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Copyright Law

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COPYRIGHT LAW

DAVID GOLDBERG
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INTRODUCTION

In 1983 and 1984 the federal courts continued to interpret the changes in copyright law effectuated by the 1976 Copyright Act.¹ During this period the United States Supreme Court decided its first copyright case since adoption of the 1976 Act.² In general, the year's decisions tend to accord expanded copyright protection to authors. Several decisions, however, have provoked or exacerbated uncertainties in a number of areas, including the protection accorded nonfiction works,³ the "fair use" excuse to copyright infringement,⁴ and compliance with the U.S. copyright formality of affixing notice to published copies of a work.⁵

I JURISDICTION

In *London Film Productions Ltd. v. Intercontinental Communications, Inc.*,⁶ the United States District Court for the Southern District of New York determined to exercise its subject matter jurisdiction over a British

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1. 17 U.S.C. §§ 101-810 (1982). During the 1983-84 year several bills to amend the Copyright Act were proposed, and two were passed.

A new Chapter 9 has been added to the Copyright Act providing a ten-year term of protection for semiconductor chip products, the so-called "mask works." Title III of H.R. 6163, 98th Cong. 2d Sess. The second piece of legislation is the "Record Rental Amendment of 1984," Pub. L. No. 98-450, which amends the "first sale" doctrine of the Act, 17 U.S.C. § 109(a). Before a record or tape can be leased or rented for purpose of commercial advantage, the consent of the owners of the copyright in the sound recording and in the musical works embodied in the recording must now be obtained.

2. *Sony Corp. of America v. Universal City Studios, Inc.*, 104 S. Ct. 774 (1984); see notes 145-66 *infra* and accompanying text.

3. See notes 23-29 *infra* and accompanying text.

4. See notes 153-88 *infra* and accompanying text.

5. See notes 63-82 *infra* and accompanying text.

6. 580 F. Supp. 47 (S.D.N.Y. 1983).

copyright owner's action alleging that a U.S. defendant had entered into license agreements with South American film distributors and exhibitors in violation of plaintiff's exclusive copyrights in several motion pictures. The American copyrights in the films had expired, but the British copyrights in the films were still in force, and were protected in the South American countries under the Berne Convention.⁷ The United States, however, is not a party to the Berne Convention; the U.S. defendant's South American activities, therefore, did not violate U.S. laws. The court, in holding that it could exercise its subject matter jurisdiction, noted that copyright infringement is a "transitory" cause of action, which "may be adjudicated in the courts of a sovereign other than the one in which the cause of action arose."⁸ Interests of international reciprocity also supported the exercise of jurisdiction. The court observed that, just as U.S. courts will entertain claims concerning a foreign national's alleged violations of U.S. law, the court should hear a claim concerning a U.S. national's alleged violation of foreign law.⁹

The court also declined to dismiss the case on the ground that foreign law would apply. Although the necessity of applying another nation's law is often a reason for dismissing a case on *forum non conveniens* grounds,¹⁰ the court found that there was no alternative forum for this case.¹¹ The court refused to dismiss an action on *forum non conveniens* grounds when a plaintiff might be left with no forum in which to assert a valid claim.¹²

London Films presents an unusual, but not unprecedented, situation. Although the federal court could not assert subject matter jurisdiction over the claim based on a violation of a U.S. law, the court did have subject matter jurisdiction because the action was between a U.S. citizen and a citizen or subject of a foreign state.¹³

The real question in such a case is not whether the court has authority to hear the claim, but whether a claim involving foreign law ought more properly to be heard in a foreign court. Dismissal of a case in favor of adjudication in a foreign court depends upon the American defendant's agreement to be sued in a foreign country.¹⁴ Because American defendants may not be

7. Berne Convention for the Protection of Literary and Artistic Works, reprinted in 3 UNESCO Copyright Laws and Treaties of the World (1979-80).

8. 580 F. Supp. at 49.

9. *Id.*

10. See, e.g., *Bewers v. American Home Prods. Corp.*, 99 A.D.2d 949, 472 N.Y.S.2d 637 (App. Div. 1984) (dismissing products liability claim on the ground that court would have to apply English law).

11. 580 F. Supp. at 50. There was no foreign forum in which the defendant was subject to personal jurisdiction. *Id.*

12. *Id.*

13. See 28 U.S.C. § 1332(a)(2) (1982) (diversity based on alienage).

14. See, e.g., *Schertenlieb v. Traum*, 589 F.2d 1156 (2d Cir. 1978); *Bewers v. American Home Prods. Corp.*, 99 A.D.2d 949, 472 N.Y.S.2d 637 (App. Div. 1984).

willing to subject themselves to suit abroad, cases of this kind may and should arise in the U.S. federal courts.¹⁵

II STANDING

In *Broadcast Music, Inc. v. Columbia Broadcasting System*,¹⁶ the United States District Court for the Southern District of New York interpreted the terms of section 501(b) of the 1976 Copyright Act¹⁷ to grant a right of action only to holders of exclusive rights under copyright. Because Broadcast Music, Inc. ("BMI"), a performance rights enforcement society, obtains nonexclusive performing rights from song composers, the court held that the statute precluded BMI from bringing an action in its own right against alleged infringers of performing rights in popular songs.¹⁸ Rather, the court held, BMI must join the songs' publishers in order to bring an infringement action. Recognizing that many different publishers might have to be joined in the action, the court suggested that BMI seek certification of the publishers as a plaintiff class pursuant to Federal Rule of Civil Procedure 23(b)(2).¹⁹

Although this case affirms an important statutory limitation on standing to bring a copyright action, the present Copyright Act is nonetheless more liberal than its predecessor in according standing to sue. Under the 1976 Act, any holder of an exclusive right under copyright may bring a copyright claim.²⁰ The 1976 Act recognizes, for the first time, that rights under copyright may be subdivided, transferred in part, and owned separately.²¹ Thus, a

15. A different situation might have been presented had the defendant distributed the films in the U.S. Under U.S. law, distribution of a copyright-expired film is not wrongful, regardless of the subsistence of the film's copyright protection in the foreign copyright owner's home country. In such a case, an American court probably would have chosen not to apply foreign law, and the foreign plaintiff would have had no claim. Where, however, the defendant has distributed the work outside the U.S., as in *London Films*, the United States' interest in applying its own law, which would exculpate the defendant, wanes in relation to the substantial foreign acts and foreign interests asserted.

16. 221 U.S.P.Q. (BNA) 246 (S.D.N.Y. 1983).

17. 17 U.S.C. § 501(b) states in relevant part: "The legal or beneficial owner of an exclusive right under copyright is entitled . . . to institute an action for infringement of that particular right committed while he or she is the owner of it."

18. 221 U.S.P.Q. at 250-51.

19. *Id.* at 250-52. The court, however, made no ruling on the certification of a class of plaintiffs. *Id.* at 252.

20. See note 17 *supra*. In addition, §501(b) also accords standing to bring an infringement claim to "beneficial" owners of exclusive rights under copyright, i.e., holders of a continuing right to receive royalties. See, e.g., *Cortner v. Israel*, 732 F.2d 267 (2d Cir. 1984) (composers who had assigned copyright in musical composition to ABC television, but who retained right to receive royalties, held to have sufficient beneficial copyright interest to sue).

21. 17 U.S.C. § 201(d)(2).

licensee of even a very narrowly defined exclusive right, such as a one-time exclusive license to perform a play on the stage in New York City, may sue for infringement of that exclusive right. In contrast, under the prior Act, a copyright was not considered divisible. A licensee of individual exclusive rights therefore was not considered a copyright "owner" and could not sue for infringement unless he joined the licensor as a party to the action.²² Thus, while the new Copyright Act still does not permit holders of nonexclusive rights under copyright to sue without joining their grantors, the Act has made it easier for exclusive licensees to initiate copyright actions.

III COPYRIGHTABILITY

Fact-Based Narrative Works.—Some recent decisions have provoked much uncertainty concerning the extent of copyright protection accorded to nonfiction narrative works, particularly histories and biographies. While such works as a whole are copyrightable, some courts have begun to break down the works into separate components, and to treat some components as "facts" that cannot be protected. Thus, in *Harper & Row Publishers v. Nation Enterprises*,²³ a divided panel of the United States Court of Appeals for the Second Circuit held that the portions of former President Ford's autobiography copied by the defendant magazine must have their uncopyrightable elements "stripped away" before the court would determine whether defendant's copying constituted a "fair use."²⁴ The majority held that the copied material concerned historical facts, government documents, statements by persons other than the author, and the author's states of mind. After dissecting the autobiography, the court held that, "at most, approximately 300" of almost 2,000 allegedly copied words were copyrightable.²⁵ The majority further held that the scope of copyright protection for nonfiction, and especially for historical autobiographical works, would be limited to the author's "ordering and

22. See generally Kaminstein, *Divisibility of Copyrights* 11-15 (1957), reprinted in *Copyright Law Revision, Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights, Study No. 11* (1960).

23. 723 F.2d 195 (2d Cir. 1983), cert. granted, 104 S. Ct. 2655 (1984).

[Editor's Note: On May 20, 1985 a six-member majority of the Supreme Court reversed the Second Circuit decision. In an opinion by Justice O'Connor, the Court held that the defendant's "lifting [of] verbatim quotes of the author's language totaling between 300 and 400 words" was not a fair use. 53 U.S.L.W. 4558, 4565 (U.S. May 20, 1985). In so holding, the Court declined to consider the extent to which a factual narrative's uncopyrightable and copyrightable elements will combine to form protected expression, and the limits of permissible appropriation of such work. *Id.* at 4564.]

24. 723 F.2d at 206.

25. *Id.*

choice of the words themselves."²⁶ The United States Supreme Court heard arguments in an appeal from the decision on November 6, 1984.²⁷

In another case concerning a biography, *Marshal v. Yates*,²⁸ the United States District Court for the Central District of California held that the author of a biography of movie star Frances Farmer could not claim copyright protection for allegedly "fictionalized elements" in the biography since these elements had been recounted in the book as if they were true facts.²⁹

Compilations of Facts.—Ironically, while narrative fact-based works have encountered grudging copyright protection from some courts, directories and compilations of facts featuring no or few narrative aspects have received extremely, and perhaps excessively, strong copyright recognition. The rationale for such protection has often been the compiler's labor in gathering the facts listed in the directory or compilation. In *Rand McNally & Co. v. Fleet Management Systems*,³⁰ the United States District Court for the Northern District of Illinois relied on a prior decision in *National Business Lists, Inc. v. Dun & Bradstreet, Inc.*,³¹ to hold that a mileage guide's listing of distances between certain cities over designated roads would be protectible if the plaintiff could demonstrate sufficient expenditure of labor in the creation of its guides.³² Despite the language of the 1976 Copyright Act, which declares compilations protectible if they are "works formed by the collection and assembling of . . . data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship,"³³ the court held that the key to protection is not a compilation's "arrangement," but the compiler's "industrious collection" in gathering facts.³⁴

By contrast, a unanimous panel of the Court of Appeals for the Second

26. *Id.* at 204.

27. 104 S. Ct. 2655 (1984). The court of appeals concluded by holding that a "fair use" of the copyrightable matter had been made. For a discussion of fair use in the context of *Harper & Row*, see notes 175-80 *infra* and accompanying text.

28. 1983 Copyright L. Rep. (CCH) ¶25,594 (C.D. Cal. Oct. 26, 1983).

29. *Accord*, *Oxford Book Co. v. College Entrance Book Co.*, 119 F.2d 874 (2d Cir. 1938); *Huie v. NBC*, 184 F. Supp. 198 (S.D.N.Y. 1960). But see, *Belcher v. Tarbox*, 486 F.2d 1087, 1088 (9th Cir. 1973) ("There is nothing in the Copyright Act to suggest that courts are to pass upon the truth or falsity, the soundness or unsoundness of the views embodied in a copyright work."); *DeAcosta v. Brown*, 146 F.2d 408 (2d Cir. 1944), cert. denied, 325 U.S. 862 (1945) (since it is a convention of Hollywood writing to invent romances, addition of a fabricated love-interest to biography of Clara Barton does not preclude protection for the author's invented episodes).

30. 591 F. Supp. 726 (N.D. Ill. 1983).

31. 552 F. Supp. 89 (N.D. Ill. 1982).

32. 591 F. Supp. at 733.

33. 17 U.S.C. § 101.

34. 591 F. Supp. at 732-33 & n.4.

Circuit in *Eckes v. Card Prices Update*³⁵ apparently rejected the labor rationale for copyright protection of compilations. The *Eckes* court held that a price guide for baseball cards was protectible not because the authors had invested tremendous effort in creating the work, but because the authors' selection of 5,000 "premium" cards from a total of 18,000 baseball cards manifested "subjective selection and arrangement of information" and "creativity and judgment."³⁶ The court's decision left unclear whether the plaintiff's price guide would have been protected had it simply contained a listing of the 18,000 cards without a "subjective" subclassification of 5,000 "premium" cards.

These two decisions set forth opposite extremes in interpreting the statutory definition of a protectible compilation. The *Rand McNally* court tied copyright protection exclusively to the "collection" of data, and ignored the statutory direction that the data also be "selected, coordinated or arranged."³⁷ The *Eckes* court, by contrast, may have overemphasized the criteria of "selection" and "arrangement," while neglecting the nonsubjective elements of "collection and assembling."³⁸

IV OWNERSHIP OF COPYRIGHT

Works Made for Hire.—The 1976 Copyright Act continues and codifies, in modified form, the judge-made limitation on a creator's copyright ownership known as the "work made for hire" doctrine. Section 101 of the statute provides two distinct categories of "works made for hire." First, an employee who creates a work in the course of his or her employment is not deemed the copyright owner. Second, "specially ordered or commissioned" works which fall into specifically enumerated categories will be deemed "works made for hire" if a written agreement between the creator and the commissioning party so states.³⁹ Three decisions during the 1983-84 year have presented important interpretations of these statutory provisions.

In *Roth v. Pritikin*,⁴⁰ the United States Court of Appeals for the Second Circuit held that the 1976 Act's definition of a specially commissioned work made for hire did not apply to a freelance writer's oral agreement to write recipes for a cookbook. The agreement had been made in 1977, one year before the Act's effective date.⁴¹ Had the court applied the Act retroactively, the agreement's characterization of the recipes as a work made for hire would

35. 736 F.2d 859 (2d Cir. 1984).

36. *Id.* at 862-63.

37. 591 F. Supp. at 732-33.

38. 736 F.2d at 862-63.

39. 17 U.S.C. § 101.

40. 710 F.2d 934 (2d Cir.), cert. denied, 104 S. Ct. 394 (1983).

41. 710 F.2d at 937.

have been invalid because the 1976 Act requires such agreements to be in writing, and because the recipes did not fall into one of the statutorily listed categories of specially commissioned works made for hire.⁴²

In *Aldon Accessories Ltd. v. Spiegel, Inc.*,⁴³ the same court ruled that statuettes created in Japan and Taiwan pursuant to the order and directions of an American plaintiff were works made for hire. Statuettes are not included in the enumerated categories of specifically commissioned works which may be deemed works made for hire under the 1976 Act.⁴⁴ Thus, the statuettes could not have been considered works made for hire unless the Japanese and Taiwanese artists were deemed "employees" of the American company that commissioned them to do the work. The artists, however, were not regular employees of the company; they were outside contractors called in to perform this particular task.⁴⁵ The case thus raised the important question whether an independent contractor can be considered an "employee" under the 1976 Copyright Act.

The court held that the foreign artists could be deemed "employees" because the commissioning American company had "so controlled and supervised in the creation of the particular work . . . that an employer-employee relationship exist[ed]."⁴⁶ The court based this holding upon cases decided under the prior Copyright Act, which had held that a commissioning party who had the "right to direct and supervise" the creation of the work would be deemed the employer and owner of a work made for hire.⁴⁷ The court reasoned, first, that in defining works made for hire, Congress did not intend to change the prior understanding of an employment relationship, and second, that an employment relationship may exist between a commissioning party and an outside contractor.⁴⁸ The question, according to the court, is whether the outside contractor is truly independent, or if his work is under the actual control and direction of the commissioning party.⁴⁹

Similarly, in *Town of Clarkstown v. Reeder*,⁵⁰ the United States District

42. *Id.* at 938. The statute provides that only the following specially commissioned works can qualify as works made for hire: a contribution to a collective work, a part of a motion picture or audiovisual work, a translation, a supplementary work, a compilation, an instructional text, a test, answer material for a test, or an atlas. 17 U.S.C. § 101.

43. 738 F.2d 548 (2d Cir. 1984).

44. See note 42 *supra*.

45. 738 F.2d at 549-50.

46. *Id.* at 552; see also *id.* at 553.

47. See, e.g., *Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 744 (2d Cir. 1975), cert. denied, 424 U.S. 955 (1976); *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1216-17 (2d Cir.), cert. denied, 409 U.S. 977 (1972).

48. 738 F.2d at 552.

49. *Id.* at 551-53.

50. 566 F. Supp. 137 (S.D.N.Y. 1983).

Court for the Southern District of New York held that a manual prepared after the effective date of the 1976 Act by a "volunteer employee" of a town was a work made for hire. As in *Aldon Accessories*, the work at issue did not fall into the enumerated categories of specially ordered works which may constitute a work made for hire. The court in *Reeder* grounded its determination on a ruling that the author was an "employee." The court held that an employment relationship existed despite the writer's status as a volunteer because the municipality had the "right to direct and supervise the manner in which the manual was created."⁵¹

These two decisions, by relying on the commissioning party's right to direct and supervise the outside contractor, threaten to blur the statutory distinction between the works of "employees" and "specially ordered or commissioned works." Arguably, in separating these two types of works, Congress intended that the products of outside contractors would be considered works made for hire only under narrowly defined circumstances. In contrast, any work created by an "employee" in the course of employment is a work made for hire. By redefining certain outside contractors as employees, these courts may be depriving outside contractors of the copyright ownership which Congress had intended to secure them. The *Aldon Accessories* decision, however, appears to include an important limitation: the existence of a right to direct and supervise an outside contractor will not give rise to an employment relationship unless the commissioning party actually and substantially exercises the right.

Aldon Accessories is also of considerable practical importance for American companies. Many American companies engage outside contractors, particularly in the Far East, to design and manufacture dolls, toys, and works of decorative art. This decision seems to confirm that the American company, and not the foreign manufacturer, is the copyright owner of the resulting work, at least so long as the commissioning company supervises the creation of the work.

Vesting initial copyright ownership in the commissioning American company is of particular significance when the work is created in a country that either lacks a domestic copyright system (and thus precludes securing an assignment of copyright from the creator), or is not a signatory to a copyright treaty with the United States. Under the 1976 Copyright Act, a published foreign-created work is entitled to U.S. copyright protection if its author is a citizen or domiciliary of the United States or of a country which is party to a copyright treaty with the United States. United States copyright protection also attaches to a work first publicly distributed in the United States or in a treaty country.⁵² Since many of the Far Eastern countries in which Ameri-

51. *Id.* at 141-42.

52. See 17 U.S.C. § 104(b). Unpublished foreign works are protected in the U.S.

can companies commission the creation of dolls, toys, decorative artworks, and similar works, are neither signatories to a bilateral copyright treaty with the United States, nor to a multilateral copyright treaty to which the United States is a party,⁵³ the resulting works, if published, will not be protected by copyright in the United States unless the commissioning company is deemed the "author," or unless the works are first publicly distributed here or in a treaty country.

Termination of Transfers.—The 1976 Act contains two provisions enabling authors to terminate their grants of copyright. For works created after 1978, section 203 permits the author or statutorily designated successors to terminate the grant thirty-five years after its execution.⁵⁴ For works created before 1978, Congress extended the period of copyright protection from fifty-six to seventy-five years, and provided in section 304(c) that all grants may be terminated fifty-six years from the date copyright was first secured.⁵⁵ In providing for termination of grants of rights under copyright, Congress recognized that a work's value may be undetermined at the time the author grants such rights, and that authors should be able to share in their works' subsequent increase in value.⁵⁶ Congress also stated that authors have a particularly strong claim to regain transferred rights during the "extended renewal" period accorded to pre-1978 works because the additional nineteen years of protection afforded by extending the copyright period from fifty-six to seventy-five years ought primarily to benefit the author.⁵⁷

Both termination provisions also contain an important exception: "A derivative work prepared under the authority of the grant before its termination may continue to be utilized under the terms of the grant after its termina-

under all circumstances. *Id.* § 104(a). U.S. protection will also be accorded if the president has issued a proclamation extending protection to works published in, or created by authors from, countries which the president has determined accord U.S. authors substantially the same copyright protection which the foreign country extends to its nationals. 17 U.S.C. § 104(b)(4).

53. The major multilateral copyright treaty to which the U.S. is a party is the Universal Copyright Convention. Japan is a signatory to the Universal Copyright Convention, but South Korea, Singapore, and the Republic of China (Taiwan) are not. The U.S. has no other copyright relations with Singapore. A 1908 bilateral copyright treaty with Japan concerning Korea has since been abrogated. See U.S. Dep't of State, *Treaties in Force* 326 n.19 (1984). Since the reopening of diplomatic relations with the People's Republic of China in 1979, the status of prior bilateral copyright relations with Taiwan has become unclear. *Id.* at 323 n.4.

It should be noted that the international copyright repercussions of a finding that the Taiwanese artists were the "authors" of the statuettes were not briefed in the *Aldon Accessories* case.

54. 17 U.S.C. § 203.

55. *Id.* § 304(c).

56. See H.R. Rep. No. 1476, 94th Cong., 2d Sess. 124 (1976).

57. *Id.* at 140.

tion."⁵⁸ Under this exception, records and tapes embodying a licensed sound recording of a musical composition, for example, could continue to be released if the sound recording had been produced pursuant to the now-terminated grant.

A recent Second Circuit Court of Appeals decision, *Harry Fox Agency, Inc. v. Mills Music*,⁵⁹ addressed a termination issue not explicitly covered by the derivative works exception to section 304(c); the court resolved the problem by reference to Congress' intent in affording authors a termination right. In *Mills Music*, heirs of a songwriter terminated the original grant of rights to a music publisher. The music publisher previously had made further grants, by licensing record companies to make sound recordings of the song.⁶⁰ Under the derivative works exception to the termination provision, the record companies were permitted to continue producing and selling previously recorded versions of the song. The question posed in the case was: To whom do the record companies pay royalties for their continued derivative use of the song? To the terminated publisher, who had licensed them, or directly to the composer's heirs?⁶¹ The appellate court stated that while section 304(c) did not expressly address the "multiple grant" problem posed in the case, the general scheme of the 1976 Act termination provisions evidenced an intent to protect authors of underlying works and creators of derivative works, rather than publishers and original assignees who merely license creation of derivative works.⁶² Thus, the court held that royalties from the record companies should be paid directly to the composer's heirs.

V

FORMALITIES — NOTICE

The 1976 Act has liberalized the requirement of placing notice on published copies of a copyrighted work. While sections 401 and 402 direct that notice be placed on published copies and phonorecords, section 405 affords the copyright owner a five-year period in which to cure defects and omissions of notice in publicly distributed copies.⁶³ Under the prior law, defective or omitted notice could lead automatically to forfeiture of copyright protection, and thus could cast the work into the public domain.⁶⁴ Several decisions

58. 17 U.S.C. §§ 203(b)(1), 304(c)(6)(A).

59. 720 F.2d 733 (2d Cir. 1983). [Editor's Note: *Mills Music* has been reversed. *Mills Music v. Snyder*, 105 S. Ct. 638 (1985)].

60. *Id.* at 735

61. *Id.* at 734-36.

62. *Id.* at 740-43.

63. 17 U.S.C. §§ 401(a), 402(a), 405(a).

64. See, e.g., *Bell v. Combined Registry Co.*, 188 U.S.P.Q. (BNA) 707 (N.D. Ill. 1975); *Crumb v. A.A. Sales, Inc.*, 188 U.S.P.Q. (BNA) 445 (N.D. Cal. 1975). Both decisions are discussed in Latman, *Copyright Law*, 1976 *Ann. Surv. Am. L.* 629, 640-41 & nn. 88-92.

during the 1983-84 year have attempted to clarify a number of uncertainties: when notice is required; whether an intentionally omitted notice may be cured; and what steps are adequate to cure an omitted or defective notice.

In *Schuchart & Associates v. Solo Serve Corp.*,⁶⁵ the United States District Court for the Western District of Texas held that the omission of notice from copies of architectural plans that had been distributed to a limited group of persons did not defeat the plaintiff architect's copyright claim. Since notice must be placed on "published" or "publicly distributed" copies, the court had to determine whether publication occurred when the architect distributed plans to his client, to subcontractors responsible for erecting the building, and, in accordance with local law, to municipal agencies.⁶⁶ The court ruled that "published" copies under the statute were copies which had been distributed "to the public," and that plaintiff's distribution of copies in this case had been made to a limited class of persons for the limited purpose of constructing the building.⁶⁷ The copies therefore were not "published," and it was not necessary to affix a copyright notice to them.

In *Innovative Concepts in Entertainment, Inc. v. Entertainment Enterprises Ltd.*,⁶⁸ the plaintiff, an owner of the copyright in a miniature hockey game, initially had omitted notice because his attorney had advised him that the game could not be protected under the copyright laws. When subsequent counsel informed the plaintiff that copyright protection was available, the plaintiff affixed notice labels to his stock of games and sent labels to his distributors for affixation.⁶⁹ In ruling on whether plaintiff's deliberate, albeit misinformed, omission of notice was curable under section 405, the United States District Court for the Eastern District of New York acknowledged but refused to follow *Beacon Looms, Inc. v. S. Lichtenberg & Co.*,⁷⁰ a decision from the Southern District of New York which had held that section 405 applies only to inadvertent omissions of notice.⁷¹ The *Beacon Looms* court based its ruling on the language of section 405(a)(2), which provides for a "reasonable effort" to add notice "after the omission has been discovered."⁷² That court held that because only an inadvertent omission could be "discovered," the statute could not have been intended to apply to deliberate omissions.⁷³

65. 220 U.S.P.Q. (BNA) 170 (W.D. Tex. 1983).

66. *Id.* at 179 (citing 17 U.S.C. § 101).

67. *Id.* at 179-80. The court thus imputed to the 1976 Act the concept of "limited" publication developed under the 1909 Act. See, e.g., *Burke v. Nat'l Broadcasting Co.*, 598 F.2d 688 (1st Cir. 1979).

68. 576 F. Supp. 457 (E.D.N.Y. 1983).

69. *Id.* at 460.

70. 552 F. Supp. 1305 (S.D.N.Y. 1982).

71. 576 F. Supp. at 461-62.

72. 552 F. Supp. at 1310 (quoting 17 U.S.C. § 405(a)(2)).

73. *Id.*

The *Innovative Concepts* court nonetheless held that the plaintiff's deliberate omission was curable under section 405 because Congress, in providing an opportunity to cure omissions of notice, "was more solicitous of the actual intent of the author than of the reliance interests of innocent infringers."⁷⁴ The court further observed that another provision of section 405 limits the damages available against an infringer who was innocently misled by plaintiff's omission of notice.⁷⁵

The court's disposition appears to be supported by the general structure and intention of the 1976 Act notice provisions. Because "innocent infringers" face a lesser degree of liability,⁷⁶ a holding that only unintentional omissions may be cured is not necessary to protect the reliance interests of the innocent infringer. Rather, such a holding would have the effect of completely invalidating the plaintiff's copyright. The copyright owner thus would have no recourse against any copier, whether or not the copier knew of plaintiff's claim to copyright in the work.

It is doubtful that Congress intended so draconian a result. While permitting the cure of deliberate omissions of notice may appear to undermine the purpose and theory of the notice requirement, Congress indicated that the reform in the 1976 Act rendering the notice requirement no longer absolute "represents a major change in the theoretical framework of American copyright law."⁷⁷ Indeed, the House Report accompanying the 1976 Act stated that the curative provisions of section 405 applied to "omission of notice, whether intentional or unintentional."⁷⁸

Another provision contained in section 405 has generated litigation calling for interpretation of the requirement that within five years after publication, the copyright owner make a "reasonable effort" to "add notice to all copies or phonorecords that are distributed to the public."⁷⁹ In *Shapiro & Son Bedsread Corp. v. Royal Mills Associates*,⁸⁰ the plaintiff had distributed over 500,000 bedsreads bearing a defective notice, and did not begin to remedy the defect until four years and eight months after initial distribution of the goods. The United States District Court for the Southern District of New York held that the copyright owner's subsequent affixation of labels bearing a proper copyright notice to bedsreads in the owner's inventory did not meet the "reasonable efforts" standard.⁸¹ The court stated that the copyright

74. 576 F. Supp. at 462.

75. *Id.* (citing 17 U.S.C. § 405(b)). Section 405(b) affords the court wide discretion to structure a remedy to accommodate the respective interests of the copyright owner and the infringer misled by the absence of notice.

76. See 17 U.S.C. § 405(b); see also note 75 *supra*.

77. H.R. Rep. No. 1476, 94th Cong., 2d Sess. 146 (1976).

78. *Id.* at 147.

79. 17 U.S.C. § 405(a)(2).

80. 568 F. Supp. 972 (S.D.N.Y. 1983).

81. *Id.* at 979.

owner should have endeavored to ensure that labels would also be affixed to bedspreads that had been distributed to stores before defendant discovered that the notice was improper, but that had not yet been sold to consumers.⁸²

VI INFRINGEMENT

Access and Copying.—It is axiomatic that a work is not infringed unless it has been copied. No matter how similar plaintiff's and defendant's works, if defendant's work was created independently there can be no copyright infringement. When there is no direct proof that defendant copied, plaintiff may nonetheless prove that defendant's work was not independently created by showing that defendant had access to and the opportunity to copy plaintiff's work, and that the two works are substantially similar.⁸³ Two recent decisions have addressed proof of defendant's access where no direct copying could be shown.

In *Selle v. Gibb*,⁸⁴ the United States District Court for the Northern District of Illinois overturned a jury verdict that the Bee Gees' popular song "How Deep Is Your Love" infringed the plaintiff's song "Let It End." Although the songs were similar in many respects, the court held that there was no credible evidence that the Bee Gees had ever seen or heard plaintiff's song.⁸⁵ The Bee Gees had written their song in France; the plaintiff's song had never been published and had been performed only a few times at private

82. *Id.* at 977-78. In *Videotronics, Inc. v. Bend Elec.*, 586 F. Supp. 478 (D. Nev. 1984), the United States District Court for the District of Nevada held that a videogame's copyright notice, which flashed on the videogame screen on a random and infrequent basis, did not meet the requirement of permanent legibility to an ordinary user of the work under ordinary conditions of use. *Id.* at 482. The copyright owner had distributed an earlier version of the game without notice; it then added this defective notice. The court held that the copyright owner's failure to correct the omission of notice in the first version until it had introduced a revised version of the game was not a sufficient effort to correct the omission. Moreover, despite the effort to add a notice to the revised game, the court held that an effort to add a notice which was defective is not a curative "reasonable effort." *Id.* at 483. The court found that the § 405 "reasonable effort" standard implies that a copyright owner may have to expend more time and money to cure an omitted or defective notice than might otherwise be expended in the normal course of business. *Id.* at 482-83.

Finally, although the notice placed on the revised game was defective because it was not permanent, the court dismissed defendant's objections to the form of the notice. While copyright notice usually contains a "C" within a circle, the notice on the videogame displayed a "C" within a hexagon. Because the computer graphics for the machine displaying the videogame were incapable of forming a circle, the court held that the hexagonal shape sufficed. *Id.* at 481.

83. See *Sid & Marty Krofft Television Prod. v. McDonald's Corp.*, 562 F.2d 1157, 1162 (9th Cir. 1977); *A. Latman, The Copyright Law*, 159-63 (1979).

84. 567 F. Supp. 1173 (N.D. Ill. 1983), *aff'd*, 741 F.2d 896 (7th Cir. 1984).

85. 567 F. Supp. at 1181.

gatherings in the Chicago area.⁸⁶

The district court also rejected the plaintiff's argument that even if the opportunity of access cannot be proved, access and copying may be inferred from the "striking similarities" of the songs.⁸⁷ In essence, the plaintiff contended that the songs were so similar that the only explanation for such similarity could be that the defendant copied the plaintiff's song. The court held that when the undisputed facts negate any finding of access, or even the opportunity for access to the plaintiff's song, an inference of access and copying based on striking or substantial similarity would be neither logical nor permissible.⁸⁸

In affirming the district court decision, the United States Court of Appeals for the Seventh Circuit agreed that striking similarities, or even complete identity, between two works will not support a finding of infringement unless there is "at least some other evidence which would establish a reasonable possibility that the complaining work was *available* to the alleged infringer. . . . Thus, although proof of striking similarity may permit an inference of access, the plaintiff must still meet some minimum threshold of proof which demonstrates that the inference of access is reasonable."⁸⁹ The court affirmed the ruling below that the plaintiff had failed to produce evidence justifying an inference of access.⁹⁰

The appellate court then discussed the concept of "striking similarity." According to the court, striking similarity is a term of art connoting more than substantial similarity. Striking similarities concern material so unique or complex that defendant would be most unlikely to have produced the same material in the same context by coincidence, accident or independent creation.⁹¹ Thus, for example, when allegedly copied material is standard to the medium or derives from a prior common source, the similarities between plaintiff's and defendant's music will not be deemed "striking."⁹²

Reviewing the evidence produced at trial, the appellate court observed

86. *Id.* at 1175-77.

87. *Id.* at 1182.

88. *Id.* at 1182-83. See also *Meta-Film Assocs. v. MCA, Inc.*, 586 F. Supp. 1346 (C.D. Cal. 1984), in which Universal City Studios, producer of the film "Animal House," was held not to have had access to an unpublished screenplay about fraternity frolics that was sent to a director under contract to Universal. The court found any links between the director and the writers of the "Animal House" screenplay too speculative to present a triable issue of access. *Id.* at 1357. The court noted that individuals at film studios receive large numbers of unsolicited scripts, and that it is not reasonable, without some further showing, to attribute the recipient's knowledge of the unsolicited script to other individuals at the studio. *Id.*

89. 741 F.2d 896, 901-02 (7th Cir. 1984).

90. *Id.* at 905-06.

91. *Id.* at 901.

92. *Id.*

that the musical themes that the plaintiff alleged had been copied were themselves quite similar to themes in several prior musical works, including a Beatles song and Beethoven's Fifth Symphony. The court therefore held that the plaintiff had failed to show that the allegedly copied portions of his work presented the kind of subject matter upon which a finding of striking similarity could be based.⁹³

In *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*,⁹⁴ the United States Court of Appeals for the Second Circuit affirmed the district court's holding that George Harrison's song "My Sweet Lord" infringed an earlier popular song, "He's So Fine." The district court had held that Harrison had access and the opportunity to copy the plaintiff's song because it was a top hit and widely disseminated in the United States and England during the 1960's when Harrison would have had ample opportunity to hear it.⁹⁵

In *Harrisongs*, the district court also addressed the issue of "subconscious infringement." Harrison had not knowingly copied "He's So Fine." Rather, in the process of writing his own song, certain musical refrains came to mind, which Harrison believed he was composing on the spot, but which in fact were Harrison's memories of the prior song.⁹⁶ The district court had followed precedent in ruling that intent was not an element of an infringement claim; the test is whether the work has been substantially copied, not whether the copying was consciously or subconsciously accomplished.⁹⁷

The United States Court of Appeals for the Second Circuit explicitly affirmed the holding that subconscious copying amounted to copyright infringement because an intent to infringe is not required under the Copyright Act.⁹⁸ Noting the problems of proof that would emerge if an innocent intent defense were permitted, the court warned that such a defense "could substantially undermine the protections Congress intended to afford to copyright holders."⁹⁹ The court added, however, that innocent intent, while not affecting the liability question, could be a factor in fashioning a remedy against the infringer.¹⁰⁰

Substantial Similarity.—During the 1983-84 year several decisions have addressed the issue of what constitutes a similarity of copyrightable expression sufficiently "substantial" to warrant a finding of infringement. While the

93. *Id.*

94. 722 F.2d 988 (2d Cir. 1983).

95. *Bright Tunes Music Corp. v. Harrisongs Music Ltd.*, 420 F. Supp. 177, 179 (S.D.N.Y. 1976).

96. *Id.* at 178-80.

97. *Id.* at 181 (citing *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 54 (2d Cir. 1936)). See *Fred Fisher, Inc. v. Dillingham*, 298 F. 145 (C.C.S.D.N.Y. 1924).

98. 722 F.2d at 998.

99. *Id.* at 999.

100. *Id.* at 999 n.12.

works of the plaintiff and defendant may be similar, the question often arises whether the works are similar because both works are based on the same general, unprotectible idea or whether the the works are similar because the defendant substantially copied the plaintiff's particular and protectible expression of the idea. A further question arises as to whether the idea expressed in the plaintiff's work permits only a few variations in presentation. If so, then the resemblance between the plaintiff's and defendant's presentations of the idea will not be considered in determining whether the works are substantially similar.

In *Mattel, Inc. v. Azrak-Hamway International, Inc.*,¹⁰¹ the United States Court of Appeals for the Second Circuit held that a defendant toy manufacturer's dolls portraying highly muscled fighting men did not infringe the plaintiff's heroically built dolls of fighting men. The court found that most of the similarities between the dolls were due to the common, unprotectible idea of a "superhuman muscleman crouching in . . . a traditional fighting pose."¹⁰² The court then ruled that the defendant's particularized presentation of the doll's musculature was not substantially similar to plaintiff's.¹⁰³

In *Warner Brothers v. American Broadcasting Companies*,¹⁰⁴ the same court held that the fictional character in the television series "The Greatest American Hero" was not substantially similar to "Superman." The "American Hero" character was an average American male who, against his will, became endowed with super powers. His attempts to marshal these powers in service of just causes proved comically inept.¹⁰⁵ The character, while suggesting a maladroit version of Superman, could be viewed as a satire on the superhero genre.¹⁰⁶ The court rejected the plaintiff's argument that a character reminiscent of Superman, or whose traits parody Superman's traits, is substantially similar to Superman. Rather, because of the stark contrasts between the American Hero and Superman, the court held that the overall impression of the defendant's character was substantially and calculatedly

101. 724 F.2d 357 (2d Cir. 1983).

102. *Id.* at 360.

103. *Id.* See also *Williams Elecs. v. Bally Mfg.*, 568 F. Supp. 1274 (N.D. Ill. 1983), in which the court granted summary judgment to defendant on a copyright infringement claim concerning a pinball game. The court identified and removed from consideration the uncopyrightable elements of plaintiff's game before it would compare the works to determine whether they were substantially similar. Since most of the similarities between plaintiff's and defendant's pinball games were held to concern either unprotectible game concepts or pictorial, graphic or sculptural game features that were "functional" to the game's operation, the court concluded that the defendant's game was not substantially similar to plaintiff's game.

104. 720 F.2d 231 (2d Cir. 1983).

105. *Id.* at 236-38.

106. *Id.* at 243.

dissimilar.¹⁰⁷

Applying the overall impression test, the court rejected the defendant's attempt to analyze each character trait common to Superman and the American Hero, and to dismiss each trait as an unprotected idea. Such an approach, the court stated, overlooks the "aggregation of particular talents and traits" selected for the plaintiff's character; while each talent or trait separately may be an unprotected idea, in combination they yield a protected work.¹⁰⁸ Here, however, the characters were held to be too dissimilar to permit a finding of copyright infringement.

In *Landsberg v. Scrabble Crossword Game Players*,¹⁰⁹ the United States Court of Appeals for the Ninth Circuit rejected an infringement claim brought by the author of a strategy manual for the boardgame Scrabble. Although the defendant's Scrabble handbook copied the plaintiff's ideas and recommendations,¹¹⁰ the court held that the similarities in the works were unavoidable; the plaintiff's unprotectible ideas allowed for little variation in expression.¹¹¹ The court then ruled that the defendant did not "duplicate the selection, coordination and arrangement of the ideas" in the plaintiff's work, and defendant's work did not amount to a "wholesale appropriation" of the plaintiff's manual.¹¹²

The "wholesale appropriation" standard of infringement is a recent development in U.S. copyright law, and has been applied in the context of certain nonfiction works.¹¹³ Under this standard, it appears that a defendant may permissibly copy more from a nonfiction work than from a work of fiction.¹¹⁴ The "wholesale appropriation" standard of infringement for nonfiction

107. *Id.* at 239-43. The court stated, "In the genre of superheros, [the American Hero] follows Superman as, in the genre of detectives, Inspector Clouseau follows Sherlock Holmes." *Id.* at 243.

108. *Id.* at 243.

109. 736 F.2d 485 (9th Cir. 1984).

110. The district court, in upholding the plaintiff's claim, found that the defendant engaged in wholesale copying of the plaintiff's work. Although the defendant did not use verbatim portions of the plaintiff's work, it paraphrased significant portions. *Id.* at 487.

111. *Id.* at 489.

112. *Id.*

113. See, e.g., *Hoehling v. Universal City Studios*, 618 F.2d 972 (2d Cir.), cert. denied, 449 U.S. 841 (1980) (historical information not protected by copyright law).

114. While the meaning of "wholesale appropriation" does not emerge clearly from the decisions which resort to the rubric, the standard may be so stringent as to condition a ruling of infringement of a nonfiction narrative work upon a showing that the work, or significant portions of it, has been copied virtually verbatim. See, e.g., *Hoehling*, 618 F.2d at 979-80 (appearing to equate "wholesale appropriation" with a "virtual identity" between plaintiff's and defendant's works). This elevated standard appears to rest on the dubious premise that according a lesser degree of protection to nonfiction authors will promote access to factual and historical information.

tion works has encountered considerable criticism, and it is not clear whether the standard will gain general judicial acceptance.¹¹⁵

Public Performance.—The 1976 Act, like its predecessor, grants copyright owners the exclusive right to perform their works publicly.¹¹⁶ Unlike the prior Act, the 1976 Act defines a public performance. Section 101 sets forth two alternative definitions of a “public” performance. First, a public performance occurs “at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered.”¹¹⁷ Second, a public performance will also result if the work is transmitted or otherwise communicated “by means of any device or process, whether the members of the public capable of receiving the performance . . . receive it in the same place or in separate places and at the same time or at different times.”¹¹⁸ Both aspects of this definition were tested in *Columbia Pictures Industries v. Redd Horne Inc.*¹¹⁹

In *Redd Horne*, the defendant operated a video store which housed several “screening rooms.” Customers rented videocassettes of motion pictures and viewed them in these screening rooms.¹²⁰ The store was open to the general public but permitted a maximum of only four family members or social acquaintances in each screening room at a time. A store employee would handle the equipment that played the cassettes and displayed the audiovisual works on the television screens in the screening rooms.¹²¹ The defendant contended that its screening of videocassettes to four-person groups of families or social acquaintances was not a “public” performance under the terms of the statute.¹²²

The court ruled that the defendant’s operations were public performances under both clauses of the statutory definition. Under the first clause, the court found that the screening rooms were open to members of the public just as conventional movie theaters are. Although few people attended each performance, the court noted that “the potential exists for a substantial portion of the public to attend such performances over a period of time.”¹²³ In addition, the repeated playings of the same films to different members of the public were found to fall under the definition’s second clause, because they communicated the films, by a means or device (here a videocassette player) to

115. See, e.g., Ginsburg, *Sabotaging and Reconstructing History: A Comment on the Scope of Copyright Protection in Works of History After Hoehling v. Universal City Studios*, 29 J. Copyright Soc’y 647 (1982).

116. 17 U.S.C. § 106(4).

117. *Id.* § 101.

118. *Id.*

119. 568 F. Supp. 494 (W.D. Pa. 1983), *aff’d*, 749 F.2d 154 (3d Cir. 1984).

120. 568 F. Supp. at 496-97.

121. *Id.* at 497.

122. *Id.* at 499-500.

123. *Id.* at 500.

members of the public in the same place at different times.¹²⁴

The decision represents a small victory for the United States motion picture industry. While the Copyright Act does not accord copyright owners control over a store's rentals of motion picture videocassettes to home viewers once the videocassettes have been sold to the store,¹²⁵ this decision establishes that the motion picture copyright owners may prevent a store from renting films to customers for in-store viewing. Bills are currently pending in Congress to afford motion picture copyright owners a "rental right" applicable after initial sale of copies of motion pictures.¹²⁶

Importation.—Section 602 of the 1976 Act empowers copyright owners to prevent the importation of infringing articles. Section 602 also enables copyright owners to prevent the importation of copies or phonorecords that were lawfully manufactured in a foreign country, but are imported into the United States for distribution without the copyright owner's consent.¹²⁷ The decision in *Columbia Broadcasting System v. Scorpio Music Distributors*¹²⁸ confirms the right of the U.S. copyright owners to prevent the importation of copies or phonorecords lawfully made abroad.

The strengthening U.S. dollar prompted defendant's activities in *Scorpio Music*. As the dollar enjoyed greater buying power abroad, it became more expensive to purchase certain domestically manufactured records in the United States than to purchase the same records abroad and import them. As a result, several U.S. record distributors purchased phonorecords from foreign manufacturers who had been licensed to manufacture and sell the records in foreign countries only. In *Scorpio Music*, the owner of the U.S. copyrights in the phonorecords at issue brought an action against one of these distributors, alleging that the records were unlawfully imported into the United States.¹²⁹

The defendant claimed that the U.S. copyright owner could not prevent the importation because the 1976 Act entitles the owner of lawfully made copies to sell those copies without the permission of the copyright owner.¹³⁰ The court rejected this argument for two reasons. First, under the provision

124. *Id.* at 500-01.

125. Under § 109(a) of the Act, once the copyright owner has transferred ownership of copies of a work, the owners of lawfully made copies are entitled to sell or otherwise dispose of them. See also H.R. Rep. No. 1476, 94th Cong., 2d Sess. 79 (1976).

126. See note 1 *supra*.

127. 17 U.S.C. § 602(a).

128. 569 F. Supp. 47 (E.D. Pa. 1983), *aff'd mem.*, No. 83-1688 (3d Cir. June 21, 1984).

129. 569 F. Supp. at 47.

130. *Id.* at 49. See 17 U.S.C. § 109(a), which states that "the owner of a particular copy . . . lawfully made under this title . . . is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy."

relied upon by the defendant, the copies must be lawfully made under the U.S. Copyright Act. The Act governs only those activities transpiring in the United States; copies lawfully made in foreign countries are produced under the authority of foreign copyright law.¹³¹

Second, the court held that the structure and history of the 1976 Act's import prohibition evidenced a clear congressional intent to supersede the right of the owner of lawfully made copies to sell those copies. Any other reading would render meaningless the statute's explicit grant of authority to prevent the importation of copies, a grant of authority which does not distinguish between lawfully and unlawfully produced foreign copies.¹³²

Computer technology has spawned another kind of importation problem. The personal computer boom has brought with it a number of foreign-manufactured "knock-off" computers, equipped with infringing copies of copyrighted programs. The United States Customs Service, at the direction of U.S. copyright owners, however, will prevent the importation of personal computers containing infringing programs wired into the circuitry.¹³³ In addition, Customs may detain and confiscate such computers.¹³⁴ In order to avoid these obstacles, enterprising pirates began importing "ROM-less computers"—that is, computers without programs wired into the circuitry. Once the computers entered the United States, the importer would add the infringing programs to the circuitry. A U.S. owner of copyrights in computer programs recently attempted to curtail this practice by bringing actions before the U.S. Customs Service and before the U.S. International Trade Commission. The two actions yielded different results.

The Customs Service¹³⁵ ruled that it did not have authority to prevent the importation of ROM-less computers. Observing that its regulations extended only to the exclusion of "piratical copies"¹³⁶ of copyrighted works, the Customs Service found that the ROM-less computers contained no copies of the plaintiff's computer programs upon entering the United States and therefore could not be deemed "copies."¹³⁷

By contrast, in *In re Certain Personal Computers and Components*

131. 569 F. Supp. at 49.

132. *Id.* at 49-50. The court noted that, if it allowed the defendant's claim, a U.S. importer could circumvent the import prohibition by purchasing the copies indirectly from a foreign manufacturer. *Id.*

133. See 19 C.F.R. §§ 133.42-43 (1983).

134. *Id.* § 133.42.

135. *In re Apple Computer, Inc.*, 28 Pat. Trademark & Copyright J. (BNA) 75 (U.S. Customs Serv. March 30, 1984).

136. See 19 C.F.R. § 133.42(a) (1983), which states: "Piratical copies are actual copies or substantial copies of a recorded copyrighted work, produced and imported in contravention of the rights of the copyright owner."

137. 28 Pat. Trademark & Copyright J. at 76.

Thereof,¹³⁸ the same plaintiff succeeded in its claim that the importation of ROM-less computers violated section 337 of the Tariff Act of 1930.¹³⁹ This section permits the International Trade Commission ("ITC") to issue orders, including exclusion orders, to remedy "unfair methods of competition and unfair acts in the importation of articles into the United States."¹⁴⁰ Because the defendants inserted infringing copies of the plaintiff's programs into the computers after importation, the ITC held the importation of ROM-less computers a step in the direct infringement of the copyright owner's reproduction and distribution rights.¹⁴¹ The ITC also found that importation of ROM-less computers constituted contributory infringement because only the plaintiff's programs would cause the computer to work, and because computers without programs wired to the circuitry were not capable of a commercially significant noninfringing use.¹⁴²

The ITC decision produced an exclusion order directing Customs to prevent the entry of all ROM-less computers destined to be equipped with copies of the plaintiff's programs. The order, however, did not authorize Customs to detain and destroy the computers.¹⁴³ By contrast, had the computer program owner prevailed in its action before the Customs Service, the Customs Service determination would not only have prevented entry of the ROM-less computers, but also would have provided for their detention and destruction.¹⁴⁴ As a practical matter, however, enforcement of a favorable ruling from the Customs Service would have required constant monitoring by the copyright owner. Because the ITC decision will be enforced directly by the Customs Service, the copyright owner's victory before the ITC is of greater consequence than its loss before the Customs Service.

Contributory Infringement.—In the United States Supreme Court's first copyright decision since adoption of the 1976 Copyright Act, *Sony Corporation of America v. Universal City Studios, Inc.*,¹⁴⁵ a five-member majority ruled that the manufacturers and distributors of home-use video tape recorders ("VTRs") did not contributorily infringe the copyrights in material broadcast over the public airwaves and recorded by VTR owners. The Court first asserted that contributory infringement is more easily established when a defendant provides a potential infringer with the copyrighted work itself rather than merely providing "the 'means' to accomplish an infringing activ-

138. 1984 Copyright L. Rep. (CCH) ¶ 25,651 (I.T.C. Investigation No. 337-TA-140 March 9, 1984).

139. 19 U.S.C. § 1337(a) (1982).

140. *Id.*

141. 1984 Copyright L. Rep. at 18,930.

142. *Id.* For a discussion of contributory infringement, see notes 145-52 *infra* and accompanying text.

143. 1984 Copyright L. Rep. at 18,938.

144. See 19 C.F.R. §§ 133.42(c), 133.43 (1983).

145. 104 S. Ct. 774 (1984).

ity."¹⁴⁶ The VTR was found to be a mere means to infringe.¹⁴⁷ The Court added that the defendants were not in a position to control the use of copyrighted materials by others.¹⁴⁸

The Court next held that no precedent supported a finding of contributory infringement when a defendant sold equipment with constructive knowledge that its customers might use the equipment to infringe copyrighted works.¹⁴⁹ Instead, adopting the "staple article of commerce" rule from the United States Patent Code,¹⁵⁰ the Court held that the VTR's ability to be used to commit copyright infringement did not render the defendants liable for contributory infringement so long as the product was "merely capable of substantial noninfringing uses."¹⁵¹ The Court's language thus suggests that if an article is "*merely capable* of substantial noninfringing uses," its manufacture and distribution would not constitute contributory infringement, even if the article were primarily put to infringing uses.

It should be emphasized, however, that the Court confined its holding to the context of noncommercial copying of programs freely broadcast over the public airwaves. The case did not present, and the Court did not address, questions involving use of a VTR to copy programs broadcast over pay-cable or satellite, or other forms of home-taping, such as making duplicate copies of videocassettes.¹⁵²

VII FAIR USE

The fair use exception to copyright infringement, codified at 17 U.S.C. section 107, excuses *prima facie* infringements under certain circumstances. These circumstances include a use that is reasonable, that advances the public interest, and that does not pose a substantial threat to the copyright owner's

146. *Id.* at 785-86 (citing *Kalem Co. v. Harper Bros.*, 222 U.S. 55 (1911)).

147. *Id.* at 786.

148. *Id.*

149. *Id.* at 787.

150. 35 U.S.C. § 271(c) (1982).

151. 104 S. Ct. at 789. The Court's holding derived from its balancing between "a copyright holder's legitimate demand for effective—not merely symbolic—protection of the statutory monopoly, and the rights of others freely to engage in substantially unrelated areas of commerce." *Id.*

152. *Id.* at 780, 792. Another contributory infringement case decided in 1983, before the Supreme Court announced its *Sony* decision, was *Atari, Inc. v. J.S. & A. Group, Inc.*, 1983 Copyright L. Rep. (CCH) ¶25,613 (N.D. Ill. 1983), in which the district court held the manufacturers of a machine called the "Prom Blaster" contributory infringers. The Prom Blaster makes duplicate copies of video games for use with home television sets. After holding that the duplicate copies were not noninfringing "archival" copies under 17 U.S.C. § 117, the court held that the Prom Blaster was not capable of a substantial noninfringing use. *Id.*

actual or potential economic interests.¹⁵³ In *Sony*, a sharply divided Supreme Court held that use of VTRs for "time shifting" copyrighted television programs broadcast over the public airwaves constituted a fair use.¹⁵⁴ Justice Stevens' majority opinion stated that noncommercial private home use of VTRs, which enhanced public access to programs freely transmitted by television broadcasters, was a significant factor favoring fair use.¹⁵⁵ Although a use that involves the copying of an entire work is generally not considered "fair and reasonable," the Court held that the complete copying of television programs for later viewing and subsequent erasure did not prevent a finding of fair use.¹⁵⁶ The Court also rejected, in the context of time shifting, the argument that a use cannot be "fair" unless it is a "productive use."¹⁵⁷ A productive use involves copying for the purpose of incorporating the copied material into an independent work, such as a work of criticism or scholarship.¹⁵⁸ Finally, the Court held that the owners of copyrighted television programs had failed to demonstrate a likelihood of more than minimal economic harm as a result of time shifting.¹⁵⁹

Justice Blackmun's dissenting opinion, joined by Justices Marshall, Powell and Rehnquist, treated the fair use issue at considerably greater length than did the majority opinion. Reviewing the Copyright Act, its legislative history, and the case law construing the fair use defense, the dissenters vigorously asserted that a nonproductive use which simply enhanced user conven-

153. 17 U.S.C. § 107 provides:

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

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

154. 104 S. Ct. at 789. "Time shifting" was defined by the Court as "the practice of recording a program to view it once at a later time, and thereafter erasing it." *Id.* at 779.

155. *Id.* at 792. Joining Justice Stevens were Chief Justice Burger and Justices Brennan, White and O'Connor.

156. *Id.* at 792-93.

157. *Id.* at 793 n.33, 795 n.40.

158. See, e.g., Seltzer, Exemptions and Fair Use in Copyright: The "Exclusive Rights" Tensions in the New Copyright Act, 24 *Bull. Copyright Soc'y* 215, 237 (1977).

159. 104 S. Ct. at 793-96.

ience could not be considered "fair."¹⁶⁰ Unlike the majority, the dissent emphasized the ability of the VTR to be used not only for time shifting, but also for "library-building," the creation and retention of program copies for the purpose of repeated viewing.¹⁶¹

The dissenters also disagreed with the majority's evaluation of the adverse economic impact which VTRs might have upon copyrighted works.¹⁶² First, the dissent maintained that VTR recording could damage the copyright owners' economic interests by reducing their ability to market their works in movie theaters, on television, and in the sale of videotapes. In addition, the VTR viewers' avoidance of commercials could decrease advertising revenue.¹⁶³ Second, the dissenters disagreed with the majority as to who might exploit the new use market created by the VTR. While the majority indicated that when new technology opens up new avenues of exploitation of copyrighted works, those avenues should remain free of the copyright owner's control,¹⁶⁴ the dissenters asserted that a new use market created by new technology should come within the copyright owner's domain.¹⁶⁵ Thus, according to the dissent, the key issue is not whether VTRs impair the copyright owner's ability to be compensated for the original broadcast use of television programs, but whether VTR manufacturers should be allowed to deny copyright owners compensation for access to their programs at other times.¹⁶⁶

The *Sony* case was the third fair use controversy to reach the Supreme Court since 1958, and the first to arise under the new Copyright Act. The first two cases, *Benny v. Loew's, Inc.*,¹⁶⁷ and *Williams & Wilkins Co. v. United States*,¹⁶⁸ yielded no decision because the eight-member Court—one Justice being absent in each case—split evenly. The Supreme Court's decision in *Sony*, therefore, was much anticipated and was preceded by an extraordinary amount of commentary weighing the various aspects of the fair use issue.¹⁶⁹

160. *Id.* at 807-09.

161. *Id.* at 797, 810.

162. *Id.* at 810-11.

163. *Id.* at 810.

164. *Id.* at 783-84. Cf. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (when new technology renders the terms of the Copyright Act "ambiguous," the Act should be interpreted against the copyright owner).

165. 104 S. Ct. at 815-16.

166. *Id.* at 811.

167. 356 U.S. 43 (1958).

168. 420 U.S. 376 (1975).

169. See, e.g., Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and its Predecessors*, 82 *Colum. L. Rev.* 1600 (1982); Leaffer, *The Betamax Case: Another Compulsory License in Copyright Law*, 13 *U. Tol. L. Rev.* 651 (1982); Comment, *The Home Videotaping Controversy: Fair Use or Fair Game?*, 49 *Brooklyn L. Rev.* 363 (1983); Comment, *Betamax Battle: Round*

The scantiness of the majority's discussion of fair use has left lower courts, copyright owners, and users with many unanswered questions about the contours of the fair use doctrine. The Supreme Court's eventual decision in *Harper & Row Publishers v. Nation Enterprises*,¹⁷⁰ which was argued on November 6, 1984, may provide some of the guidance lacking in the *Sony* decision.

Some considerations extraneous to the fair use doctrine may explain the Supreme Court's result in *Sony*.¹⁷¹ The first of these considerations is the identity of the *Sony* defendants, which presented a novel problem in copyright litigation. For the first time, copyright owners sued the manufacturers and distributors, rather than the users, of a new copying device. Since suing noncollusive home user defendants could have raised privacy problems, the plaintiffs' choice of defendants may have been inevitable. Nonetheless, suing the manufacturers cast plaintiffs in the undesirable role of enemies of new technology.

The privacy problem, however, was inescapable, and the personal home use aspect of the copying involved in *Sony* furnished a second novel consideration. *Sony* was the first copyright case to involve activities performed regularly in millions of American homes. The majority's opinion indicates a judicial discomfort with denominating private home activities copyright infringements.

This factor points to a further consideration, which some have labeled the enforcement problem. The problem, however, is not really the spectre of the "copyright police" storming millions of homes, but rather is a question of congressional intent. A finding of liability on the private home use issue would have meant that millions of Americans were committing copyright infringement every day. The majority, finding no express congressional discussion of home use, would not attribute to Congress an intent to brand millions of Americans as copyright infringers. Moreover, since a finding of liability could result in halting distribution of a popular new device, or entangle the courts in fashioning a blank tape or VTR equipment royalty scheme, which Congress had thus far failed to enact, it may not be surprising that the Court endeavored to find no liability. Thus, it may not have been the Court's fair use analysis, but the combination of manufacturer-defendants and private home use which ultimately proved fatal to the copyright owners' claim.

Three, 34 Fed. Communications L. Rev. 291 (1982); Note, The Threatened Future of Home Video Recorders—Universal City Studios v. Sony, 31 DePaul L. Rev. 643 (1982).

170. 723 F.2d 195 (2d Cir. 1983), cert. granted, 104 S. Ct. 2655 (1984). See notes 23-26 supra and accompanying text.

[Editor's Note: *Harper & Row* has since been reversed. See note 23 supra.]

171. The following discussion is based on Latman & Ginsburg, *The Fair Use Doctrine After Betamax*, N.Y.L.J., March 30, 1984, at 1, col. 1.

In *Consumers Union of United States, Inc. v. General Signal Corp.*,¹⁷² a panel of the Second Circuit Court of Appeals held that a defendant's brief verbatim quotations taken from the magazine *Consumer Reports* and used in the defendant's television advertisements for a vacuum cleaner was a fair use. *Consumer Reports* is a magazine which evaluates consumer products and is not affiliated with any product manufacturer. The magazine claimed that the defendant's use of quotations from the magazine's evaluation of its product was unfair because the use in a commercial advertisement endangered the magazine's reputation as an impartial evaluator of products.¹⁷³ The court found the defendant's first amendment interests in commercial speech a principal factor in declaring the use to be fair.¹⁷⁴ In a strongly worded opinion dissenting from the denial of rehearing en banc, Judge Oakes declared that the fair use defense rarely applied to outright commercial purposes, and that the court's reliance on the commercial speech theory distorted both the copyright law and the first amendment right of free speech.¹⁷⁵

In *Harper & Row Publishers v. Nation Enterprises*,¹⁷⁶ a divided panel of the Second Circuit Court of Appeals held that a magazine's copying of portions of former President Ford's unpublished autobiography, without added independent commentary or criticism, was a fair use.¹⁷⁷ The majority thus rejected the plaintiffs' argument that fair use requires an independent contribution.¹⁷⁸ *Harper & Row* also was the first case under the 1976 Act involving the application of the fair use doctrine to an unpublished work.¹⁷⁹ Although the district court had held that the work's unpublished status militated

172. 724 F.2d 1044 (2d Cir. 1983), reh'g denied, 730 F.2d 47 (2d Cir. 1984), cert. denied, 105 S. Ct. 100 (1984).

173. 742 F.2d at 1050.

174. 734 F.2d at 1049.

175. 730 F.2d at 48, 50.

176. 723 F.2d 195 (2d Cir. 1983), cert. granted, 104 S. Ct. 2655 (1984). For a discussion of the *Harper & Row* court's holding on the copyrightability of the Ford memoirs, see notes 23-26 supra and accompanying text. [Editor's Note: The Supreme Court recently has reversed the *Harper & Row* decision. See note 23 supra.]

177. 723 F.2d at 208.

178. *Id.* at 207.

179. Prior to the 1976 Act, unpublished works were governed by state common law of copyright. At common law, the author enjoyed the exclusive right of first publication of his or her work. See, e.g., *Atlas Mfg. Co. v. Street & Smith*, 204 F. 398, 402 (8th Cir.), appeal dismissed, 231 U.S. 348 (1913). The common law did not recognize a fair use defense to interference with the right of first publication. See, e.g., *Stanley v. Columbia Broadcasting Sys.*, 35 Cal.2d 653, 661, 221 P.2d 73, 78 (1950). See generally Latman, *Fair Use of Copyrighted Works*, Copyright Law Revision: Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights, Study No. 14 (1960).

The 1976 Act now governs unpublished as well as published works. See 17 U.S.C. §301(a). Although the Act also has codified the fair use defense, see § 107, Congress has indicated that the fair use codification was not intended to enlarge the

against a finding of fair use,¹⁸⁰ the majority failed to address the question. In dissent, Judge Meskill emphasized that the defendant had advanced no public purpose by its copying; it had made no independent contribution to the work; and had knowingly invaded the plaintiffs' market for serializing the memoirs which were soon to be published.¹⁸¹

Defendant's independent contribution, or lack of it, had weighed heavily in several prior fair use decisions.¹⁸² It remains to be seen, however, whether the Supreme Court's declaration in *Sony* that fair use does not require an independent contribution when the use is private and noncommercial will be extended to a use which is both public and commercial.

The Second Circuit Court of Appeals' *Harper & Row* and *Consumers Union* decisions also call into question the significance to the fair use analysis of defendant's commercial purpose. In *Harper & Row*, the court declared defendant's commercial purpose irrelevant, and in *Consumers Union* the court asserted that defendant's commercial use may be protected by the first amendment.¹⁸³ These two decisions, however, preceded the Supreme Court's pronouncement in *Sony* that a commercial purpose is "presumptively un-

defense beyond its extant judicial elaboration. See H.R. Rep. No. 1476, 94th Cong., 2d Sess. 66 (1976).

Harper & Row thus raised the question, left unaddressed by the majority, whether the 1976 Act's fair use provision should be interpreted to incorporate the prior common law rejection of a fair use defense to the copying of unpublished works. This issue has received much attention in the amicus briefs submitted to the Supreme Court by the Volunteer Lawyers for the Arts and the American Association of Publishers.

It is worth noting that one of the two leading international copyright treaties, the Berne Convention, article 10, includes a provision permitting the unlicensed use of short quotations of protected works for purposes analogous to fair use purposes, but limits this permission to works which have "already, and legitimately, been rendered accessible to the public." Berne Convention for the Protection of Literary and Artistic Works, reprinted in 3 UNESCO Copyright Laws and Treaties of the World, Item H-1 at 5 (1979-80). (The United States is not a member of the Berne Convention.) See also, France, law of March 11, 1957, article 41 (exceptions to copyright owner's exclusive rights, including fair use-type exceptions, apply only to works previously publicly disclosed by author).

180. 557 F. Supp. 1067, 1072 (S.D.N.Y. 1983).

181. 723 F.2d at 215-17.

182. See, e.g., *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91 (2d Cir. 1977) (defendant's copying of plaintiff's stock market reports in creation of defendant's reports held not a fair use because, *inter alia*, defendant's reports were no more than a condensation of plaintiff's reports), cert. denied, 434 U.S. 1013 (1978); *New York Times Co. v. Roxbury Data Interface, Inc.*, 434 F. Supp. 217 (D.N.J. 1977) (defendant's substantial investment of labor in creating unauthorized "Personal Name Index to the New York Times Index" led, among other considerations, to a finding of fair use).

183. *Harper & Row*, 723 F.2d at 207-08; *Consumers Union*, 724 F.2d at 1049.

fair.”¹⁸⁴ In a decision subsequent to *Sony, Financial Information, Inc. v. Moody's Investors Service Inc.*,¹⁸⁵ the Court of Appeals for the Second Circuit followed the Supreme Court's declaration in holding that defendant's commercial copying of plaintiff's index cards bearing municipal bond information was not a fair use.¹⁸⁶

The *Financial Information* opinion offers a further contrast to *Harper & Row*. In *Harper & Row*, the majority perceived a substantial public benefit in information-conveying uses of fact-based copyrighted works, and accordingly granted wide leeway to defendant's copying.¹⁸⁷ In *Financial Information*, however, defendant's assertion that its use enhanced access to information met with far less indulgence. The *Financial Information* court rejected defendant's claim that its copying of a fact-based work constituted a “public function” exonerated by the fair use doctrine. The court observed that the elevation of unauthorized copying of an informative work to the status of a “public function” would distort the fair use factor addressing “the nature and purpose of defendant's work.”¹⁸⁸

184. 104 S. Ct. at 793.

185. 751 F.2d 501 (2d Cir. 1984).

186. The court remanded for determination of the copyrightability of plaintiff's index cards.

187. 723 F.2d at 205.

188. 751 F.2d at 508-10. In *Association of American Medical Colleges v. Mikaelian*, 571 F. Supp. 144 (E.D. Pa. 1983), aff'd, 734 F.2d 3 (3d Cir. 1984), the United States District Court for the Eastern District of Pennsylvania rejected the fair use defense of a defendant who offered a test preparation course to students preparing for the medical schools admissions examination. Having taken the examination several times, the defendant allegedly copied many exam questions and included them in test preparation materials distributed to students who enrolled in his course. *Id.* at 146-48. The defendant claimed that the examination questions were not copyrightable because they contained scientific facts, which are in the public domain. *Id.* at 151. The defendant also claimed that he was engaged in a teaching enterprise and that use of the examination questions was therefore a fair use. *Id.* at 151-52. See 17 U.S.C. §107.

The court initially held the test questions to be copyrightable because the questions, although relating to scientific facts, were the product of creative effort. 571 F. Supp. at 149. The court next ruled that the defendant was not engaged in the kind of “teaching” that the fair use exemption contemplated. Disclosing confidential test questions and answers to paying enrollees was found neither to serve a legitimate educational purpose nor to constitute free public dissemination of information. *Id.* at 153. In addition, the court observed that defendant's use would adversely affect the market for and value of the plaintiff's tests, since disclosure of confidential test questions undermines the test's utility in evaluating the scientific knowledge and reasoning power of the test taker. *Id.* at 151-53.

VIII
PREEMPTION

The United States Copyright Act of 1976 is the exclusive law governing rights of reproduction, derivative works creation, distribution, and public performance and display of works within the subject matter of copyright. The Act preempts state laws that address the subject matter of copyright and that grant rights "equivalent to" the exclusive rights granted by federal copyright law.¹⁸⁹ However, the Act preserves state laws that do not address the subject matter of copyright or do not afford equivalent rights.¹⁹⁰ In applying the Act's preemption section, therefore, courts must resolve whether a particular state law addresses the subject matter of copyright, and whether the state law provides a right equivalent to the rights afforded by the Copyright Act.

In *Harper & Row Publishers v. Nation Enterprises*,¹⁹¹ the plaintiffs claimed that the defendant magazine had violated state conversion law by illegally acquiring possession of former President Ford's unpublished manuscript and had tortiously interfered with the plaintiffs' publishing contract.¹⁹² The United States Court of Appeals for the Second Circuit first found that the manuscript as a whole was a work within the subject matter of copyright, and the act of publication was an exclusive right under copyright.¹⁹³ The court then held that the state claims in essence concerned defendants' unauthorized publication of portions of the manuscript, and therefore addressed rights equivalent to the exclusive federal right of publication.¹⁹⁴ The court further held that to the extent that the state law claims may have concerned defendants' copying of uncopyrightable material from the manuscript, the claims were still preempted. Although individual elements of the manuscript may not have come within the subject matter of copyright, the manuscript as a whole presented a copyrightable work.¹⁹⁵

In *Smith v. Weinstein*,¹⁹⁶ a writer charged that defendants, authors and producers of the film "Stir Crazy," had violated state unfair competition law by copying plaintiff's screenplay. The court held the screenplay a protected work, and the right to prevent its copying an exclusive right under copyright, and therefore dismissed the unfair competition claim on grounds of

189. 17 U.S.C. § 301(a).

190. *Id.* § 301(b)(1), (3).

191. 723 F.2d 195 (2d Cir. 1983), cert. granted, 104 S. Ct. 2655 (1984). For discussions of other issues in this case, see notes 23-26 and 175-78 *supra* and accompanying text. [Editor's note: The Supreme Court recently has reversed the *Harper & Rowe* decision. See note 23 *supra*.]

192. 723 F.2d at 201.

193. *Id.* at 203.

194. *Id.* at 201.

195. *Id.* at 206.

196. 578 F. Supp. 1297 (S.D.N.Y. 1984).

preemption.¹⁹⁷

Plaintiff advanced other state claims, however, which the court declined to hold preempted. Plaintiff had alleged that when he disclosed the idea of the screenplay and showed the screenplay to defendants, his disclosures were subject to an implied contract that defendants would not use plaintiff's material unless they paid him for it.¹⁹⁸ The court held that parties may contract to pay for ideas, even though ideas are not copyrightable.¹⁹⁹ Moreover, the state contract claim, albeit arising out of alleged copying of portions of a copyrighted work, does not concern rights "equivalent" to rights under copyright. Rather, ruled the court, the claim addressed the personal or business relationship between the parties to the contract. Similarly, plaintiff's claim of breach of a confidential relationship does not impinge on copyright principles, the court held, because enforcement of a state right arising out of such a relationship affords no rights against third parties: the claim cannot grant plaintiff a monopoly in his ideas; it arises solely out of the nature of plaintiff's relationship with defendant.²⁰⁰

In *Landsberg v. Scrabble Crossword Game Players, Inc.*,²⁰¹ the United States Court of Appeals for the Ninth Circuit held that the defendants had not infringed the plaintiff's copyright in a Scrabble players' manual, but remanded the case to the district court to determine whether the defendants had violated an implied contract with the plaintiff.²⁰² In requesting permission to use the word "Scrabble," the plaintiff had submitted a manuscript of his manual to the defendants, owners of the "Scrabble" trademark. The defendants allegedly entered into negotiations with the plaintiff for rights to his work as a delaying tactic while they prepared their own manual, using plaintiff's manuscript as a guide.²⁰³ The appellate court held that these facts may be sufficient to establish an implied contract binding the defendants to pay for the plaintiff's ideas should they be used.²⁰⁴

According to both *Landsberg* and *Weinstein*, the Copyright Act of 1976 does not preempt a claim based on the breach of an implied contract to publish a plaintiff's work, or at least to pay a plaintiff for the disclosure of his work. These holdings afford important interpretations of the meaning of non-preempted "legal or equitable rights which are not equivalent to any of the exclusive rights within the general scope of copyright."²⁰⁵ While a state con-

197. *Id.* at 1307.

198. *Id.*

199. *Id.*

200. *Id.*

201. 736 F.2d 485 (9th Cir. 1984).

202. *Id.* at 490.

203. *Id.* at 486-87.

204. *Id.* at 489-90.

205. 17 U.S.C. § 301(b)(3).

tract claim and a copyright claim may both arise out of defendant's copying of plaintiff's work, and may subject defendant to similar liability, these cases indicate that the equivalence of result does not necessarily render the state right itself equivalent to a right under copyright. Rather, the test appears to focus both on the nature of the defendant's conduct and on the interests affected by that conduct. The state-based rights arising from a confidential relationship or implied contract are qualitatively different from the rights granted by copyright.²⁰⁶ Copyright protects authors against the copying of their works; it does not regulate the personal relationship or business ethics of parties to a confidential agreement or implied contract. The states have a valid interest in securing compliance with laws that command fair dealing. Enforcement of that state interest does not interfere with the federal interest in assuring a uniform national law proscribing copying of copyrighted works. As the *Weinstein* court observed, state law affords the plaintiff protection against only the other party to the agreement; it grants the plaintiff no rights against nonparty copiers.²⁰⁷

The preservation of state law rights governing confidential relationships and implied contracts is particularly significant when, as in *Weinstein* and *Landsberg*, the defendant's copying does not amount to copyright infringement. When the defendant has copied only the plaintiff's idea or other noncopyrightable material, the plaintiff's copyright claim will fail. If a state law claim concerning breach of a confidential relationship or an implied contract is deemed preempted on the ground that it would achieve the same result as the disallowed copyright claim, no applicable law would deter defendants from the kind of unfair and unethical conduct alleged in the *Scrabble* case. Such a consequence would advance no federal interest and would thwart state interests in preventing such conduct.²⁰⁸ Preservation of

206. Cf. *Werlin v. Readers Digest Assoc.*, 528 F. Supp. 451, 467 (S.D.N.Y. 1981) (citing *Harper & Row Publishers v. Nation Enter.*, 501 F. Supp. 848, 852 (S.D.N.Y. 1980), rev'd on other grounds, 723 F.2d 195 (2d Cir. 1983), cert. granted, 104 S. Ct. 2655 (1984)) (applying the "qualitatively different" rights test to hold a claim for unjust enrichment not preempted).

207. 578 F. Supp. at 1307. See note 199 supra and accompanying text.

208. *Farmer v. United Bhd. of Carpenters & Joiners of Am., Local 25*, 430 U.S. 290, 296-97 (1977) (when state claim seeks to remedy an invasion of rights beyond the ambit of federal statutory policy, and the rights the state claim asserts are "deeply rooted in local feeling and responsibility," state claim should be preserved). See generally, Gorman, Fact or Fancy: The Implications for Copyright, 29 J. Copyright Soc'y 560, 608-07 (1982).

Three other preemption decisions in 1983-84 deserve mention. In *Crow v. Wainwright*, 720 F.2d 1224 (11th Cir. 1983), the United States Court of Appeals for the Eleventh Circuit overturned a state "stolen property" conviction that resulted from the defendant's tape piracy. The court held that the "stolen property rights" at issue were equivalent to the exclusive rights under copyright to reproduce and distribute copies of a sound recording; application of the state law therefore was preempted. By

state claims addressing the breach of a confidential relationship or implied contract therefore affords some protection in sufficiently egregious circumstances, even where no copyright violation has occurred.

CONCLUSION

During the October 1984 Term, the United States Supreme Court had on its calendar three copyright cases. Although the Court in recent years has declined to hear, or as in *Sony*, has avoided squarely confronting difficult copyright problems, one nonetheless may hope that the Court in the coming year will provide greater guidance to lower courts and will illuminate some of the more elusive provisions of the Copyright Act of 1976. After almost seven years of adjudication addressing the 1976 Act, which became effective in 1978, the federal courts have encountered manifold and often taxing questions of statutory interpretation. Some of the courts' decisions have clarified the copyright law, while others have exacerbated the confusion. The coming year's decisions, whether laudable or lamentable, will certainly afford the occasion for further analysis of the evolving copyright jurisprudence under the 1976 Act.

contrast, in *United States v. Gottesman*, 724 F.2d 1517 (11th Cir. 1984), the same court held that the Copyright Act's criminal infringement provision, 17 U.S.C. § 506(a), did not displace the National Stolen Property Act, 17 U.S.C. § 2314 (1982). Accord *United States v. Belmont*, 715 F.2d 459 (9th Cir. 1983), cert. denied, 104 S. Ct. 2657 (1984). But see *United States v. Smith*, 686 F.2d 234 (5th Cir. 1982), which came to the opposite conclusion.

In *Klekas v. EMI Films, Inc.*, 150 Cal. App. 3d 1102, 198 Cal. Rptr. 296 (Cal. Ct. App. 1984), a state plagiarism claim arising out of the alleged copying of an unpublished novel in the creation of the motion picture "The Deer Hunter" was held not to be preempted because the alleged copying occurred in 1977, one year before the 1976 Act's effective date. See 17 U.S.C. § 301(b)(2). By contrast, a state claim regarding distribution of the motion picture was held preempted because distribution commenced after the 1976 Act's effective date.