold’ depends on whether ‘licensee’s’ right to use is unlimited in time, and on other restrictions). Compare *UMG Recordings Inc v Augusto* 628 F 3d 1175 (9th Cir 2011) (CDs bearing legend that they remained the property of producer held insufficient to convert a sale into a license; producer lacked control over disposition of copies and, unlike software, CDs traditionally were sold, not leased).

a revenue stream by ensuring that they share in the subsequent profitable disposition of lawfully owned copies of their works. Though the *droit de suite* is the subject of an E.U. Directive, many non EU countries, including the U.S., have not adopted it.

#### g Exceptions and limitations

Copyright protection is not absolute. We have seen that copyright provides no remedy for the copying of “ideas,” information and processes, no matter how laboriously derived, and no matter what their commercial value. Nor does copyright protect against independent generation of the same or similar expression. Moreover, not all copying or communication of protected expression infringes. National copyright laws, acting within the framework imposed by international agreements, impose a variety of exceptions and limitations on the scope of copyright. Exceptions entitle the user to engage in the permitted act without having to pay the copyright owner; limitations permit the use, but require payment, at rates usually set by government authorities who establish compulsory licenses.

Compulsory licenses may be particularly widespread in the realm of secondary transmissions of broadcast performances, given the Berne Convention article 11bis explicit authorization of that limitation. They also exist in many states to provide compensation for private copying and for a variety of non-profit educational purposes.<sup>79</sup> The Berne Convention, article 13, authorizes member states to permit the recording of non dramatic musical compositions on to phonograms for distribution to the public, subject to compulsory licenses, but the U.S. is one of the few countries that continue to impose this limitation. Unremunerated exceptions vary considerably across national laws, but some of the most widespread include copying for purposes of research and private study, quotations from works for purposes of criticism and commentary, including parody, and public performances or displays of works for purposes of teaching.

In all events, international norms require that national laws creating exceptions and limitations satisfy the “3-step test,” set out at article 9(2) of the Berne Convention with respect to the reproduction right, and reiterated in article 13 of the TRIPS Agreement and article 10 of the WIPO Copyright Treaty with respect to all rights under copyright.

It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.

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<sup>79</sup> For example, the 2001 EU Information Society Directive, art. 5(2)(e) permits ‘in respect of reproductions of broadcasts made by social institutions pursuing non-commercial purposes, such as hospitals or prisons, on condition that the rightholders receive fair compensation.’ Art. 5(2)(b) permits private copying, subject to fair compensation, but the Court of Justice of the European Union has held that a condition of the application of private copying limitations is their confinement to copies made from a legitimate source. See Case C 435/12, *ACI Adam BV and Others v Stichting de ThuisKopie* [2014] ECLI:EU:C:2014:254.



As interpreted by the WTO dispute resolution panel in a proceeding contesting a U.S. exemption for retransmissions of public performances of radio and television broadcasts in bars, restaurants and retail establishments,<sup>80</sup> national legislatures must ensure:

- (1) That the exemption is limited to a narrow and specifically defined class of uses [“certain special cases”];
- (2) That the exempted use does not compete with an actual or potential source of economic gain from the ways rightholders normally exercise rights under copyright [“conflict with a normal exploitation of the work”]; and
- (3) That the exempted use does not unreasonably harm rightholder interests that are justifiable in light of general copyright objectives [“not unreasonably prejudice the legitimate interests of the rightholder”]; the unreasonableness of the harm may be allayed if the member state imposes a compensation-ensuring compulsory license in lieu of an outright exemption.

Significantly, “[t]he three conditions apply on a cumulative basis, each being a separate and independent requirement that must be satisfied. Failure to comply with any one of the three conditions results in the Article 13 exception being disallowed.”<sup>81</sup> Thus, for example, if the exploitation at issue is “normal,” then subjecting it to a compulsory license would not be permissible. As a result, if educational uses constitute the principal market for a book (such as a collection of grammar exercises), then a member state would violate article 13 if it imposed a compulsory license to permit the book’s reproduction. By the same token, a member state would not comply with article 13 if its exception or limitation were not confined to “certain special cases,” even if the impact of the exception or limitation did not “conflict with a normal exploitation” nor “unreasonably prejudice the legitimate interests of the rightholder.”

Some commentators have disputed the WTO Panel’s requirement that each step be independently satisfied. For example the Wittem Project “European Copyright Code”,<sup>82</sup> article 5.5, essentially foregoes the first step:

Any other use that is comparable to the uses enumerated in article 5.1 to 5.4(1) [Uses with minimal economic significance; Uses for the purpose of freedom of expression and information; Uses Permitted to Promote Social, Political and Cultural Objectives; Uses for the purpose of enhancing competition (advertising and reverse engineering)] is permitted provided that the corresponding requirements of the relevant limitation are met and the use does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author or rightholder, taking account of the legitimate interests of third parties.

The first step, as interpreted by the WTO Panel, would appear to favor “closed list” systems of exceptions and limitations, such as found in the 2001 E.U. “Information Society” Directive,<sup>83</sup> over open-ended systems, of which the U.S. “fair use” exception is the best-known

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80 Panel Report, *United States—Section 110(5) of US Copyright Act*, WTO Doc WT/DS 160/R (adopted 27 July 2000).

81 *ibid*, para 6.97.

82 *European Copyright Code* <<http://www.copyrightcode.eu/>> accessed 23 April 2016.

83 InfoSoc Directive (n 10), art 5.

example. In “closed list” systems, the ability to fit the challenged use within one of the enumerated categories is determinative. Uses that fall outside the categories do not qualify. The flexibility of the system thus depends on the capaciousness and adaptability of the categories.<sup>84</sup> In open-ended systems, there is no per se barrier to the types of uses that may qualify. Consistency with the WTO panel’s requirement that the exemption be clearly articulated and narrowly defined thus turns on the success of the argument that the uses for which a fair use defense prevails will ultimately fit the bill.<sup>85</sup> Even were that so (as we shall see, it is in fact uncertain that the class of uses qualifying as “fair” are so limited), that determination would be arrived at only after assessment of the facts and law relating to the second two steps, so the U.S. approach does not appear to treat the first step as a necessary and exclusive threshold for analysis of the “normal market” and “unreasonable prejudice” considerations.

Originally a judge-made doctrine devised in the mid-19<sup>th</sup> century, albeit with British antecedents dating to the mid-18<sup>th</sup> century, fair use was codified in Congress’ general revision of copyright law in 1976.<sup>86</sup> Section 107 of the U.S. Copyright Act applies to all works of authorship and to all exclusive rights. That section lists several illustrative uses subject to the defense, including criticism, comment, news reporting, teaching, scholarship, and research. Nonetheless, a defendant who has reproduced, adapted, or publicly distributed, performed, or displayed a copyrighted work without authorization must do more than invoke one of the above socially beneficent purposes. The statutory examples do not operate like a closed list; the statute also enumerates four factors to be reviewed in the disposition of the defense, and application of the factors may render an unlisted use fair, just as it may disqualify a listed use. These factors are: the nature of the defendant’s use; the nature of the copyrighted work; the amount and substantiality of the portions taken from the copyrighted work; and the effect of the taking upon the potential market for the copyrighted work. These four factors are not exhaustive. Because the fair-use doctrine is still “an equitable rule of reason,” courts are free to consider other factors, or to give greater weight to some factors than to others, depending on the given case. A defendant invoking the fair-use defense must establish that the balance of the statutory and any additional judicial criteria weighs in his or her favor.

The potential disparities between the U.S. fair use exception and the three-step test have long attracted the attention of scholars.<sup>87</sup> First, as we have seen, section 107 on its face is not

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84 See Brent Hugenholz & Martin RF Senftleben, ‘Fair Use in Europe: In Search of Flexibilities’ (2011) <<http://ssrn.com/abstract=1959554>> accessed 22 April 2016 (analyzing E.U. categories and arguing that they are not as restrictive as might appear).

85 Council for Trade-Related Aspects of Intellectual Property Rights, *Review of Legislation on Copyright and Related Rights, United States*, WTO Doc IP/Q/USA/1 (30 October 1996) 4 (U.S. delegation’s report to TRIPS Council asserts that ‘The fair use doctrine of US copyright law embodies essentially the same goals as Article 13 of TRIPS, and is applied and interpreted in a way entirely congruent with the standards set forth in that Article.’).

86 Fair use is codified at 17 USC § 107. *Folsom v Marsh* 9 F Cas 342 (CCD Mass 1841) (No 4901), is generally credited as the first U.S. case law iteration of the doctrine; *Folsom* synthesized a century of British case law expounding the ‘fair abridgement’ doctrine. For a full analysis of the English decisions, see Isabella Alexander, *Copyright and the Public Interest in the Nineteenth Century* (Hart Publishing 2010). On fair abridgement as a precursor to fair use, see, eg, Matthew Sag, ‘The Prehistory of Fair Use’ (2011) 76 *Brook L Rev* 1371; on *Folsom v Marsh* and its role in U.S. fair use law, see, eg, R. Anthony Reese, ‘The Story of *Folsom v. Marsh*: Distinguishing Between Infringing and Legitimate Uses’ in Rochelle Cooper Dreyfuss and Jane C Ginsburg (eds), *Intellectual Property Stories* (Foundation Press 2005) 259.

87 See, eg, Sam Ricketson and Jane C Ginsburg, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond* (OUP 2006) para 13.33; Ruth Okediji, ‘Toward an International Fair Use Standard’ (2006) 39 *Colum J Transnatl L* 75, 161–62; James Bongiorno, ‘Fair Use of Copyrighted Images After *Perfect 10 v.*

limited to “certain special cases.” Second, while the fourth fair use factor’s consideration of the impact of the use upon the potential market for the work seems to echo the second of the three steps (not conflict with a normal exploitation), section 107 does not offer a third step fall-back of substituting compensation for control over the use at issue. Rather, fair use is an on/off switch: all or nothing. Either the challenged use is an infringement of copyright,<sup>88</sup> or it is a fair use, which section 107 declares “is not an infringement of copyright.” As a result, either the copyright owner can collect damages and/or stop the use, or the user not only is dispensed from obtaining permission, but also owes no compensation for the use.

#### h. Remedies

The most important, and most ancient, remedy for copyright infringement is injunctive relief. The copyright owner’s principal objective often will be to ensure that infringing copies or communications are no longer available to the public. Hence the frequent corollary remedy of seizure and destruction of infringing copies and even their means of protection, or, as the 1710 Statute of Anne provided, the “Offender or Offenders shall forfeit such [infringing] Book or Books to the Proprietor or Proprietors of the Copy [exclusive rights] thereof, who shall forthwith Damask and make Waste Paper of them . . .”<sup>89</sup> Monetary remedies include damages for lost sales and the infringer’s profits. U.S. remedies permit the successful copyright plaintiff to elect statutory damages in lieu of actual damages. Statutory damages may exceed the cost of a market-rate license, and thus may play an admonitory – albeit not punitive – role, but their greatest utility may be in cases in which actual damages are difficult to prove, notably because the defendant has not kept reliable records of its sales of infringing copies. Statutory damages are, however, available only if the work was registered with the U.S. Copyright Office before the occurrence of the infringement, or, if the work was infringed upon its initial publication, if the copyright owner registered within three months of first publication.<sup>90</sup> The judge has discretion to award statutory damages within a statutory range. For non profit educational institutions who believed in good faith that their uses were not infringing, the court has power to remit an award of statutory damages altogether.<sup>91</sup> Statutory damages have the greatest deterrent and remedial bite when the defendant infringes large quantities of works; phonogram and film piracy by commercial actors furnished the traditional instances for the application of statutory damages for willful infringement. More recently, however, individual end-users engaged in massive file-“sharing” have faced the prospect of millions of dollars of personal liability, though the few adjudicated cases have awarded substantially less, albeit nonetheless considerable amounts.<sup>92</sup> The

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Amazon.com: Diverging From Constitutional Principles & United States Treaty Obligations’ (2009) 12 *Touro Intl L Rev* 107, 153–54.

<sup>88</sup> For which, in addition to damages, a usual remedy is injunctive relief, see 17 USC §§ 502, 504. The Supreme Court has suggested, however, that a court might withhold injunctive relief if a fair use defense fails but the defendant’s work advances expression or learning. See *Campbell v Acuff Rose* 510 US 569, 577 n 10 (1994). To date, it appears that no court has taken up the invitation to impose a judge-made compulsory license in a fair use case.

<sup>89</sup> AEL 1710 (n 31) s 2.

<sup>90</sup> 17 USC § 412.

<sup>91</sup> 17 USC § 504(c).

<sup>92</sup> *Capitol Records Inc v Thomas-Rasset* No 06-1497, slip op (D Minn 19 June 2009); *BMG Music Ent v Tenenbaum* No 07cv11446-NG (D Mass 7 December 2009).

attention these awards have drawn have enhanced prior criticisms of heavy-handed copyright enforcement and excessive damages awards.<sup>93</sup>

*New copyright obligations: Protection of technological protection measures and copyright management information*

Since 1996, international agreements have imposed two additional obligations devised for the digital environment, one regarding technological protection measures, the other concerning copyright management information.<sup>94</sup> The first requires member states to “provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under the World Intellectual Property Organization Copyright Treaty [WCT]) or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.” The second protects against the knowing removal or alteration of electronic information “which identifies the work, the author of the work, the owner of any right in the work, or information about the terms and conditions of use of the work”

These obligations respond to the perception that the development of a digital marketplace would require building copyright owner confidence that digital dissemination would not result in rampant unauthorized redissemination. Their implementation, notably in the U.S. through the Digital Millennium Copyright Act (DMCA) of 1998,<sup>95</sup> and in the E.U. through the 2001 Information Society Directive,<sup>96</sup> seeks to promote lawful digital dissemination by ensuring that “technological protection measures” that copyright owners choose to apply to their works—such as scrambling or encrypting digital versions of recordings, films and books—are not circumvented without proper authorization. Such technological protection measures are intended to prevent usable copies of the copyright-protected work from being copied, stored or communicated to others. By the same token, protection of identifying information promotes electronic commerce by ensuring that information regarding the author, the work and the prices for its enjoyment are easily accessible and reliable.

With respect to technological protection measures, several questions arise. First, do states party to the WCT incur an obligation to protect not only against the act of circumvention but also against the distribution of circumvention devices? Second what kinds of measures are covered: controls against copying or communicating the work, or also controls over access to the work? Third, how can legal protection of technological measures accommodate copyright exceptions or limitations? While the text of art. 11 specifies “the circumvention” and therefore

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93 See, eg, Pamela Samuelson & Tara Wheatland, ‘Statutory Damages in Copyright Law: A Remedy in Need of Reform’ (2009) 51 Wm & Mary L Rev 439, 454–55. The U.S. copyright act also provides for criminal penalties, see 17 USC § 506, 18 USC § 2319.

94 WCT (n 21), arts 11, 12; WIPO Performances and Phonograms Treaty (opened for signature 20 December 1996, entered into force 20 May 2002) 36 ILM 76, arts 18–19.

95 17 USC § 1201.

96 InfoSoc Directive (n 10), arts 6–7.

arguably addresses only the act of circumvention, protection would largely be ineffective were circumvention devices to circulate freely. Hence, national laws implementing art. 11 generally cover both. National laws also generally cover access controls as well as copy controls; while simply apprehending a work is not necessarily a copyright-infringing act (depending on whether an actionable copy is made in the user's computer), authors use technological measures "in connection with the exercise of their rights," notably of communicating the work to the public. By contrast, some technological measures control access to spare parts, telephone networks, or other goods or services that are not works of authorship. U.S. courts have generally rejected attempts to leverage control over access to computer programs that in turn control access to non-copyright goods or services.<sup>97</sup> Similarly, the U.S. Copyright Office, in its triennial rulemaking procedures to declare exemptions for certain classes of copyrighted works as to which acts of circumvention may be permitted in order to ensure the availability of non infringing uses, has authorized such acts as "jailbreaking" of cellphones so that users can retain their hardware when changing service networks.<sup>98</sup>

Finally, with respect to exceptions and limitations, WCT art 11 requires protection only for those technological measures "which are not authorized by the authors concerned or permitted by law." Thus, a technological measure that impedes a lawful use may be circumvented. The difficulty is that the same technological measure may also impede unlawful uses, and the measure may not "know" when its user is making a lawful or unlawful use. National laws have responded differently to this conundrum. The U.S. Copyright Office's triennial rulemaking offers one approach to accommodating copyright exceptions. The EU Information Society Directive essays another approach: it requires member states to "take appropriate measures to ensure that rightholders make available to the beneficiary of an exception or limitation provided for in national law in accordance with [certain exceptions and limitations enumerated in the Directive] the means of benefiting from that exception or limitation, to the extent necessary to benefit from that exception or limitation and where that beneficiary has legal access to the protected work or subject-matter concerned."<sup>99</sup> Where the U.S. approach places the burden on the beneficiaries of the claimed exemption to establish its necessity, the E.U. puts the onus on rightholders to ensure that lawful uses remain available.<sup>100</sup>

Regarding copyright management information, the principal implementation issues, at least in the U.S., have concerned the standard of knowledge required to constitute a violation. Both WCT art, 12 and the DMCA set out a dual knowledge standard: the alleged violator must have knowingly removed or altered the information, knowing that that removal or alteration

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97 See, eg, *Lexmark Int'l v Static Control Components Inc* 387 F 3d 522, 547 (6th Cir 2004); *Chamberlain Group v Skylink Techs* 381 F 3d 1178 (Fed Cir 2004).

98 17 USC § 1201(a)(1)(B)–(D); the most recent rulemaking was published at Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 60 Fed Reg 65944–64 (28 October 2015).

99 InfoSoc Directive (n 10), art 6(4) para 1.

100 This duty does not, however, apply to technological measures that secure the on-demand delivery of works of authorship and other protected subject matter. See *ibid* para. 4.

would facilitate or conceal an infringement. Thus, even intentional removal or alteration of copyright management information is not unlawful if the copyright owner cannot show that the person who removed or altered the information knew that the removal would encourage or facilitate copyright infringement. While the first element of knowledge may be relatively easy to establish, the second has proven more elusive.<sup>101</sup>

### *Liability of intermediaries*

Finally, the Internet has accentuated the role of intermediaries, such as search engines, hosting platforms, and link aggregators, in the communication of protected content. Questions therefore have arisen concerning the direct or secondary liability of these actors for copyright infringement. While these intermediaries may not always be engaged in acts that (depending on national laws) would constitute reproductions or communications to the public, they often derive considerable economic benefits from their role in the chain of making works available. In the U.S. and the E.U. providers of Internet access, hosting services, and (in the U.S.) search engines enjoy exemptions from direct or indirect liability if their conduct meets statutory prescriptions designed to ensure substantive and economic neutrality regarding works that the services host or to which they link.<sup>102</sup> In other countries, or with respect to activities falling outside the scope of the statutory exemptions, national principles or torts or unfair competition may provide a basis of indirect liability.

### Conclusion

Copyright law secures human creativity in works of authorship. Enforceable authorial property rights advance the public interest by promoting an ecosystem of authorship: a robust copyright environment encourages authors to create works that inform and enrich the polity, and from which other authors may draw ideas, information and reasonable amounts of protected expression in their own authorial endeavors. Copyright promotes artistic freedom and free speech by enabling authors to earn a living from their creativity. As Victor Hugo proclaimed at the International Literary Congress convened in 1878 to urge international protection for authors:

Literary property is in the public interest. All the old monarchic laws have rejected, and continue to reject literary property. To what end? In order to enslave. The writer who is an owner [of his literary property] is a writer who is free. To take his property away is to deprive him of his independence.<sup>103</sup>

Copyright thus promotes a diversity of expressions that might otherwise remain unvoiced. Some might hasten to add that it does so, as Lord Macaulay charged, by imposing “a tax on readers for

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101. Compare *Gordon v Nextel Comms* 345 F 3d 922 (6th Cir 2003); *Schiffer Pub, Ltd v Chronicle Books LLC* 73 USPQ 2d (BNA) 1090 (ED Pa 2004) (knowledge standard not met) with *McClatchey v AP* 82 USPQ 2d 1190 (WD Pa 2007) (knowledge standard met when party who deletes or alters the information redisseminates the work to the public without the information).

102 17 USC § 512; Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce') [2000] OJ L 178/1, arts 12–15.

<sup>103</sup> Société des Gens de Lettres de France, *Congrès Littéraire International de Paris 1878* (Paris 1879) 106 (translation mine).

the purpose of giving a bounty to writers.” But as the great historian also acknowledged, “The advantages arising from a system of copyright are obvious. It is desirable that we should have a supply of good books; we cannot have such a supply unless men of letters are liberally remunerated; and the least objectionable way of remunerating them is by means of copyright.”<sup>104</sup>

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<sup>104</sup> Thomas B. Macaulay, ‘Speech before the House of Commons’ (Feb. 5, 1841), in GM Young (ed), *Macaulay: Prose and Poetry* (Harvard University Press 1970) 733–34.