

V. Copyright's Exclusive Rights

To mount a successful claim of copyright infringement, a plaintiff needs to establish (1) the plaintiff's ownership of a valid copyright in a work and (2) the defendant's infringement of the copyright. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991); see 17 U.S.C. §§ 501(a)-(b). In Chapters II through IV, you learned about the first element of an infringement claim: the plaintiff's ownership of copyright in a fixed, original work of authorship, wherein the copyright remains in effect pursuant to the requisite formalities and duration rules. Starting in this chapter and continuing through Chapter VIII, we turn to the second element of the infringement inquiry.

The Restatement of Copyright distills the elements of the plaintiff's prima facie case as follows, with the subject of this chapter set in bold type:

(a) "Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 122" of the Copyright Act is "an infringer of the copyright." To prove infringement of any of a copyright owner's exclusive rights, a plaintiff must prove:

(1) ownership of a valid copyright, ... and

*(2) **copying of protected expression from the copyrighted work, which requires proving***

*(A) **copying from the copyrighted work, referred to as "copying in fact," ..., and***

*(B) **copying of protected expression from the copyrighted work, referred to as "improper appropriation...."***

(b) If the issue is contested, proving direct infringement also requires the plaintiff to prove that the defendant's conduct caused the infringement. If a defendant's conduct was not the cause of the infringement, the defendant may nevertheless be secondarily liable for infringement caused by someone else's conduct....

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In this chapter, we will examine both "copying in fact" and "improper appropriation," which we refer to in this book as "copying in law."

Additionally, in this chapter, you will study the **exclusive rights** that copyright law provides to copyright holders. Specifically, we study each of the exclusive rights set out in 17 U.S.C. § 106. Section 106 provides:

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

*(1) to **reproduce** the copyrighted work in copies or phonorecords;*

*(2) to **prepare derivative works** based upon the copyrighted work;*

*(3) to **distribute** copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;*

*(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to **perform the copyrighted work publicly**;*

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*(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to **display the copyrighted work publicly**; and*

*(6) in the case of **sound recordings**, to **perform the copyrighted work publicly by means of a digital audio transmission**.*

A defendant infringes by violating any of these exclusive rights without a defense (such as a limitation on infringement or exclusion of certain actions from infringement, which are set out in 17 U.S.C. §§ 107-122). We study some of these limitations and exclusions in this chapter, while deferring the most important infringement defense—fair use—to Chapter VI. In Chapter VII, we will turn to direct and secondary liability, and in Chapter VIII, to copyright litigation and remedies.

In this chapter, we also address the exclusive rights that copyright owners might have in the **characters** that appear in their works by virtue of §§ 106(1)-(2), the **moral rights** that copyright owners might hold by virtue of §§ 106 and 106A (and other laws), and the exclusive right to **import** copies of a copyrighted work that is corollary to § 106(3) and is found in 17 U.S.C. § 602.

A. Infringement Elements

Before delving into each of the exclusive rights that copyright law confers, it is helpful to identify and distinguish the two constituent elements of infringement of any of the exclusive rights conferred by copyright law: (1) **copying in fact**, and (2) **copying in law**. The element of “copying in fact” is established by showing that the defendant actually used some elements of the plaintiff’s work (potentially including use of unprotected elements such as ideas) to make the defendant’s allegedly infringing work. That is, the first part of the infringement tests asks whether, as a factual matter, the defendant copied from the plaintiff’s work. Assuming the answer to the copying-in-fact inquiry is yes, the copying is nonetheless only actionable if there is also copying in law. “Copying in law” is established when the defendant’s copying is sufficient—both quantitatively and qualitatively—to provoke legal liability for infringement.

Courts frequently use other terms to refer to each of these elements. For example, sometimes they call copying in fact “actual copying.” Sometimes, they call copying in law “substantial similarity.” Sometimes, they don’t distinguish between these two copying elements at all. And sometimes, they simply refer to one of the two elements as “copying.” These differing labels and lack of distinction between the two inquiries can make it hard to know which element of the infringement analysis a court is referencing, unless the surrounding context is helpful to disambiguate the two elements. Be attentive to disambiguating the two copying elements in your analysis.

Although copying in fact and copying in law must both be shown to establish a defendant’s infringement of any of the copyright holder’s exclusive rights, we will explore these two elements separately only in the following section, in the context of the reproduction right. **Make sure to include both copying elements in your analysis regardless of which exclusive right is at issue.** With that said, we now turn to look at each of the exclusive rights in turn.

B. Reproduction Right

The copyright holder’s right “to reproduce the copyrighted work in copies or phonorecords,” set out in § 106(1), is a central right, and the right most commonly asserted in infringement actions. A defendant’s work cannot infringe the plaintiff’s reproduction right unless the work is fixed, because the plaintiff’s reproduction right is

infringed only if the plaintiff's work is reproduced "in copies or phonorecords." (Recall this fixation requirement discussed in Chapter II.)

As you shall see, the reproduction right is not just the right to make exact copies of a copyrighted work; it also covers partial copying of a plaintiff's work sufficient to make the defendant's work "substantially similar" to the protected elements in the plaintiff's work. In addition, the reproduction right has been typically understood to include copies in a different medium than that of the underlying copyrighted work. Note also that there need not be any distribution to violate the reproduction right. If you make a copy of someone's copyrighted work and lock it up in a desk drawer to gather dust, you will be infringing that person's right of reproduction (absent a valid defense).

In this section, we will at the outset explore the first infringement element—copying in fact—through the lens of the reproduction right. We then turn to the second infringement requirement of copying in law, which we explore in three contexts: de minimis copies, substantially similar copies, and exact copies.

1. Copying in Fact

As you read the following case, take note of how a plaintiff can establish that a defendant copied in fact. Do you find the plaintiff's evidence convincing? Or the defendant's attempts to rebut that evidence? Consider what this opinion suggests about the mens rea required for copyright infringement.

Three Boys Music Corporation v. Michael Bolton

212 F.3d 477 (9th Cir. 2000)

NELSON, J.:

[1] In 1994, a jury found that Michael Bolton's 1991 pop hit, "Love Is a Wonderful Thing," infringed on the copyright of a 1964 Isley Brothers' song of the same name. The district court denied Bolton's motion for a new trial and affirmed the jury's award of \$5.4 million....

[2] We affirm....

[3] The Isley Brothers, one of this country's most well-known rhythm and blues groups, have been inducted into the Rock and Roll Hall of Fame. They helped define the soul sound of the 1960s with songs such as "Shout," "Twist and Shout," and "This Old Heart of Mine," and they mastered the funky beats of the 1970s with songs such as "Who's That Lady," "Fight the Power," and "It's Your Thing." In 1964, the Isley Brothers wrote and recorded "Love is a Wonderful Thing" for United Artists. The Isley Brothers received a copyright for "Love is a Wonderful Thing" from the Register of Copyrights on February 6, 1964. The following year, they switched to the famous Motown label and had three top-100 hits including "This Old Heart of Mine."

[4] Hoping to benefit from the Isley Brothers' Motown success, United Artists released "Love is a Wonderful Thing" in 1966. The song was not released on an album, only on a 45-record as a single. Several industry publications predicted that "Love is a Wonderful Thing" would be a hit—"Cash Box" on August 27, 1966, "Gavin Report" on August 26, 1966, and "Billboard" on September 10, 1966. On September 17, 1966, Billboard listed "Love is a Wonderful Thing" at number 110 in a chart titled "Bubbling Under the Hot 100." The song was never listed on any other Top 100 charts. In 1991, the Isley Brothers' "Love is a Wonderful Thing" was released on compact disc.

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[5] Michael Bolton is a singer/songwriter who gained popularity in the late 1980s and early 1990s by reviving the soul sound of the 1960s. Bolton has orchestrated this soul-music revival in part by covering old songs such as Percy Sledge's "When a Man Love a Woman" and Otis Redding's "(Sittin' on the) Dock of the Bay." Bolton also has written his own hit songs. In early 1990, Bolton and [co-author Andrew] Goldmark wrote a song called "Love Is a Wonderful Thing." Bolton released it as a single in April 1991, and as part of Bolton's album, "Time, Love and Tenderness." Bolton's "Love Is a Wonderful Thing" finished 1991 at number 49 on Billboard's year-end pop chart.

[6] On February 24, 1992, Three Boys Music Corporation filed a copyright infringement action [T]he jury determined that the appellants had infringed the Isley Brothers' copyright.... On May 9, 1994, the district court entered judgment in favor of the Isley Brothers

[7] Proof of copyright infringement is often highly circumstantial A copyright plaintiff must prove (1) ownership of the copyright; and (2) infringement—that the defendant copied protected elements of the plaintiff's work. Absent direct evidence of copying, proof of infringement involves fact-based showings that [1] the defendant had "access" to [and actually copied from] the plaintiff's work and [2] that the two works are "substantially similar." ...

[8] Proof of access requires an opportunity to view or to copy plaintiff's work. This is often described as providing a reasonable opportunity or reasonable possibility of viewing the plaintiff's work. We have defined reasonable access as more than a bare possibility.

[9] Circumstantial evidence of reasonable access is proven in one of two ways: (1) a particular chain of events is established between the plaintiff's work and the defendant's access to that work (such as through dealings with a publisher or record company), or (2) the plaintiff's work has been widely disseminated....

[10] Proof of widespread dissemination is sometimes accompanied by a theory that copyright infringement of a popular song was subconscious. Subconscious copying has been accepted since Learned Hand embraced it in a 1924 music infringement case: "Everything registers somewhere in our memories, and no one can tell what may evoke it.... Once it appears that another has in fact used the copyright as the source of this production, he has invaded the author's rights. It is no excuse that in so doing his memory has played him a trick." *Fred Fisher, Inc. v. Dillingham*, 298 F. 145, 147–48 (S.D.N.Y. 1924).

[11] In modern cases, ... the theory of subconscious copying has been applied to songs that are ... remote in time. *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988 (2d Cir.1983), is the most prominent example. In *ABKCO*, the Second Circuit affirmed a jury's verdict that former Beatle George Harrison, in writing the song "My Sweet Lord," subconsciously copied The Chiffons' "He's So Fine," which was released six years earlier. Harrison admitted hearing "He's So Fine" in 1963, when it was number one on the Billboard charts in the United States for five weeks and one of the top 30 hits in England for seven weeks.... In *ABKCO*, ... the court found that "the similarity was so striking and where access was found, the remoteness of that access provides no basis for reversal." Furthermore, the mere lapse of a considerable period of time between the moment of access and the creation of defendant's work does not preclude a finding of copying.

[12] The Isley Brothers' access argument was based on a theory of widespread dissemination and subconscious copying. They presented evidence supporting four principal ways that Bolton and Goldmark could have had access to the Isley Brothers' "Love is a Wonderful Thing":

[13] (1) Bolton grew up listening to groups such as the Isley Brothers and singing their songs. In 1966, Bolton and Goldmark were 13 and 15, respectively, growing up in Connecticut. Bolton testified that he had been listening to rhythm and blues music by black singers since he was 10 or 11, "appreciated a lot of Black singers,"

and as a youth was the lead singer in a band that performed “covers” of popular songs by black singers. Bolton also testified that his brother had a “pretty good record collection.”

[14] (2) Three disk jockeys testified that the Isley Brothers’ song was widely disseminated on radio and television stations where Bolton and Goldmark grew up. First, Jerry Blavitt testified that the Isley Brothers’ “Love is a Wonderful Thing” was played five or six times during a 13-week period on the television show, “The Discophonic Scene,” which he said aired in Philadelphia, New York, and Hartford-New Haven. Blavitt also testified that he played the song two to three times a week as a disk jockey in Philadelphia and that the station is still playing the song today. Second, Earl Rodney Jones testified that he played the song a minimum of four times a day during an eight to 14 to 24 week period on WVON radio in Chicago, and that the station is still playing the song today. Finally, Jerry Bledsoe testified that he played the song on WUFO radio in Buffalo, and WWRL radio in New York was playing the song in New York in 1967 when he went there. Bledsoe also testified that he played the song twice on a television show, “Soul,” which aired in New York and probably in New Haven, Connecticut, where Bolton lived.

[15] (3) Bolton confessed to being a huge fan of the Isley Brothers and a collector of their music. Ronald Isley testified that when Bolton saw Isley at the Lou Rawls United Negro College Fund Benefit concert in 1988, Bolton said, “I know this guy. I go back with him. I have all his stuff.” Angela Winbush, Isley’s wife, testified about that meeting that Bolton said, “This man needs no introduction. I know everything he’s done.”

[16] (4) Bolton wondered if he and Goldmark were copying a song by another famous soul singer. Bolton produced a work tape attempting to show that he and Goldmark independently created their version of “Love Is a Wonderful Thing.” On that tape of their recording session, Bolton asked Goldmark if the song they were composing was Marvin Gaye’s “Some Kind of Wonderful.” The district court, in affirming the jury’s verdict, wrote about Bolton’s Marvin Gaye remark:

This statement suggests that Bolton was contemplating the possibility that the work he and Goldmark were creating, or at least a portion of it, belonged to someone else, but that Bolton wasn’t sure who it belonged to. A reasonable jury can infer that Bolton mistakenly attributed the work to Marvin Gaye, when in reality Bolton was subconsciously drawing on Plaintiff’s song.

[17] The appellants contend that the Isley Brothers’ theory of access amounts to a “twenty-five-years-after-the-fact-subconscious copying claim.” Indeed, this is a more attenuated case of reasonable access and subconscious copying than *ABKCO*. In this case, the appellants never admitted hearing the Isley Brothers’ “Love is a Wonderful Thing.” That song never topped the Billboard charts or even made the top 100 for a single week. The song was not released on an album or compact disc until 1991, a year after Bolton and Goldmark wrote their song....

[18] Despite the weaknesses of the Isley Brothers’ theory of reasonable access, the appellants had a full opportunity to present their case to the jury. Three rhythm and blues experts (including legendary Motown songwriter Lamont Dozier of Holland-Dozier-Holland fame) testified that they never heard of the Isley Brothers’ “Love is a Wonderful Thing.” Furthermore, Bolton produced copies of “TV Guide” from 1966 suggesting that the television shows playing the song never aired in Connecticut. Bolton also pointed out that 129 songs called “Love is a Wonderful Thing” are registered with the Copyright Office, 85 of them before 1964.

[19] The Isley Brothers’ reasonable access arguments are not without merit. Teenagers are generally avid music listeners. It is entirely plausible that two Connecticut teenagers obsessed with rhythm and blues music could remember an Isley Brothers’ song that was played on the radio and television for a few weeks, and subconsciously copy it twenty years later. Furthermore, Ronald Isley testified that when they met, Bolton said,

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"I have all his stuff." Finally, as the district court pointed out, Bolton's remark about Marvin Gaye and "Some Kind of Wonderful" indicates that Bolton believed he may have been copying someone else's song....

[20] Although we might not reach the same conclusion as the jury regarding access, we find that the jury's conclusion about access is supported by substantial evidence....

[21] Bolton and Goldmark also contend that their witnesses rebutted the Isley Brothers' prima facie case of copyright infringement with evidence of independent creation. By establishing reasonable access and substantial similarity, a copyright plaintiff creates a presumption of copying. The burden shifts to the defendant to rebut that presumption through proof of independent creation.

[22] The appellants' case of independent creation hinges on three factors: the work tape demonstrating how Bolton and Goldmark created their song [and] Bolton and Goldmark's history of songwriting The jury, however, heard the testimony of Bolton [and] Goldmark ... about independent creation. The work tape revealed evidence that Bolton may have subconsciously copied a song that he believed to be written by Marvin Gaye. Bolton and Goldmark's history of songwriting presents no direct evidence about this case.... Once again, we refuse to disturb the jury's determination about independent creation. The substantial evidence of copying based on access and substantial similarity was such that a reasonable juror could reject this defense....

NOTES

1. Some courts have held that in establishing copying in fact via circumstantial evidence of access and similarity, an "inverse ratio" rule applies. According to this rule, courts accept "a lower standard of proof of ... similarity when a high degree of access is shown." *Rentmeester v. Nike, Inc.*, 883 F.3d 1111, 1124 (9th Cir. 2018). Similarly, they accept a lesser degree of access when a high degree of similarity is shown. Yet most circuits have by now rejected this rule. As the Ninth Circuit explained in renouncing the rule:

As we struggled with the inverse ratio rule over the years, the Second Circuit rejected it ..., describing the idea as a "superficially attractive apophthegm which upon examination confuses more than it clarifies." Arc Music Corp. v. Lee, 296 F.2d 186, 187 (2d Cir. 1961). *The court reasoned that "access will not supply [similarity's] lack, and an undue stress upon that one feature can only confuse and even conceal this basic requirement." ...*

The Second Circuit also identified the problematic implications of this principle where access is very high and similarity very low: "[t]he logical outcome of the claimed principle is obviously that proof of actual access will render a showing of similarities entirely unnecessary." However, "it does not follow that 'more' access increases the likelihood of copying." David Aronoff, Exploding the "Inverse Ratio Rule," 55 J. COPYRIGHT SOC'Y 125 (2008). Yet that is what the rule compels....

... [T]he inverse ratio rule unfairly advantages those whose work is most accessible by lowering the standard of proof for similarity. Thus the rule benefits those with highly popular works ..., which are also highly accessible. But nothing in copyright law suggests that a work deserves stronger legal protection simply because it is more popular or owned by better-funded rights holders....

.... Access does not obviate the requirement that the plaintiff must demonstrate that the defendant actually copied the work. By rejecting the inverse ratio rule, we are not suggesting that access cannot serve as circumstantial evidence of actual copying in all cases....

Skidmore v. Led Zeppelin, 952 F.3d 1051, 1068-69 (9th Cir. 2020) (en banc). Do you think the "inverse ratio" rule is sensible, or is copyright law better off without it?

2. Does it make sense as a matter of copyright policy for subconscious copying to be actionable? For different perspectives on this issue, see Shyamkrishna Balganesh, *Copyright as Market Prospect*, 166 U. PA. L. REV. 443, 492-96 (2018); Robin Feldman, *The Role of the Subconscious in Intellectual Property Law*, 2 HASTINGS SCI. & TECH. L.J. 1, 4-10 (2010); Wendy J. Gordon, *Toward a Jurisprudence of Benefits: The Norms of Copyright and the Problem of Private Censorship*, 57 U. CHI. L. REV. 1009, 1028-32 (1990); Carrisa L. Alden, Note, *A Proposal to Replace the Subconscious Copying Doctrine*, 29 CARDOZO L. REV. 1729 (2008).

Should it make a difference if the defendant admits to having been aware of the plaintiff's work (even while denying having copied it in fact)? By contrast to *Three Boys Music*, in which Michael Bolton denied having heard the Isley Brothers' song, in *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*—referenced above—George Harrison admitted to being aware of The Chiffons' "He's So Fine," even while denying having copied it.

Should it matter how remote in time a plaintiff's work is from the defendant's in a claim for subconscious copying?

In the internet age, with so much copyrighted material accessible online, is it easier or harder to establish copying in fact if subconscious copying is actionable?

3. For an argument that contemporary psychological notions of memory, copying, and creativity suggest there is no such thing as independent creation, see Christopher Buccafusco, *There's No Such Thing as Independent Creation, and It's a Good Thing, Too*, 64 WM. & MARY L. REV. 1617 (2023). If this argument is correct, what are the implications for infringement doctrine?

Focus in the following case on the evidence that suffices to show copying in fact. Is the court's rule clear? Is the rule the same across all categories of copyrightable subject matter and genres? Should it be?

Ronald H. Selle v. Barry Gibb

741 F.2d 896 (7th Cir. 1984)

CUDAHY, J.:

[1] The plaintiff, Ronald H. Selle, brought a suit against three brothers, Maurice, Robin and Barry Gibb, known collectively as the popular singing group, the Bee Gees, alleging that the Bee Gees, in their hit tune, "How Deep Is Your Love," had infringed the copyright of his song, "Let It End." The jury returned a verdict in plaintiff's favor on the issue of liability The district court ... granted the defendants' motion for judgment notwithstanding the verdict and, in the alternative, for a new trial. We affirm the grant of the motion for judgment notwithstanding the verdict....

[2] Selle composed his song, "Let It End," in one day in the fall of 1975 and obtained a copyright for it on November 17, 1975. He played his song with his small band two or three times in the Chicago area and sent a tape and lead sheet of the music to eleven music recording and publishing companies. Eight of the companies returned the materials to Selle; three did not respond. This was the extent of the public dissemination of Selle's song. Selle first became aware of the Bee Gees' song, "How Deep Is Your Love," in May 1978 and thought that he recognized the music as his own, although the lyrics were different. He also saw the movie, "Saturday Night Fever," the sound track of which features the song "How Deep Is Your Love," and again recognized the music.

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He subsequently sued the three Gibb brothers; Paramount Pictures Corporation, which made and distributed the movie; and Phonodisc, Inc., now known as Polygram Distribution, Inc., which made and distributed the cassette tape of “How Deep Is Your Love.”

[3] The Bee Gees are internationally known performers and creators of popular music.... The Bee Gees, however, do not themselves read or write music. In composing a song, their practice was to tape a tune, which members of their staff would later transcribe and reduce to a form suitable for copyrighting, sale and performance by both the Bee Gees and others.

[4] In addition to their own testimony at trial, the Bee Gees presented testimony by their manager, Dick Ashby, and two musicians, Albhy Galuten and Blue Weaver, who were on the Bee Gees’ staff at the time “How Deep Is Your Love” was composed. These witnesses described in detail how, in January 1977, the Bee Gees and several members of their staff went to a recording studio in the Chateau d’Herouville[,], about 25 miles northwest of Paris. There the group composed at least six new songs and mixed a live album. Barry Gibb’s testimony included a detailed explanation of a work tape which was introduced into evidence and played in court. This tape preserves the actual process of creation during which the brothers, and particularly Barry, created the tune of the accused song while Weaver, a keyboard player, played the tune which was hummed or sung by the brothers. Although the tape does not seem to preserve the very beginning of the process of creation, it does depict the process by which ideas, notes, lyrics and bits of the tune were gradually put together.

[5] Following completion of this work tape, a demo tape was made....

[6] The only expert witness to testify at trial was Arrand Parsons, a professor of music at Northwestern University who has had extensive professional experience primarily in classical music. He has been a program annotator for the Chicago Symphony Orchestra and the New Orleans Symphony Orchestra and has authored works about musical theory. Prior to this case, however, he had never made a comparative analysis of two popular songs. Dr. Parsons testified on the basis of several charts comparing the musical notes of each song and a comparative recording prepared under his direction.

[7] According to Dr. Parsons’ testimony, the first eight bars of each song (Theme A) have twenty-four of thirty-four notes in plaintiff’s composition and twenty-four of forty notes in defendants’ composition which are identical in pitch and symmetrical position. Of thirty-five rhythmic impulses in plaintiff’s composition and forty in defendants’, thirty are identical. In the last four bars of both songs (Theme B), fourteen notes in each are identical in pitch, and eleven of the fourteen rhythmic impulses are identical. Both Theme A and Theme B appear in the same position in each song but with different intervening material.

[8] Dr. Parsons testified that, in his opinion, “the two songs had such striking similarities that they could not have been written independent of one another.” He also testified that he did not know of two songs by different composers “that contain as many striking similarities” as do the two songs at issue here. However, on several occasions, he declined to say that the similarities could only have resulted from copying.

[9] Following presentation of the case, the jury returned a verdict for the plaintiff on the issue of liability [The district court judge], however, granted the defendants’ motion for judgment notwithstanding the verdict and, in the alternative, for a new trial. [The judge] relied primarily on the plaintiff’s inability to demonstrate that the defendants had access to the plaintiff’s song, without which a claim of copyright infringement could not prevail regardless how similar the two compositions are. Further, the plaintiff failed to contradict or refute the testimony of the defendants and their witnesses describing the independent creation process of “How Deep Is Your Love.” ...

[10] Selle’s primary contention on this appeal is that the district court misunderstood the theory of proof of copyright infringement on which he based his claim. Under this theory, copyright infringement can be

demonstrated when, even in the absence of any direct evidence of access, the two pieces in question are so strikingly similar that access can be inferred from such similarity alone. Selle argues that the testimony of his expert witness, Dr. Parsons, was sufficient evidence of such striking similarity that it was permissible for the jury, even in the absence of any other evidence concerning access, to infer that the Bee Gees had access to plaintiff's song and indeed copied it....

[11] Proof of copying is crucial to any claim of copyright infringement because no matter how similar the two works may be (even to the point of identity), if the defendant did not copy the accused work, there is no infringement. However, because direct evidence of copying is rarely available, the plaintiff can rely upon circumstantial evidence to prove this essential element, and the most important component of this sort of circumstantial evidence is proof of access....

[12] If, however, the plaintiff does not have direct evidence of access, then an inference of access may still be established circumstantially by proof of similarity which is so striking that the possibilities of independent creation, coincidence and prior common source are, as a practical matter, precluded. If the plaintiff presents evidence of striking similarity sufficient to raise an inference of access, then copying is presumably proved simultaneously The theory which Selle attempts to apply to this case is based on proof of copying by circumstantial proof of access established by striking similarity between the two works.

[13] One difficulty with plaintiff's theory is that no matter how great the similarity between the two works, it is not their similarity *per se* which establishes access; rather, their similarity tends to prove access in light of the nature of the works, the particular musical genre involved and other circumstantial evidence of access. In other words, striking similarity is just one piece of circumstantial evidence tending to show access and must not be considered in isolation; it must be considered together with other types of circumstantial evidence relating to access.

[14] As a threshold matter, therefore, it would appear that there must be at least some other evidence which would establish a reasonable possibility that the complaining work was *available* to the alleged infringer. As noted, two works may be identical in every detail, but, if the alleged infringer created the accused work independently or both works were copied from a common source in the public domain, then there is no infringement. Therefore, if the plaintiff admits to having kept his or her creation under lock and key, it would seem logically impossible to infer access through striking similarity. Thus, although it has frequently been written that striking similarity *alone* can establish access, the decided cases suggest that this circumstance would be most unusual. The plaintiff must always present sufficient evidence to support a reasonable possibility of access because the jury cannot draw an inference of access based upon speculation and conjecture alone....

[15] Selle's song certainly did not achieve [a great] extent of public dissemination ..., and there was also no evidence that any of the defendants or their associates were in Chicago on the two or three occasions when the plaintiff played his song publicly.... [I]n this case, the availability of Selle's song, as shown by the evidence, was virtually *de minimis*....

[16] [The district court judge] ... based his decision on what he characterized as the plaintiff's inability to raise more than speculation that the Bee Gees had access to his song. The extensive testimony of the defendants and their witnesses describing the creation process went essentially uncontradicted, and there was no attempt even to impeach their credibility.... [The judge]'s conclusions that there was no more than a bare possibility that the defendants could have had access to Selle's song and that this was an insufficient basis from which the jury could have reasonably inferred the existence of access seem correct. The plaintiff has failed to meet even the minimum threshold of proof of the possibility of access

As you read the following case, consider whether it is in tension with *Selle* on the “copying in fact” element. If so, how? If not, why not?

Ty, Inc. v. GMA Accessories, Inc.

132 F.3d 1167 (7th Cir. 1997)

POSNER, C.J.:

[1] Ty, the manufacturer of the popular “Beanie Babies” line of stuffed animals, has obtained a preliminary injunction under the Copyright Act against the sale by GMA ... of “Preston the Pig” and “Louie the Cow.” These are bean-bag animals manufactured by GMA that Ty contends are copies of its copyrighted pig (“Squealer”) and cow (“Daisy”). Ty began selling the “Beanie Babies” line, including Squealer, in 1993, and it was the popularity of the line that induced GMA to bring out its own line of bean-bag stuffed animals three years later. GMA does not contest the part of the injunction that enjoins the sale of Louie, but asks us on a variety of grounds to vacate the other part, the part that enjoins it from selling Preston....

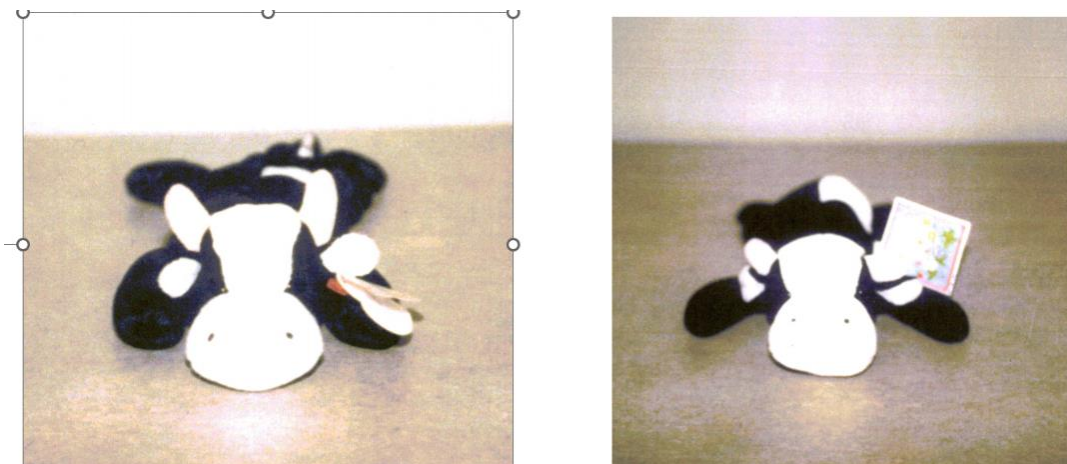


Figure 50: GMA's Daisy the Cow (left), Ty's Louie the Cow (right)

[2] The two pigs are so nearly identical that if the second is a copy of the first, the second clearly infringes Ty's copyright. But identity is not infringement. The Copyright Act forbids only copying; if independent creation results in an identical work, the creator of that work is free to sell it. The practical basis for this rule is that unlike the case of patents and trademarks, the creator of an expressive work—an author or sculptor or composer—cannot canvass the entire universe of copyrighted works to discover whether his poem or song or, as in this case, “soft sculpture” is identical to some work in which copyright subsists, especially since unpublished, unregistered works are copyrightable. But identity can be powerful evidence of copying. The more a work is both like an already copyrighted work *and*—for this is equally important—unlike anything that is in the public domain, the less likely it is to be an independent creation. As is generally true in the law, circumstantial evidence—evidence merely probabilistic rather than certain—can confer sufficient confidence on an inference, here of copying, to warrant a legal finding.

[3] The issue of copying can be broken down into two subissues. The first is whether the alleged copier had access to the work that he is claimed to have copied; the second is whether, if so, he used his access to copy. It might seem that access could not be an issue where, as in this case, the allegedly copied work is a mass-

produced consumer product purchasable for \$5. But we shall see that GMA has attempted to make an issue of access.



Figure 51: GMA's Preston the Pig (left), Ty's Squealer the Pig (right)



Figure 52: GMA's Preston the Pig (left), Ty's Squealer the Pig (right)

[4] Obviously, access does not entail copying. An eyewitness might have seen the defendant buy the copyrighted work; this would be proof of access, but not of copying. But copying entails access. If, therefore, two works are so similar as to make it highly probable that the later one is a copy of the earlier one, the issue of access need not be addressed separately, since if the later work was a copy its creator must have had access to the original. *Selle v. Gibb*, 741 F.2d 896, 901 (7th Cir. 1984). Of course the inference of access, and hence of copying, could be rebutted by proof that the creator of the later work could not have seen the earlier one or (an alternative mode of access) a copy of the earlier one.... [W]e do not read our decision in *Selle* to hold or imply ... that no matter how closely the works resemble each other, the plaintiff must produce some (other) evidence of access. He must produce evidence of access, all right—but, as we have just said, and as is explicit in *Selle* itself, a similarity that is so close as to be highly unlikely to have been an accident of independent creation is evidence of access.

[5] What troubled us in *Selle* but is not a factor here is that two works may be strikingly similar—may in fact be identical—not because one is copied from the other but because both are copies of the same thing in the public domain. In such a case—imagine two people photographing Niagara Falls from the same place at the same time of the day and year and in identical weather—there is no inference of access to anything but the public domain, and, equally, no inference of copying from a copyrighted work. A similarity may be striking without being suspicious.

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[6] But here it is both. GMA's pig is strikingly similar to Ty's pig but not to anything in the public domain—a real pig, for example The parties' bean-bag pigs bear little resemblance to real pigs even if we overlook the striking anatomical anomaly of Preston—he has three toes, whereas real pigs have cloven hooves. We can imagine an argument that the technology of manufacturing bean-bag animals somehow prevents the manufacturer from imitating a real pig. But anyone even slightly familiar with stuffed animals knows that there are many lifelike stuffed pigs on the market, and whether they are stuffed with beans or other materials does not significantly affect their verisimilitude

[7] Real pigs are not the only pigs in the public domain. But GMA has not pointed to any fictional pig in the public domain that Preston resembles. Preston resembles only Squealer, and resembles him so closely as to warrant an inference that GMA copied Squealer. In rebuttal all that GMA presented was the affidavit of the designer, Salmon, who swears, we must assume truthfully, that she never looked at a Squealer before submitting her design. But it is not her design drawing that is alleged to infringe the copyright on Squealer; it is the manufactured Preston, the soft sculpture itself, which ... is much more like Squealer than Salmon's drawing is....

[8] We find no error of law, no clear error of fact, and no abuse of discretion in the grant of the preliminary injunction to Ty....

NOTES

1. Do you find *Selle* and *Ty* to be consistent with one another? If so, how do you reconcile them?
2. Judge Posner labels the plaintiff's and defendant's stuffed pigs as "so nearly identical." Is that right (even discounting the differences that appear to have been manufactured by the defendants)? List out the differences that you can spot.
3. After reading these cases, do you think a conclusion of copying in fact is inevitable whenever there are sufficient similarities between a plaintiff's work and a defendant's work? Does the widespread availability of content on the internet affect your thinking? Are there reasons specific to the relevant genre of the plaintiff's and defendant's works in any case that might make it seem as if there were copying in fact when there might not have been?
4. Patent law takes a different approach than copyright law in not requiring any copying in fact to establish patent infringement. That is, independent creation is no defense to patent infringement. Do you think this approach might make sense in copyright law as well? In the patent context, scholars debate whether patent law should include copyright law's requirement of establishing copying in fact as an element of patent infringement. See, e.g., Mark A. Lemley, *Should Patent Infringement Require Proof of Copying?*, 105 MICH. L. REV. 1525 (2007); Stephen M. Maurer & Suzanne Scotchmer, *The Independent Invention Defence in Intellectual Property*, 69 ECONOMICA 535 (2002); Carl Shapiro, *Prior User Rights*, AM. ECON. REV. 92, 95 (2006); Samson Vermont, *Independent Invention as a Defense to Patent Infringement*, 105 MICH. L. REV. 475 (2006).
5. Can you think about how a defendant might go about documenting independent creation? Are there policies businesses can put in place to make it easier to show there has been no copying in fact?
6. Permitting striking similarity in and of itself to establish copying in fact has long roots, going back at least to the Second Circuit's decision in *Arnstein v. Porter*, 154 F.2d 464 (2d Cir. 1946). In that decision, Judge Frank states that "[i]n some cases, the similarities between the plaintiff's and defendant's work are so extensive and striking as, without more, both to justify an inference of copying and to prove improper appropriation." That said, it is little applied. For example, in a copyright infringement lawsuit by the writers of the screenplay *Dodgeball: The Movie* against the producers and distributors of the movie *Dodgeball: A True Underdog Story*, the

district court held there could be no striking similarity to establish copying in fact as a matter of law. *Price v. Fox Entertainment Group, Inc.*, 499 F. Supp. 2d 382 (S.D.N.Y. 2007). Even though the judge noted that both works are “about a dodgeball competition in which a team of misfits or underdogs are pitted against a stronger team of bullies,” there were also many differences and the similarities were not of the type that would support an inference of copying:

For example, although dodgeball is the central sport in both works, the sport is not presented and used in the same manner. In the Screenplay, dodgeball is the ... major sport in the town, and the main characters grew up aspiring to be good dodgeball players. Indeed, dodgeball was a major subject of rivalry since childhood between the main character, Matt, and Mitch. In the Movie, by contrast, the characters stumble upon adult dodgeball through a sports magazine that highlights obscure sports. Neither the main character, Peter, nor his rival, White, had ever played dodgeball before, nor was it ever a subject of their rivalry until they enter the tournament.

Moreover, the main character’s love interest in the Screenplay shifts from one person, the cheerleader, to another, the coach’s sister Sam, whereas in the Movie, the main character’s love interest remains constant on Kate, the lawyer who is hired by the rival gym to foreclose the mortgage on Average Joe’s gym. Even on a more abstract level, in the Screenplay, Matt’s main motivation was to win the affection of Jessica away from Mitch, the stereotypical popular high school jock with his cheerleader girlfriend; saving his friend’s mother’s bar was secondary. In the Movie, however, there was never any competition on Peter’s part to win the affection of Kate from White, because Kate was repulsed by White. Rather, Peter’s sole purpose was to keep his gym from being taken over by the corporate Globo Gym.

7. The Restatement of Copyright distills the elements of copying in fact as follows:

(a) Proving copying in fact requires the plaintiff to prove some material was copied from the plaintiff’s copyrighted work or from another source that had been copied (directly or indirectly) from the plaintiff’s copyrighted work.

(b) A plaintiff may prove copying in fact directly or with circumstantial evidence. Circumstantial evidence can consist of evidence of either:

(1) access and probative similarity, which requires showing that

(A) the alleged copier had access to the plaintiff’s copyrighted work prior to or during the alleged copying, and

(B) the similarities between the allegedly infringing material and the plaintiff’s copyrighted work are sufficient to support an inference of copying; or

(2) striking similarity, which requires showing that the allegedly infringing material is identical or so similar to plaintiff’s copyrighted work such that, considering all the circumstances, there is no reasonable explanation for the identity or similarities other than copying from the plaintiff’s work.

(c) If the defendant proves that the allegedly infringing material was independently created rather than copied, directly or indirectly, from the plaintiff’s copyrighted work, there was no copying in fact from the plaintiff’s work and therefore no liability for copyright infringement.

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2. Copying in Law

We now turn to the second infringement element, of copying in law. Recall that the element of “copying in law” is established when the defendant’s copying is sufficient, quantitatively and qualitatively, to provoke legal liability for infringement. As the Restatement of Copyright puts it, “Proving improper appropriation requires the plaintiff to prove that sufficient protected expression was copied from the copyrighted work such that there is a substantial similarity between the alleged infringing use and the copyrighted work.” Restatement of the Law, Copyright, Tentative Draft No. 4, § 7.04, copyright © 2023 by The American Law Institute. Reproduced with permission, not as part of a Creative Commons license.

In this section, we explore copying in law in three different contexts: the **de minimis copy**, the **substantially similar copy**, and the **exact copy**. As you will see, copyright law handles each context somewhat differently.

a. De Minimis Copy

De minimis copying can be found when the defendant’s copying is minimal in a legally salient way. Two recurring scenarios that can sometimes be labeled de minimis copying are (1) when the defendant copies the plaintiff’s entire work but it appears as an insignificant aspect of the defendant’s work, and (2) when the defendant copies but a minimal part of the plaintiff’s work.

As you read the following case, think about how to evaluate when copying is minimal enough that it ought not to qualify as copying in law. Also, from whose perspective is this evaluation made?

Itoffee R. Gayle v. Home Box Office, Inc.

126 U.S.P.Q.2d 1760 (S.D.N.Y. 2018)

FURMAN, J.:

[1] Plaintiff Itoffee R. Gayle, proceeding *pro se*, brings this action against Home Box Office, Inc. (“HBO”) alleging copyright infringement. Gayle’s claims derive from the brief depiction of graffiti in the background of one scene in an episode of the HBO television series *Vinyl*. In the scene, a woman is shown walking down a New York City street and passing a dumpster tagged with graffiti stating “art we all” that Gayle claims is his intellectual property. Gayle alleges that HBO depicted the graffiti without permission, compensation, or attribution and thus infringed his copyright rights....

[2] HBO now moves ... to dismiss Gayle’s claims....

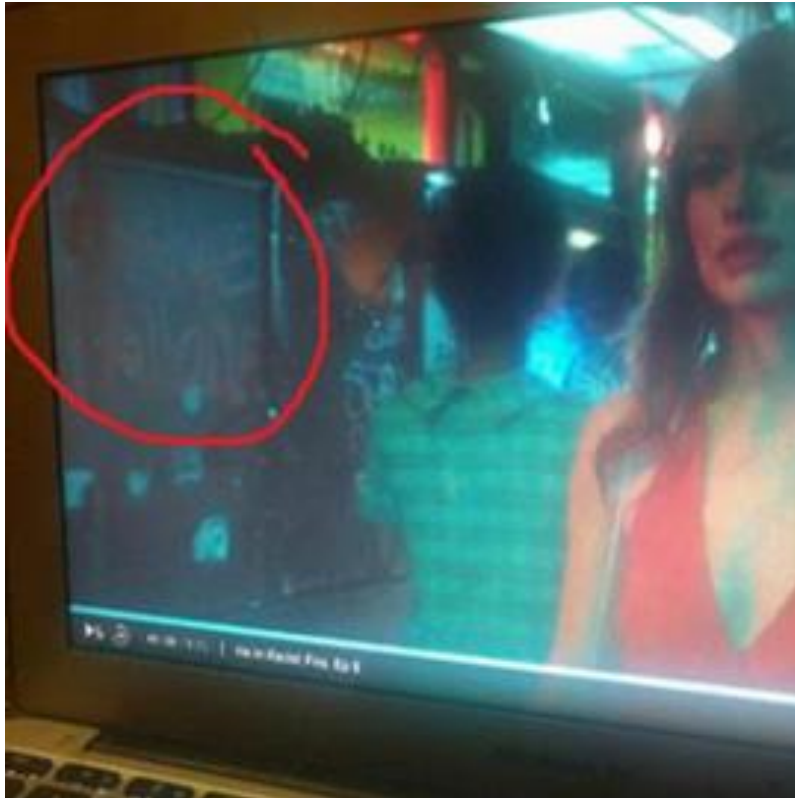


Figure 53: scene from HBO's *Vinyl* depicting Gayle's graffiti on the side of a garbage dumpster



Figure 54: Gayle's graffiti on a garbage dumpster

[3] To prevail on his claim of copyright infringement, Gayle must prove that (1) unauthorized copying of the copyrighted work occurred, and (2) the infringing work is substantially similar. Significantly, demonstrating substantial similarity requires showing both that work copied was protected expression and that the amount that was copied is more than *de minimis*. In the copyright arena, *de minimis* can mean what it means in most legal contexts: a technical violation of a right so trivial that the law will not impose legal consequences, or it can mean that copying has occurred to such a trivial extent as to fall below the quantitative threshold of substantial

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similarity, which is always a required element of actionable copying. In analyzing similarity, courts assess the extent to which the copyrighted work is copied in the allegedly infringing work, with a work's observability being paramount. Observability turns on the length of time the copyrighted work is observable as well as factors such as focus, lighting, camera angles, and prominence. The assessment is to be made from the viewpoint of an average lay observer.

[4] [This court]'s decision in *Gottlieb* [*Dev. LLC v. Paramount Pictures Corp.*, 590 F. Supp. 2d 625 (S.D.N.Y. 2008)], provides a helpful illustration of how these principles apply to claims of the sort at issue here. In that case, the plaintiff claimed that the defendant had infringed his copyright ... in a pinball machine by depicting it in the movie *What Women Want* starring Mel Gibson. [The court] dismissed the copyright claim on the ground that the defendant's use of the pinball machine was *de minimis* as a matter of law. [The court] explained:

The scene in question lasts only three-and-a-half minutes, and the machine appears in the scene sporadically, for no more than a few seconds at a time. More importantly, the pinball machine is always in the background; it is never seen in the foreground. It never appears by itself or in a close-up. It is never mentioned and plays no role in the plot. It is almost always partially obscured (by Gibson and pieces of furniture), and is fully visible for only a few seconds during the entire scene. The Designs (on the backglass and playfield of the pinball machine) are never fully visible and are either out of focus or obscured. Indeed, an average observer would not recognize the Designs as anything other than generic designs in a pinball machine....

[5] If *Gottlieb*'s claims were implausible, Gayle's border on frivolous. Whereas *Gottlieb*'s claims were based on three-and-a-half minutes of film, Gayle's claims are premised on a fleeting shot of barely visible graffiti painted on what appears to be a dumpster in the background of a single scene. The overall scene is brief, and the graffiti at issue appears on screen for no more than two to three seconds. Moreover, the graffiti is never pictured by itself or in a close-up, and it plays absolutely no role in the plot. Instead, the camera is focused on the actress in the foreground, who is well-lit and depicted in an eye-catching bright-red dress. By contrast, the graffiti is, at best, shown in the background at an oblique angle and in low, uneven light such that it is never fully visible, let alone legible. In fact, the graffiti is hard enough to notice when the video is paused at the critical moment. It is next to impossible to notice when viewing the episode in real time. In short, the graffiti was filmed in such a manner and appears so fleetingly that there is no plausible claim for copyright infringement here....

[6] As evidence that his graffiti was visible [and] observable to average lay viewers, Gayle points to an Instagram message from a user named "Goldpoo_" congratulating him on the appearance of the graffiti in the episode of *Vinyl*. But the anonymous "Goldpoo_" is hardly a stand-in for the average lay observer relevant to the copyright inquiry Citing a YouTube video featuring members of the series[] production team detailing the importance of graffiti in recreating the 1970s New York City theme, Gayle also asserts that HBO's use of his graffiti cannot be deemed *de minimis* because it was "certainly deliberate" and "very much consequential." But ... HBO's motive in depicting the graffiti is irrelevant to the *de minimis* inquiry. Where the use is *de minimis*, as here, the copying will not be actionable, even where the work was chosen to be in the background for some thematic relevance.

[7] Accordingly, Gayle's copyright ... claim[] must be and [is] dismissed

NOTES

1. Does the *de minimis* rule make sense as a matter of copyright policy? Why or why not? Does your thinking help you make sense of the perspective the court in *Gayle* used to evaluate the degree of copying?

2. In thinking about the ease of drawing the line between de minimis copying and more substantial copying, consider the Second Circuit's decision in *Ringgold v. Black Entertainment Television, Inc.*, 126 F.3d 70 (2d Cir. 1997). As shown in Figure 55, artist Faith Ringgold had painted *Church Picnic Story Quilt*, a "story quilt design," comprised of a silk-screen painting on a silk quilt. A poster of *Church Picnic Story Quilt* appears in the background of an episode of the *Roc* television series set in a Baltimore church hall. The quilt is either fully or partially visible in nine segments of the episode for between 1.86 and 4.16 seconds each time, for a total visibility of 26.75 seconds. (For one such scene, see Figure 56.)

The Second Circuit held that the defendants' use of Ringgold's work was more than de minimis:

From the standpoint of a quantitative assessment of the segments, the principal four-to-five-second segment in which almost all of the poster is clearly visible, albeit in less than perfect focus, reenforced by the briefer segments in which smaller portions are visible, all totaling 26 to 27 seconds, are not de minimis copying.

Defendants further contend that the segments showing any portion of the poster are de minimis from the standpoint of qualitative sufficiency and therefore not actionable copying because no protectable aspects of plaintiff's expression are discernible. In defendants' view, the television viewer sees no more than "some vague stylized [sic] painting that includes black people," and can discern none of Ringgold's particular expression of her subjects. That is about like saying that a videotape of the Mona Lisa shows only a painting of a woman with a wry smile. Indeed, it seems disingenuous for the defendant HBO, whose production staff evidently thought that the poster was well suited as a set decoration for the African-American church scene of a ROC episode, now to contend that no visually significant aspect of the poster is discernible. In some circumstances, a visual work, though selected by production staff for thematic relevance, or at least for its decorative value, might ultimately be filmed at such a distance and so out of focus that a typical program viewer would not discern any decorative effect that the work of art contributes to the set. But that is not this case. The painting component of the poster is recognizable as a painting, and with sufficient observable detail for the average lay observer to discern African-Americans in Ringgold's colorful, virtually two-dimensional style. The de minimis threshold for actionable copying of protected expression has been crossed.



Figure 55: Faith Ringgold's *Church Picnic Story Quilt*



Figure 56: scene from *Roc* television episode with a poster of Ringgold's work in the background

3. Instead of exempting de minimis copying from copyright infringement, would it be equally satisfying to count it as establishing copying in law but to award only trivial damages to the plaintiff?

4. The Ninth Circuit has held that the de minimis principle is used "to determine whether a work is infringing by analyzing the quantity and quality of the copying to determine if the allegedly infringing work is a recognizable copy of the original work." *Bell v. Wilmott Storage Servs., LLC*, 12 F.4th 1065 (9th Cir. 2021). By contrast, it noted that it has "never recognized a de minimis defense based on the allegedly minimal use of concededly infringing material," in this case a photograph of the Indianapolis skyline that was accessible on a website only through a reverse image search or knowledge of the precise web address of the photograph but not through ordinary navigation of the website. Does this approach differ from that of the courts in the Second Circuit?

5. Jessica Silbey and Samantha Zyontz empirically study those cases containing a de minimis defense since the mid-nineteenth century. Though the earliest invocation of the doctrine stems from a fair use decision, this doctrine takes on a life of its own and evolves. They find that in the earliest era, a de minimis defense would come up in cases involving fragmentary copying between competitors. Over time, this defense began to be invoked in cases involving wholesale copying claimed to be trivial. In both of these eras, courts would ask whether the defendant's work substitutes for the plaintiff's in the marketplace. In more recent years, the defense has been invoked in cases involving potential licensees rather than industry competitors and courts engage in a more complex evaluation akin to substantial similarity, to which we will turn shortly. Additionally, the de minimis defense has been invoked more since the digital era began. Silbey and Zyontz also find that even though one might think there is more trivial copying in this era, the defense does not succeed more than it did in prior eras. They posit that this consequence "bodes badly for the information age in which copying small bits of expression (or whole works momentarily) is essential for communication." Jessica Silbey & Samantha Zyontz, *De Minimis Copies: An Empirical Study*, 15 N.Y.U. J. INTELL. PROP. & ENT. L. (forthcoming 2025). Do you agree?

b. Substantially Similar Copy

Substantial similarity is the flip side of de minimis copying: It is copying that is sufficient to lead to a conclusion of copying in law. As its name suggests, the defendant's copying need not be exact to constitute a substantially similar copy. To get a feel for what constitutes a substantially similar copy, we will consider first some classic

cases and then some more contemporary ones. Because the tests for substantial similarity in the Second Circuit and the Ninth Circuit have diverged from one another since the 1970s—at least in the way each is articulated, if not applied—we will read multiple cases from each circuit.

i. Classic Cases

As you read this case, consider why copyright infringement might be found for copying that is not merely exact. Then, consider which similarities between a plaintiff's work and a defendant's work count toward a conclusion of substantial similarity, and thus copying in law.

Anne Nichols v. Universal Pictures Corporation

45 F.2d 119 (2d Cir. 1930)

HAND, J.:

[1] The plaintiff is the author of a play, 'Abie's Irish Rose,' which it may be assumed was properly copyrighted under ... the Copyright Act. The defendant produced publicly a motion picture ..., 'The Cohens and The Kellys,' which the plaintiff alleges was taken from it. As we think the defendant's play too unlike the plaintiff's to be an infringement, we may assume, arguendo, that in some details the defendant used the plaintiff's play, as will subsequently appear, though we do not so decide....

[2] 'Abie's Irish Rose' presents a Jewish family living in prosperous circumstances in New York. The father, a widower, is in business as a merchant, in which his son and only child helps him. The boy has philandered with young women, who to his father's great disgust have always been Gentiles, for he is obsessed with a passion that his daughter-in-law shall be an orthodox Jewess. When the play opens the son, who has been courting a young Irish Catholic girl, has already married her secretly before a Protestant minister, and is concerned to soften the blow for his father, by securing a favorable impression of his bride, while concealing her faith and race. To accomplish this he introduces her to his father at his home as a Jewess, and lets it appear that he is interested in her, though he conceals the marriage. The girl somewhat reluctantly falls in with the plan; the father takes the bait, becomes infatuated with the girl, concludes that they must marry, and assumes that of course they will, if he so decides. He calls in a rabbi, and prepares for the wedding according to the Jewish rite.

[3] Meanwhile the girl's father, also a widower, who lives in California, and is as intense in his own religious antagonism as the Jew, has been called to New York, supposing that his daughter is to marry an Irishman and a Catholic. Accompanied by a priest, he arrives at the house at the moment when the marriage is being celebrated, but too late to prevent it and the two fathers, each infuriated by the proposed union of his child to a heretic, fall into unseemly and grotesque antics. The priest and the rabbi become friendly, exchange trite sentiments about religion, and agree that the match is good. Apparently out of abundant caution, the priest celebrates the marriage for a third time, while the girl's father is inveigled away. The second act closes with each father, still outraged, seeking to find some way by which the union, thus trebly insured, may be dissolved.

[4] The last act takes place about a year later, the young couple having meanwhile been abjured by each father, and left to their own resources. They have had twins, a boy and a girl, but their fathers know no more than that a child has been born. At Christmas each, led by his craving to see his grandchild, goes separately to the young folks' home, where they encounter each other, each laden with gifts, one for a boy, the other for a girl. After some slapstick comedy, depending upon the insistence of each that he is right about the sex of the grandchild, they become reconciled when they learn the truth, and that each child is to bear the given name of a

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grandparent. The curtain falls as the fathers are exchanging amenities, and the Jew giving evidence of an abatement in the strictness of his orthodoxy.

[5] 'The Cohens and The Kellys' presents two families, Jewish and Irish, living side by side in the poorer quarters of New York in a state of perpetual enmity. The wives in both cases are still living, and share in the mutual animosity, as do two small sons, and even the respective dogs. The Jews have a daughter, the Irish a son; the Jewish father is in the clothing business; the Irishman is a policeman. The children are in love with each other, and secretly marry, apparently after the play opens. The Jew, being in great financial straits, learns from a lawyer that he has fallen heir to a large fortune from a great-aunt, and moves into a great house, fitted luxuriously. Here he and his family live in vulgar ostentation, and here the Irish boy seeks out his Jewish bride, and is chased away by the angry father. The Jew then abuses the Irishman over the telephone, and both become hysterically excited. The extremity of his feelings make the Jew sick, so that he must go to Florida for a rest, just before which the daughter discloses her marriage to her mother.



Figure 57: posters for the works of the plaintiff (left) and the defendant (right)

[6] On his return the Jew finds that his daughter has borne a child; at first he suspects the lawyer, but eventually learns the truth and is overcome with anger at such a low alliance. Meanwhile, the Irish family who have been forbidden to see the grandchild, go to the Jew's house, and after a violent scene between the two fathers in which the Jew disowns his daughter, who decides to go back with her husband, the Irishman takes her back with her baby to his own poor lodgings. The lawyer, who had hoped to marry the Jew's daughter, seeing his plan foiled, tells the Jew that his fortune really belongs to the Irishman, who was also related to the dead woman, but offers to conceal his knowledge, if the Jew will share the loot. This the Jew repudiates, and, leaving the astonished lawyer, walks through the rain to his enemy's house to surrender the property. He arrives in

great dejection, tells the truth, and abjectly turns to leave. A reconciliation ensues, the Irishman agreeing to share with him equally. The Jew shows some interest in his grandchild, though this is at most a minor motive in the reconciliation, and the curtain falls while the two are in their cups, the Jew insisting that in the firm name for the business, which they are to carry on jointly, his name shall stand first.

[7] It is of course essential to any protection of literary property, whether at common-law or under the statute, that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations. That has never been the law, but, as soon as literal appropriation ceases to be the test, the whole matter is necessarily at large, so that ... the decisions cannot help much in a new case. When plays are concerned, the plagiarist may excise a separate scene or he may appropriate part of the dialogue. Then the question is whether the part so taken is substantial; it is the same question as arises in the case of any other copyrighted work. But when the plagiarist does not take out a block in suit, but an abstract of the whole, decision is more troublesome. Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his ideas, to which, apart from their expression, his property is never extended. Nobody has ever been able to fix that boundary, and nobody ever can.... As respects plays, the controversy chiefly centers upon the characters and sequence of incident, these being the substance....

[8] If *Twelfth Night* were copyrighted, it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare's 'ideas' in the play, as little capable of monopoly as Einstein's Doctrine of Relativity, or Darwin's theory of the Origin of Species. It follows that the less developed the characters, the less they can be copyrighted; that is the penalty an author must bear for marking them too indistinctly.

[9] In the two plays at bar we think both as to incident and character, the defendant took no more—assuming that it took anything at all—than the law allowed. The stories are quite different. One is of a religious zealot who insists upon his child's marrying no one outside his faith; opposed by another who is in this respect just like him, and is his foil. Their difference in race is merely an obbligate to the main theme, religion. They sink their differences through grandparental pride and affection. In the other, zealotry is wholly absent; religion does not even appear. It is true that the parents are hostile to each other in part because they differ in race; but the marriage of their son to a Jew does not apparently offend the Irish family at all, and it exacerbates the existing animosity of the Jew, principally because he has become rich, when he learns it. They are reconciled through the honesty of the Jew and the generosity of the Irishman; the grandchild has nothing whatever to do with it. The only matter common to the two is a quarrel between a Jewish and an Irish father, the marriage of their children, the birth of grandchildren and a reconciliation.

[10] If the defendant took so much from the plaintiff, it may well have been because her amazing success seemed to prove that this was a subject of enduring popularity. Even so, granting that the plaintiff's play was wholly original, and assuming that novelty is not essential to a copyright, there is no monopoly in such a background. Though the plaintiff discovered the vein, she could not keep it to herself; so defined, the theme was too generalized an abstraction from what she wrote. It was only a part of her ideas.

[11] Nor does she fare better as to her characters. It is indeed scarcely credible that she should not have been aware of those stock figures, the low comedy Jew and Irishman. The defendant has not taken from her more than their prototypes have contained for many decades. If so, obviously so to generalize her copyright, would allow her to cover what was not original with her. But we need not hold this as matter of fact, much as we might

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be justified. Even though we take it that she devised her figures out of her brain de novo, still the defendant was within its rights.

[12] There are but four characters common to both plays, the lovers and the fathers. The lovers are so faintly indicated as to be no more than stage properties. They are loving and fertile; that is really all that can be said of them, and anyone else is quite within his rights if he puts loving and fertile lovers in a play of his own, wherever he gets the cue. The Plaintiff's Jew is quite unlike the defendant's. His obsession in his religion, on which depends such racial animosity as he has. He is affectionate, warm and patriarchal. None of these fit the defendant's Jew, who shows affection for his daughter only once, and who has none but the most superficial interest in his grandchild. He is tricky, ostentatious and vulgar, only by misfortune redeemed into honesty. Both are grotesque, extravagant and quarrelsome; both are fond of display; but these common qualities make up only a small part of their simple pictures, no more than any one might lift if he chose. The Irish fathers are even more unlike; the plaintiff's a mere symbol for religious fanaticism and patriarchal pride, scarcely a character at all. Neither quality appears in the defendant's, for while he goes to get his grandchild, it is rather out of a truculent determination not to be forbidden, than from pride in his progeny. For the rest he is only a grotesque hobbledohoy, used for low comedy of the most conventional sort, which any one might borrow, if he chanced not to know the exemplar.

[13] [The plaintiff's] copyright did not cover everything that might be drawn from her play; its content went to some extent into the public domain. We have to decide how much, and while we are as aware as any one that the line, wherever it is drawn, will seem arbitrary, that is no excuse for not drawing it; it is a question such as courts must answer in nearly all cases. Whatever may be the difficulties a priori, we have no question on which side of the line this case falls. A comedy based upon conflicts between Irish and Jews, into which the marriage of their children enters, is no more susceptible of copyright than the outline of *Romeo and Juliet*....

[14] The plaintiff has prepared an elaborate analysis of the two plays, showing a 'quadrangle' of the common characters, in which each is represented by the emotions which he discovers. She presents the resulting parallelism as proof of infringement, but the adjectives employed are so general as to be quite useless. Take for example the attribute of 'love' ascribed to both Jews. The plaintiff has depicted her father as deeply attached to his son, who is his hope and joy; not so, the defendant, whose father's conduct is throughout not actuated by any affection for his daughter, and who is merely once overcome for the moment by her distress when he has violently dismissed her lover. 'Anger' covers emotions aroused by quite different occasions in each case; so do 'anxiety,' 'despondency' and 'disgust.' It is unnecessary to go through the catalogue for emotions are too much colored by their causes to be a test when used so broadly. This is not the proper approach to a solution; it must be more ingenuous, more like that of a spectator, who would rely upon the complex of his impressions of each character.

[15] We cannot approve the length of the record, which was due chiefly to the use of expert witnesses.... It ought not to be allowed at all; and while its admission is not a ground for reversal, it cumbers the case and tends to confusion, for the more the court is led into the intricacies of dramatic craftsmanship, the less likely it is to stand upon the firmer, if more naive, ground of its considered impressions upon its own perusal. We hope that in this class of cases such evidence may in the future be entirely excluded, and the case confined to the actual issues; that is, whether the defendant copied it, so far as the supposed infringement is identical....

In the following case, consider the disagreement between Judge Frank writing for the majority and Judge Clark writing for the dissent. From whose perspective does this case ask us to evaluate whether there is substantial similarity?

Ira Arnstein v. Cole Porter

154 F.2d 464 (2d Cir. 1946)

{Plaintiff Ira Arnstein filed suit against defendant Cole Porter for copyright infringement. In particular, he alleged that Porter's songs "Begin the Beguine," "My Heart Belongs to Daddy," "I Love You," "Night and Day," "You'd Be So Nice to Come Home to," and "Don't Fence Me In" infringed various of Arnstein's multiple musical compositions. According to Arnstein, some, but not all, of these compositions of his had been published and sold, one in 2,000 copies and another in one million copies. He alleged that another of his compositions was unsold but had been publicly performed over the radio and that a copy of the song had been stolen from his room. Arnstein further alleged that two other compositions at issue had never been published or publicly performed but had been sent to a movie producer, multiple publishers, and multiple radio stations and band leaders. He also alleged that Porter "had stooges right along to follow me, watch me, and live in the same apartment with me," and that his apartment had been burglarized multiple times. He did not provide direct evidence that Porter saw or heard any of these compositions or that Porter or any of his agents broke in to his apartment. Porter denied having seen or heard any of Arnstein's songs. Arnstein had previously brought and lost five copyright infringement suits against other defendants.}

FRANK, J.: ...

[1] The principal question on this appeal is whether the lower court ... properly deprived plaintiff of a trial of his copyright infringement action.... [I]t is important to avoid confusing two separate elements essential to a plaintiff's case in such a suit: (a) that defendant copied from plaintiff's copyrighted work and (b) that the copying (assuming it to be proved) went to far as to constitute improper appropriation.

[2] As to the first—copying—.... analysis ('dissection') is relevant, and the testimony of experts may be received to aid the trier of the facts....

[3] If copying is established, then only does there arise the second issue, that of illicit copying (unlawful appropriation). On that issue (as noted more in detail below) the test is the response of the ordinary lay hearer; accordingly, on that issue, 'dissection' and expert testimony are irrelevant....

[4] Each of these two issues—copying and improper appropriation—is an issue of fact. If there is a trial, the conclusions on those issues of the trier of the facts ... bind this court on appeal, provided the evidence supports those findings, regardless of whether we would ourselves have reached the same conclusions....

[5] Assuming that adequate proof is made of copying, that is not enough; for there can be permissible copying, copying which is not illicit. Whether (if he copied) defendant unlawfully appropriated presents, too, an issue of fact. The proper criterion on that issue is not an analytic or other comparison of the respective musical compositions as they appear on paper or in the judgment of trained musicians.¹⁹ The plaintiff's legally protected interest is not, as such, his reputation as a musician but his interest in the potential financial returns from his

¹⁹ Where plaintiff relies on similarities to prove copying (as distinguished from improper appropriation) paper comparisons and the opinions of experts may aid the court.

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compositions which derive from the lay public's approbation of his efforts. The question, therefore, is whether defendant took from plaintiff's works so much of what is pleasing to the ears of lay listeners, who comprise the audience for whom such popular music is composed, that defendant wrongfully appropriated something which belongs to the plaintiff.

[6] Surely, then, we have an issue of fact which a jury is peculiarly fitted to determine.²² Indeed, even if there were to be a trial before a judge, it would be desirable (although not necessary) for him to summon an advisory jury on this question.

[7] We should not be taken as saying that a[n infringement] case can never arise in which absence of similarities is so patent that a summary judgment for defendant would be correct. Thus suppose that Ravel's 'Bolero' or Shostakovich's 'Fifth Symphony' were alleged to infringe 'When Irish Eyes Are Smiling.'²³ But this is not such a case. For, after listening to the playing of the respective compositions, we are, at this time, unable to conclude that the likenesses are so trifling that, on the issue of misappropriation, a trial judge could legitimately direct a verdict for defendant.

[8] At the trial, plaintiff may play, or cause to be played, the pieces in such manner that they may seem to a jury to be inexcusably alike, in terms of the way in which lay listeners of such music would be likely to react. The plaintiff may call witnesses whose testimony may aid the jury in reaching its conclusion as to the responses of such audiences. Expert testimony of musicians may also be received, but it will in no way be controlling on the issue of illicit copying, and should be utilized only to assist in determining the reactions of lay auditors. The impression made on the refined ears of musical experts or their views as to the musical excellence of plaintiff's or defendant's works are utterly immaterial on the issue of misappropriation; for the views of such persons are caviar to the general—and plaintiff's and defendant's compositions are not caviar....

CLARK, J. (dissenting):

[9] While the procedure followed below seems to me generally simple and appropriate, the defendant did make one fatal tactical error. In an endeavor to assist us, he caused to be prepared records of all the musical pieces here involved, and presented these transcriptions through the medium of the affidavit of his pianist. Though he himself did not stress these records and properly met plaintiff's claims as to the written music with his own analysis, yet the tinny tintinnabulations of the music thus canned resounded through the United States Courthouse to the exclusion of all else, including the real issues in the case. Of course, sound is important in a case of this kind, but it is not so important as to falsify what the eye reports and the mind teaches. Otherwise [infringement] would be suggested by the mere drumming of repetitious sound from our usual popular music, as it issues from a piano, orchestra, or hurdy-gurdy—particularly when ears may be dulled by long usage, possibly artistic repugnance or boredom, or mere distance which causes all sounds to merge. And the judicial eardrum may be peculiarly insensitive after long years of listening to the 'beat, beat, beat' (I find myself plagiarizing from defendant and thus in danger of my brothers' doom) of sound upon it, though perhaps no more so than the ordinary citizen juror—even if tone deafness is made a disqualification for jury service, as advocated.

[10] ... [A]fter repeated hearings of the records, I could not find therein what my brothers found. The only thing definitely mentioned seemed to be the repetitive use of the note e² in certain places by both plaintiff and defendant, surely too simple and ordinary a device of composition to be significant. In our former musical

²² It would, accordingly, be proper to exclude tone-deaf persons from the jury.

²³ In such a case, the complete absence of similarity would negate both copying and improper appropriation.

[infringement] cases we have, naturally, relied on what seemed the total sound effect; but we have also analyzed the music enough to make sure of an intelligible and intellectual decision....

[11] It is true that ... we considered dissection or technical analysis not the proper approach to support a finding of [infringement], and ... that it must be more ingenuous, more like that of a spectator, who would rely upon the complex of his impressions. But in its context that seems to me clearly sound and in accord with what I have in mind. Thus one may look to the total impression to repulse the charge of [infringement] where a minute dissection might dredge up some points of similarity. Hence one cannot use a purely theoretical disquisition to supply a tonal resemblance which does not otherwise exist. Certainly, however, that does not suggest or compel the converse—that one must keep his brain in torpor for fear that otherwise it would make clear differences which do exist. Music is a matter of the intellect as well as the emotions; that is why eminent musical scholars insist upon the employment of the intellectual faculties for a just appreciation of music. Consequently I do not think we should abolish the use of the intellect here even if we could. When, however, we start with an examination of the written and printed material supplied by the plaintiff in his complaint and exhibits, we find at once that he does not and cannot claim extensive copying, measure by measure, of his compositions. He therefore has resorted to a comparative analysis—the dissection found unpersuasive in ... earlier cases—to support his claim of [infringement] of small detached portions here and there, the musical fillers between the better known parts of the melody. And plaintiff's compositions, as pointed out in the cases cited above, are of the simple and trite character where small repetitive sequences are not hard to discover. It is as though we found Shakespeare a[n infringer] on the basis of his use of articles, pronouns, prepositions, and adjectives also used by others. The surprising thing, however, is to note the small amount of even this type of reproduction which plaintiff by dint of extreme dissection has been able to find....

[12] In the light of these utmost claims of the plaintiff, I do not see a legal basis for the claim of [infringement]....

[13] Since the legal issue seems thus clear to me, I am loath to believe that my colleagues will uphold a final judgment of [infringement] on a record such as this. The present holding is therefore one of those procedural mountains which develop where it is thought that justice must be temporarily sacrificed, lest a mistaken precedent be set at large.... But I should not have thought [the jury] pre-eminently fitted to decide questions of musical values, certainly not so much so that an advisory jury should be brought in if no other is available. And I should myself hesitate to utter so clear an invitation to exploitation of slight musical analogies by clever musical tricks in the hope of getting juries hereafter in this circuit to divide the wealth of Tin Pan Alley. This holding seems to me an invitation to the strike suit par excellence....

[14] Here I think we ought to assume the responsibility of decision now. If, however, we are going to the other extreme of having all decisions of musical [infringement] made by ear, the more unsophisticated and musically naive the better, then it seems to me we are reversing our own precedents to substitute chaos, judicial as well as musical.

NOTES

1. Recall from our discussion of computer software in Chapter II, that the Second Circuit, in *Computer Associates International, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992), derived its abstraction-filtration-comparison test from Judge Hand's analysis in *Nichols*. Do you think the *Altai* framework follows from *Nichols*?

After the Second Circuit applied its abstraction-filtration-comparison test to Computer Associates' ADAPTER software, it concluded that there was no copyright infringement. It found that so little was left after abstraction and filtration that the little that was left was not substantially similar.

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2. In *Arnstein*, Judge Frank sets forth that dissection and expert testimony are appropriate for analyzing copying in fact but not copying in law. Does this seem right in view of the goals of copyright law? For a contrary take—that Judge Frank had this wrong for both copying in fact and copying in law—see Mark A. Lemley, *Our Bizarre System for Proving Copyright Infringement*, 57 J. COPYRIGHT SOC'Y U.S.A. 719 (2010).

Are *Nichols* and *Arnstein* consistent in their allowance of dissection of works to evaluate copying in law?

3. Consider the audience *Arnstein* sets out as the vantage point against which to assess substantial similarity, as well as the ones it excludes. How well does this comport with copyright policy? Is the jury well-suited to evaluate substantial similarity? Why or why not? In which ways does Judge Clark in his dissent disagree with the audience framework that Judge Frank sets out in his majority decision?

Although *Arnstein* would seem to exclude expert views on a work in assessing substantial similarity, in rare cases courts step back from that rule and allow expert testimony as to substantial similarity. For example, the Second Circuit observed in *Altai* (in the context of alleged infringement of computer software) that expert testimony might be relevant when dealing with “art forms [that are not] readily comprehensible and generally familiar to the average layperson.” *Altai*, 982 F.2d at 713. Similarly, in a copyright infringement suit over a spiritual song, the Fourth Circuit observed that

When conducting the second prong of the substantial similarity inquiry, a district court must consider the nature of the intended audience of the plaintiff's work. If, as will most often be the case, the lay public fairly represents the intended audience, the court should apply the lay observer formulation of the ordinary observer test. However, if the intended audience is more narrow in that it possesses specialized expertise, relevant to the purchasing decision, that lay people would lack, the court's inquiry should focus on whether a member of the intended audience would find the two works to be substantially similar.

Dawson v. Hinshaw Music Inc., 905 F.2d 731, 736-37 (4th Cir. 1990).

For an evaluation of how copyright law—and other forms of intellectual property—ought to frame the audience against which infringement is measured, see Jeanne C. Fromer & Mark A. Lemley, *The Audience in Intellectual Property Infringement*, 112 MICH. L. REV. 1251 (2014). Fromer and Lemley argue that to achieve copyright law's utilitarian goals, substantial similarity ought to be assessed through the eyes of both a work's consumer and its experts:

[Copyright law, as well as other intellectual property regimes,] should find infringement only when the defendant's product is too similar to the plaintiff's in the eyes of both experts and consumers, not just one or the other. Put another way, infringement in an ideal IP regime grounded in utilitarianism should require proof of both sufficient technical similarity and market substitution. Market substitution is important because a use that does not interfere with the plaintiff's market in some way generally does no relevant harm. Technical similarity is also important because not all acts that interfere with a plaintiff's market are problematic. A defendant who enters the market with a different, better product, for instance, may erode the market for the plaintiff's product, but the law should not prohibit that competition.

.... The expert-as-audience approach ensures that we find infringement only when two works are sufficiently similar in their protectable elements. An audience of experts familiar with the subject matter is likely to understand the technical and historical constraints—including those of the particular genre—that led to similarities and to find improper appropriation only when the works bear sufficient technical similarity to each other despite those constraints. Assessing

infringement through the expert's eyes thus ensures that the law protects creators only from sufficiently close imitations.

The consumer matters too, because sometimes similarity of expression occurs in such disparate contexts that the two works are not market substitutes at all. Consumers are more likely than domain experts to be sensitive to whether the defendant's work is substituting for the plaintiff's in the marketplace. This consumer vantage point matters because IP laws—with their instrumental incentives—are generally concerned with protecting IP owners only when they have been harmed in the marketplace with regard to their underlying intellectual property.

Id. at 1255-56; cf. Irina D. Manta, *Reasonable Copyright*, 53 B.C. L. REV. 1303 (2012) (arguing that substantial similarity might better be assessed by experts).

4. For works protected under laws predating the 1976 Act, infringement of a musical composition was to be assessed against the plaintiff's sheet music (also known as a composition's "score"), rather than any sound recording based on that composition. *Skidmore v. Led Zeppelin*, 952 F.3d 1051 (9th Cir. 2020) (en banc). Current law does not require that musical works be fixed in scores, and instead provides that musical works gain copyright protection even if fixed only in "phonorecords"—that is, in the form of a sound recording. In assessing infringement of a musical composition, how do you think a finding can differ if based on reading the corresponding sheet music or based on listening to a recording or performance of the composition? How do the majority and dissent in *Arnstein* differ in their approach? In an empirical study, Jamie Lund finds that "[p]laying the sound recording in a [musical c]omposition [c]opyright case invites the jurors to make the wrong comparison, comparing the sound recordings, rather than the compositional elements underlying each recording." Jamie Lund, *An Empirical Examination of the Lay Listener Test in Music Composition Copyright Infringement*, 11 VA. SPORTS & ENT. L.J. 137 (2011).

ii. Contemporary Cases

As you read this and the following more contemporary decisions within the Second Circuit, consider how faithful they are to *Nichols* and *Arnstein*. In the context of the test these cases articulate for substantial similarity, consider which similarities between the plaintiff's work and the defendant's work affect each court's outcome on substantial similarity.

Saul Steinberg v. Columbia Pictures Industries, Inc.

663 F. Supp. 706 (S.D.N.Y. 1987)

STANTON, J.: ...

[1] On March 29, 1976, *The New Yorker* published as a cover illustration the work at issue in this suit, widely known as a parochial New Yorker's view of the world. The magazine registered this illustration with the United States Copyright Office and subsequently assigned the copyright to [artist Saul] Steinberg. Approximately three months later, plaintiff and *The New Yorker* entered into an agreement to print and sell a certain number of posters of the cover illustration.

[2] Plaintiff has ... conceded that numerous posters have been created and published depicting other localities in the same manner that he depicted New York in his illustration. These facts, however, are irrelevant to the merits of this case, which concerns only the relationship between plaintiff's and defendants' illustrations.

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[3] Defendants' illustration was created to advertise the movie "Moscow on the Hudson," which recounts the adventures of a Muscovite who defects in New York. In designing this illustration, Columbia's executive art director, Kevin Nolan, has admitted that he specifically referred to Steinberg's poster, and indeed, that he purchased it and hung it, among others, in his office. Furthermore, Nolan explicitly directed the outside artist whom he retained to execute his design, Craig Nelson, to use Steinberg's poster to achieve a more recognizably New York look. Indeed, Nelson acknowledged having used the facade of one particular edifice, at Nolan's suggestion that it would render his drawing more "New York-ish." ...¹

[4] To decide the issue of infringement, it is necessary to consider the posters themselves. Steinberg's illustration presents a bird's eye view across a portion of the western edge of Manhattan, past the Hudson River and a telescoped version of the rest of the United States and the Pacific Ocean, to a red strip of horizon, beneath which are three flat land masses labeled China, Japan and Russia. The name of the magazine, in *The New Yorker's* usual typeface, occupies the top fifth of the poster, beneath a thin band of blue wash representing a stylized sky.

[5] The parts of the poster beyond New York are minimalized, to symbolize a New Yorker's myopic view of the centrality of his city to the world. The entire United States west of the Hudson River, for example, is reduced to a brown strip labeled "Jersey," together with a light green trapezoid with a few rudimentary rock outcroppings and the names of only seven cities and two states scattered across it. The few blocks of Manhattan, by contrast, are depicted and colored in detail. The four square blocks of the city, which occupy the whole lower half of the poster, include numerous buildings, pedestrians and cars, as well as parking lots and lamp posts, with water towers atop a few of the buildings. The whimsical, sketchy style and spiky lettering are recognizable as Steinberg's.

[6] The "Moscow" illustration depicts the three main characters of the film on the lower third of their poster, superimposed on a bird's eye view of New York City, and continues eastward across Manhattan and the Atlantic Ocean, past a rudimentary evocation of Europe, to a clump of recognizably Russian-styled buildings on the horizon, labeled "Moscow." The movie credits appear over the lower portion of the characters. The central part of the poster depicts approximately four New York city blocks, with fairly detailed buildings, pedestrians and vehicles, a parking lot, and some water towers and lamp posts. Columbia's artist added a few New York landmarks at apparently random places in his illustration, apparently to render the locale more easily recognizable. Beyond the blue strip labeled "Atlantic Ocean," Europe is represented by London, Paris and Rome, each anchored by a single landmark (although the landmark used for Rome is the Leaning Tower of Pisa).

[7] The horizon behind Moscow is delineated by a red crayoned strip, above which are the title of the movie and a brief textual introduction to the plot. The poster is crowned by a thin strip of blue wash, apparently a stylization of the sky. This poster is executed in a blend of styles: the three characters, whose likenesses were copied from a photograph, have realistic faces and somewhat sketchy clothing, and the city blocks are drawn in a fairly detailed but sketchy style. The lettering on the drawing is spiky, in block-printed handwritten capital letters substantially identical to plaintiff's, while the printed texts at the top and bottom of the poster are in the typeface commonly associated with *The New Yorker* magazine.² ...

¹ Nolan claimed also to have been inspired by some of the posters that were inspired by Steinberg's; such secondary inspiration, however, is irrelevant to whether or not the "Moscow" poster infringes plaintiff's copyright by having impermissibly copied it.

² The typeface is not a subject of copyright, but the similarity reinforces the impression that defendants copied plaintiff's illustration.

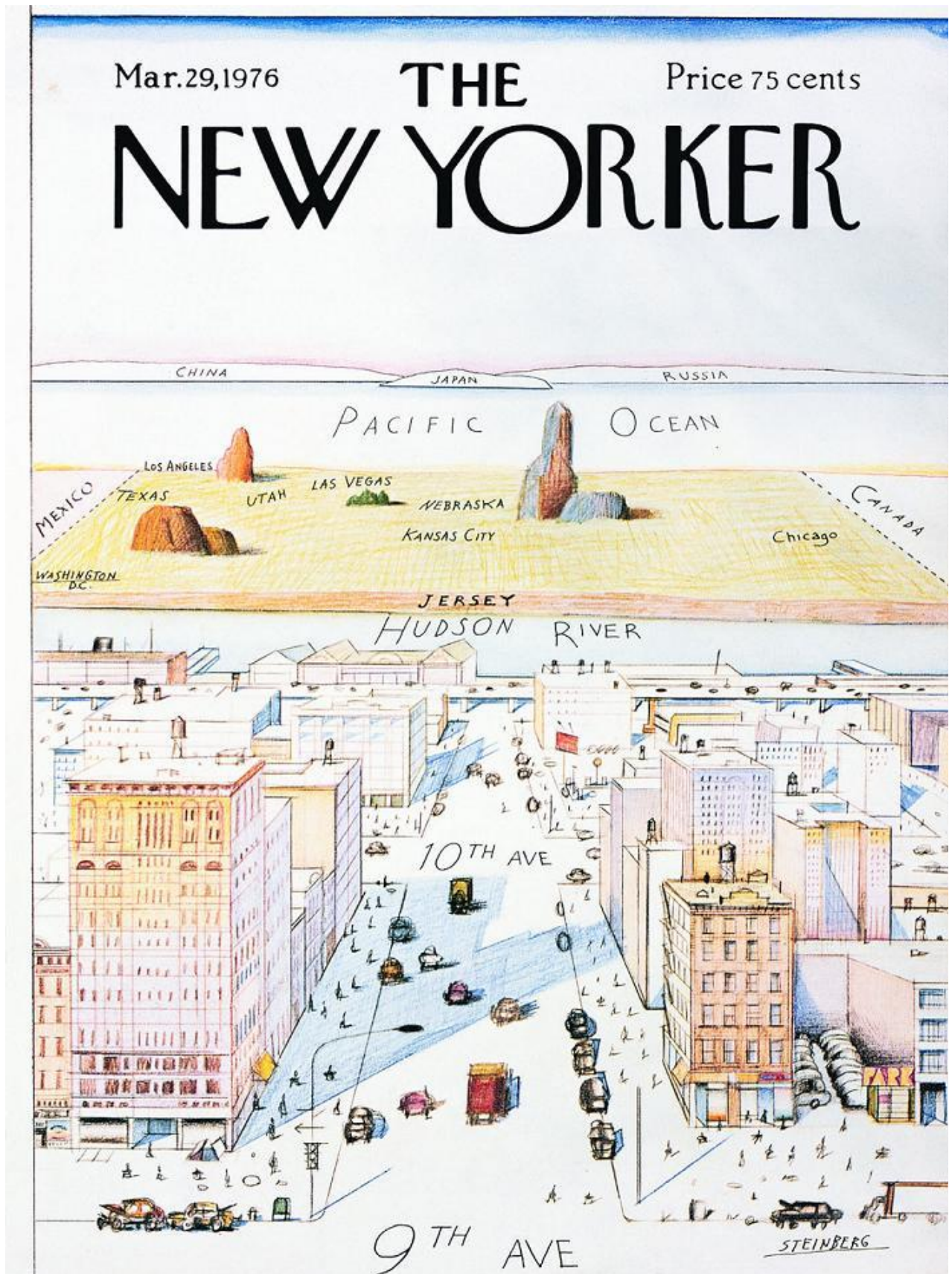


Figure 58: Saul Steinberg's View of the World from 9th Avenue



Figure 59: Columbia Pictures' movie poster for *Moscow on the Hudson*

[8] Defendants' access to plaintiff's illustration is established beyond peradventure. Therefore, the sole issue remaining with respect to liability is whether there is such substantial similarity between the copyrighted and accused works as to establish a violation of plaintiff's copyright. The central issue of "substantial similarity," which can be considered a close question of fact, may also validly be decided as a question of law....

[9] The definition of “substantial similarity” in this circuit is whether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work. A plaintiff need no longer meet the severe “ordinary observer” test established by Judge Learned Hand Under Judge Hand’s formulation, there would be substantial similarity only where the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same....

[10] There is no dispute that defendants cannot be held liable for using the *idea* of a map of the world from an egocentrically myopic perspective. No rigid principle has been developed, however, to ascertain when one has gone beyond the idea to the expression, and decisions must therefore inevitably be ad hoc....

[11] Even at first glance, one can see the striking stylistic relationship between the posters, and since style is one ingredient of expression, this relationship is significant. Defendants’ illustration was executed in the sketchy, whimsical style that has become one of Steinberg’s hallmarks. Both illustrations represent a bird’s eye view across the edge of Manhattan and a river bordering New York City to the world beyond. Both depict approximately four city blocks in detail and become increasingly minimalist as the design recedes into the background. Both use the device of a narrow band of blue wash across the top of the poster to represent the sky, and both delineate the horizon with a band of primary red.³

[12] The strongest similarity is evident in the rendering of the New York City blocks. Both artists chose a vantage point that looks directly down a wide two-way cross street that intersects two avenues before reaching a river. Despite defendants’ protestations, this is not an inevitable way of depicting blocks in a city with a grid-like street system, particularly since most New York City cross streets are one-way. Since even a photograph may be copyrighted ..., one can hardly gainsay the right of an artist to protect his choice of perspective and lay-out in a drawing, especially in conjunction with the overall concept and individual details. Indeed, the fact that defendants changed the names of the streets while retaining the same graphic depiction weakens their case: had they intended their illustration realistically to depict the streets labeled on the poster, their four city blocks would not so closely resemble plaintiff’s four city blocks. Moreover, their argument that they intended the jumble of streets and landmarks and buildings to symbolize their Muscovite protagonist’s confusion in a new city does not detract from the strong similarity between their poster and Steinberg’s.

[13] While not all of the details are identical, many of them could be mistaken for one another; for example, the depiction of the water towers, and the cars, and the red sign above a parking lot, and even many of the individual buildings. The shapes, windows, and configurations of various edifices are substantially similar. The ornaments, facades and details of Steinberg’s buildings appear in defendants’, although occasionally at other locations. In this context, it is significant that Steinberg did not depict any buildings actually erected in New York; rather, he was inspired by the general appearance of the structures on the West Side of Manhattan to create his own New York-ish structures. Thus, the similarity between the buildings depicted in the “Moscow” and Steinberg posters cannot be explained by an assertion that the artists happened to choose the same buildings to draw. The close similarity can be explained only by the defendants’ artist having copied the plaintiff’s work. Similarly, the locations and size, the errors and anomalies of Steinberg’s shadows and streetlight, are meticulously imitated.

[14] In addition, the Columbia artist’s use of the childlike, spiky block print that has become one of Steinberg’s hallmarks to letter the names of the streets in the “Moscow” poster can be explained only as copying. There is

³ Defendants claim that since this use of thin bands of primary colors is a traditional Japanese technique, their adoption of it cannot infringe Steinberg’s copyright. This argument ignores the principle that while others are free to copy the original they are not free to copy the copy.

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no inherent justification for using this style of lettering to label New York City streets as it is associated with New York only through Steinberg's poster.

[15] While defendants' poster shows the city of Moscow on the horizon in far greater detail than anything is depicted in the background of plaintiff's illustration, this fact alone cannot alter the conclusion. "Substantial similarity" does not require identity, and duplication or near identity is not necessary to establish infringement. Neither the depiction of Moscow, nor the eastward perspective, nor the presence of randomly scattered New York City landmarks in defendants' poster suffices to eliminate the substantial similarity between the posters. As Judge Learned Hand wrote, "no plagiarist can excuse the wrong by showing how much of his work he did not pirate." *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2d Cir.), *cert. denied*, 298 U.S. 669 (1936)....

[16] The process by which defendants' poster was created also undermines this argument. The "map," that is, the portion about which plaintiff is complaining, was designed separately from the rest of the poster. The likenesses of the three main characters, which were copied from a photograph, and the blocks of text were superimposed on the completed map.

[17] I also reject defendants' argument that any similarities between the works are unprotectible *scenes a faire*, or incidents, characters or settings which, as a practical matter, are indispensable or standard in the treatment of a given topic. It is undeniable that a drawing of New York City blocks could be expected to include buildings, pedestrians, vehicles, lampposts and water towers. Plaintiff, however, does not complain of defendants' mere use of these elements in their poster; rather, his complaint is that defendants copied his *expression* of those elements of a street scene.

[18] While evidence of independent creation by the defendants would rebut plaintiff's prima facie case, the absence of any countervailing evidence of creation independent of the copyrighted source may well render clearly erroneous a finding that there was not copying....

NOTE

1. Do you view the *Steinberg* court as having protected Saul Steinberg's style of visual art from copying? Is that consistent with copyright law's aims? Based on *Steinberg*, would you find the following three parochial views of the world, respectively in Figure 60 through Figure 62, from Washington, China, and New York based on Apple Maps software, to be substantially similar to Steinberg's *View of the World from 9th Avenue*?

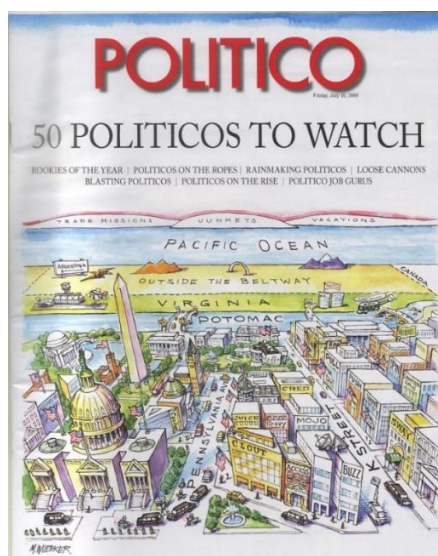


Figure 60: *Politico* magazine cover of a view of the world from a Washingtonian's perspective

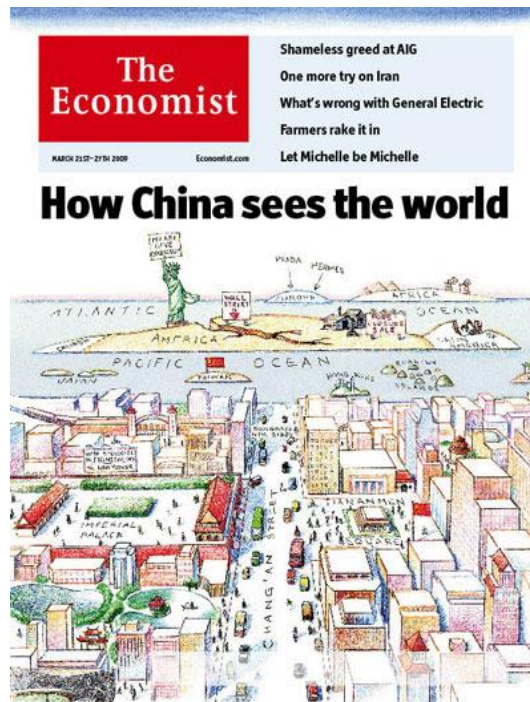


Figure 61: *Economist* magazine cover of a view of the world from a Chinese perspective

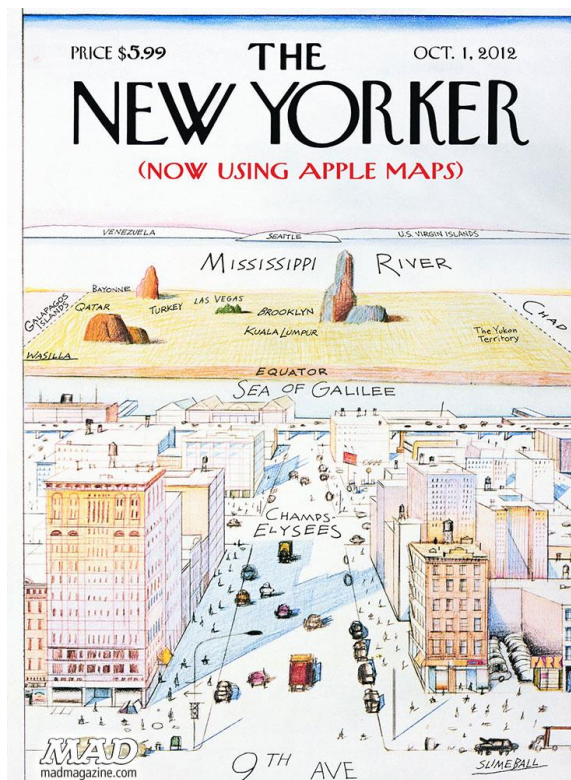


Figure 62: *MAD Magazine* cover of a New Yorker's view of the world based on Apple Maps software

On whether *Steinberg* protects an artist's style and the status of copyright protection generally for style, see 2 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 4:14 (2018).

In addition to the considerations raised before *Steinberg*, consider whether the Second Circuit’s standard of review is desirable.

Judi Boisson v. Banian, Ltd.

273 F.3d 262 (2d Cir. 2001)

CARDAMONE, J.: ...

[1] In 1991 plaintiff [Judi Boisson] designed and produced two alphabet quilts entitled “School Days I” and “School Days II.” ... [E]ach consists of square blocks containing the capital letters of the alphabet, displayed in order. The blocks are set in horizontal rows and vertical columns, with the last row filled by blocks containing various pictures or icons. The letters and blocks are made up of different colors, set off by a white border and colored edging....



Figure 63: Boisson “School Days I” quilt

[2] [Defendant Banian, Ltd.] imported from India each of the three alphabet quilts at issue in this case[, “ABC Green Version I,” “ABC Green Version II,” and “ABC Navy”]....

[3] Plaintiffs filed their suit in March 1997 seeking relief from defendants for copyright infringement

[4] The district court made a finding that actual copying had occurred, and because defendants do not dispute that finding, actual copying is ... established.... Plaintiffs must also demonstrate substantial similarity between defendants’ quilts and the *protectible* elements of their own quilts....



Figure 64: Banian's "ABC Green Version II" (left) and "ABC Navy" (right) quilts

[5] We review *de novo* the district court's determination with respect to substantial similarity because credibility is not at stake and all that is required is a visual comparison of the products—a task we may perform as well as the district court.

[6] Generally, an allegedly infringing work is considered substantially similar to a copyrighted work if the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same.... [A] more refined analysis is required where a plaintiff's work is not wholly original, but rather incorporates elements from the public domain. In these instances, what must be shown is substantial similarity between those elements, and only those elements, that provide copyrightability to the allegedly infringed compilation.... In the case at hand, because the alphabet was taken from the public domain, we must apply the "more discerning" ordinary observer test.

[7] In applying this test, a court is not to dissect the works at issue into separate components and compare only the copyrightable elements. To do so would be to take the "more discerning" test to an extreme, which would result in almost nothing being copyrightable because original works broken down into their composite parts would usually be little more than basic unprotectible elements like letters, colors and symbols. This outcome—affording no copyright protection to an original compilation of unprotectible elements—would be contrary to the Supreme Court's holding in *Feist Publications*.

[8] Although the "more discerning" test has not always been identified by name in our case law, we have nevertheless always recognized that the test is guided by comparing the total concept and feel of the contested works....

[9] In the present case, while use of the alphabet may not provide a basis for infringement, we must compare defendants' quilts and plaintiffs' quilts on the basis of the arrangement and shapes of the letters, the colors chosen to represent the letters and other parts of the quilts, the quilting patterns, the particular icons chosen and their placement. Our analysis of the "total concept and feel" of these works should be instructed by common sense....

[10] "School Days I" consists of six horizontal rows, each row containing five blocks, with a capital letter or an icon in each block. The groupings of blocks in each row are as follows: A–E; F–J; K–O; P–T; U–Y; and Z with four

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icons following in the last row. The four icons are a cat, a house, a single-starred American flag and a basket. “ABC Green Version I” displays the capital letters of the alphabet in the same formation. The four icons in the last row are a cow jumping over the moon, a sailboat, a bear and a star. “ABC Green Version II” is identical to “ABC Green Version I,” except that the picture of the cow jumping over the moon is somewhat altered, the bear is replaced by a teddy bear sitting up and wearing a vest that looks like a single-starred American flag, and the star in the last block is represented in a different color.

[11] All three quilts use a combination of contrasting solid color fabrics or a combination of solid and polka-dotted fabrics to represent the blocks and letters. The following similarities are observed in plaintiffs’ and defendants’ designs: “A” is dark blue on a light blue background; “B” is red on a white background; “D” is made of polka-dot fabric on a light blue background; “F” on plaintiffs’ “School Days I” is white on a pink background, while the “F” on defendants’ “ABC Green” versions is pink on a white background; “G” has a green background; “H” and “L” are each a shade of blue on a white background; “M” in each quilt is a shade of yellow on a white background. “N” is green on a white background; “O” is blue on a polka-dot background; “P” is polka-dot fabric on a yellow background; “Q” is brown on a light background; “R” is pink on a gray/purple background. “S” is white on a red background; “T” is blue on a white background; “U” is gray on a white background; “V” is white on a gray background; “W” is pink on a white background; “X” is purple in all quilts, albeit in different shades, on a light background; “Y” is a shade of yellow on the same light background; and “Z” is navy blue or black, in all the quilts.

[12] Boisson also testified that defendants utilized the same unique shapes as she had given to the letters “J,” “M,” “N,” “P,” “R” and “W.” With respect to the quilting patterns, “School Days I” and the “ABC Green” versions feature diamond-shaped quilting within the blocks and a “wavy” pattern in the plain white border that surrounds the blocks. The quilts are also edged with a 3/8” green binding.

[13] From this enormous amount of sameness, we think defendants’ quilts sufficiently similar to plaintiffs’ design as to demonstrate illegal copying. In particular, the overwhelming similarities in color choices lean toward a finding of infringement. Although the icons chosen for each quilt are different and defendants added a green rectangular border around their rows of blocks, these differences are not sufficient to cause even the “more discerning” observer to think the quilts are other than substantially similar insofar as the protectible elements of plaintiffs’ quilt are concerned. Moreover, the substitution in “ABC Green Version II” of the teddy bear wearing a flag vest as the third icon causes this version of defendants’ quilt to look even more like plaintiffs’ quilt that uses a single-starred American flag as its third icon. Consequently, both of defendants’ “ABC Green” quilts infringed plaintiffs’ copyright on its “School Days I” quilt....

[14] We agree with the district court, however, that [the defendant] did not infringe on plaintiffs’ design in “School Days I” when he created “ABC Navy.” While both quilts utilize an arrangement of six horizontal rows of five blocks each, “ABC Navy” does not have its four icons in the last row. Rather, the teddy bear with the flag vest is placed after the “A” in the first row, the cow jumping over the moon is placed after the “L” in the third row, the star is placed after the “S” in the fifth row, and the sailboat is placed after the “Z” in the last row. Further, the colors chosen to represent the letters and the blocks in “ABC Navy” are, for the most part, entirely different from “School Days I.” Defendants dropped the use of polka-dot fabric, and plaintiffs did not even offer a color comparison in their proposed findings of fact to the district court, as they had with each of the “ABC Green” versions. The quilting pattern in the plain white border is changed to a “zig-zag” in “ABC Navy,” as opposed to plaintiffs’ “wavy” design. Finally, although defendants use a binding around the edge of their quilt, in this instance it is blue instead of green.

[15] Looking at these quilts side-by-side, we conclude they are not substantially similar to one another. Just as we rejected defendants’ earlier argument and held that what few differences existed between “School Days I” and the “ABC Green” quilts could not preclude a finding of infringement, plaintiffs’ emphasis on the similarity

in style between some of the letters between “School Days I” and “ABC Navy” cannot support a finding of infringement. Because no observer, let alone a “more discerning” observer, would likely find the two works to be substantially similar, no copyright violation could properly be found....

NOTES

1. How often do you envision the ordinary-observer test will be used as compared with the more-discerning-observer test? Of all copyrightable works, how many do you imagine meet *Boisson*’s threshold for switching to the more-discerning-observer test by being “not wholly original, but rather incorporat[ing] elements from the public domain”?
2. In a subsequent decision involving rug designs, the Second Circuit responded to criticism that its more-discerning-observer test is too vague to be helpful:

Some commentators have worried that the “total concept and feel” standard may “invite[] an abdication of analysis,” because “feel” can seem a “wholly amorphous referent.” 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.03[A][1][c] (2003). Likewise, one may wonder whether a copyright doctrine whose aspiration is to protect a work’s “concept” could end up erroneously protecting “ideas.” But our caselaw is not so incautious. Where we have described possible infringement in terms of whether two designs have or do not have a substantially similar “total concept and feel,” we generally have taken care to identify precisely the particular aesthetic decisions—original to the plaintiff and copied by the defendant—that might be thought to make the designs similar in the aggregate....

Essentially, the total-concept-and-feel locution functions as a reminder that, while the infringement analysis must begin by dissecting the copyrighted work into its component parts in order to clarify precisely what is not original, infringement analysis is not simply a matter of ascertaining similarity between components viewed in isolation. For the defendant may infringe on the plaintiff’s work not only through literal copying of a portion of it, but also by parroting properties that are apparent only when numerous aesthetic decisions embodied in the plaintiff’s work of art—the excerpting, modifying, and arranging of public domain compositions, if any, together with the development and representation of wholly new motifs and the use of texture and color, etc.—are considered in relation to one another. The court, confronted with an allegedly infringing work, must analyze the two works closely to figure out in what respects, if any, they are similar, and then determine whether these similarities are due to protected aesthetic expressions original to the allegedly infringed work, or whether the similarity is to something in the original that is free for the taking.

Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc., 338 F.3d 127, 134-35 (2d Cir. 2003).

After reading *Boisson* and this excerpt, do you have a sense of how much dissection is appropriate? Consider also that it is juries, and not judges, that often will decide whether a defendant’s work is substantially similar to a plaintiff’s in “total concept and feel.” Is the “total concept and feel” test, as the Second Circuit describes it, administrable by a jury? Or is a jury more likely to take up the seeming linguistic invitation of the “total concept and feel” formulation, which is to consider relevant to infringement mere similarity of ideas, themes, genres, or other unprotected elements?

We turn now to the Ninth Circuit’s approach to evaluating substantial similarity. The following case established the contours of the Ninth Circuit test. As you read it, consider its framework and how it differs from the Second Circuit’s approach.

Sid & Marty Krofft Television Productions, Inc. v. McDonald’s Corporation

562 F.2d 1157 (9th Cir. 1977)

CARTER, J.: ...

[1] ... Sid and Marty Krofft ... create[d] a children’s television program for exhibition on Saturday morning. The ... [ensuing] H. R. Pufnstuf television show ... was introduced on NBC in September 1969. The series included several fanciful costumed characters, as well as a boy named Jimmy, who lived in a fantasyland called “Living Island,” which was inhabited by moving trees and talking books....



Figure 65: still from H. R. Pufnstuf television series

[2] In early 1970, Marty Krofft, the President of both Krofft Television and Krofft Productions and producer of the show, was contacted by an executive from Needham, Harper & Steers, Inc., an advertising agency. He was told that Needham was attempting to get the advertising account of McDonald's hamburger restaurant chain and wanted to base a proposed campaign to McDonald's on the H. R. Pufnstuf characters. The executive wanted to know whether the Kroffts would be interested in working with Needham on a project of this type.

[3] Needham and the Kroffts were in contact by telephone six or seven more times. By a letter dated August 31, 1970, Needham stated it was going forward with the idea of a McDonaldland advertising campaign based on the H. R. Pufnstuf series. It acknowledged the need to pay the Kroffts a fee for preparing artistic designs and

engineering plans. Shortly thereafter, Marty Krofft telephoned Needham only to be told that the advertising campaign had been cancelled.

[4] In fact, Needham had already been awarded McDonald's advertising account and was proceeding with the McDonaldland project. Former employees of the Kroffts were hired to design and construct the costumes and sets for McDonaldland. Needham also hired the same voice expert who supplied all of the voices for the Pufnstuf characters to supply some of the voices for the McDonaldland characters. In January 1971, the first of the McDonaldland commercials was broadcast on network television. They continue to be broadcast....

[5] Plaintiffs filed suit The complaint alleged ... that the McDonaldland advertising campaign infringed the copyrighted H. R. Pufnstuf television episodes as well as various copyrighted articles of Pufnstuf merchandise....

[6] A verdict in favor of plaintiffs was returned

[7] The real task in a copyright infringement action ... is to determine whether there has been copying of the expression of an idea rather than just the idea itself....

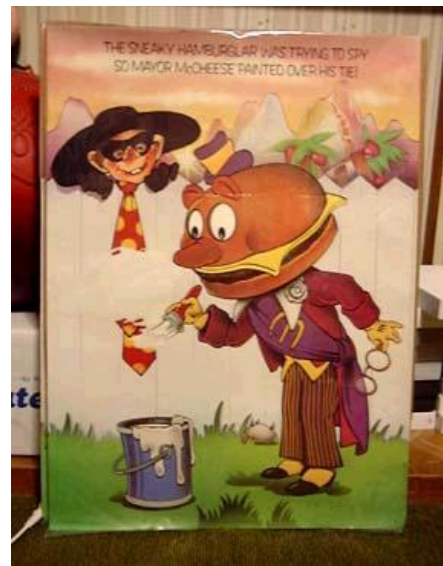


Figure 66: stills from McDonaldland advertising campaign

[8] [In t]he test for infringement[,] there [therefore] ... must be substantial similarity not only of the general ideas but of the expressions of those ideas as well. Thus two steps in the analytic process are implied by the requirement of substantial similarity.

[9] The [first] test[,] for similarity of ideas[,] is ... a factual one, to be decided by the trier of fact.

[10] We shall call this the "extrinsic test." It is extrinsic because it depends not on the responses of the trier of fact, but on specific criteria which can be listed and analyzed. Such criteria include the type of artwork involved, the materials used, the subject matter, and the setting for the subject. Since it is an extrinsic test, analytic dissection and expert testimony are appropriate. Moreover, this question may often be decided as a matter of law.

[11] The determination of when there is substantial similarity between the forms of expression is necessarily more subtle and complex. As Judge Hand candidly observed, "Obviously, no principle can be stated as to when an imitator has gone beyond copying the 'idea,' and has borrowed its 'expression.' Decisions must therefore inevitably be ad hoc." *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960). If there is

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substantial similarity in ideas, then the trier of fact must decide whether there is substantial similarity in the expressions of the ideas so as to constitute infringement.

[12] The test to be applied in determining whether there is substantial similarity in expressions shall be labeled an intrinsic one depending on the response of the ordinary reasonable person. It is intrinsic because it does not depend on the type of external criteria and analysis which marks the extrinsic test....

[13] Because this is an intrinsic test, analytic dissection and expert testimony are not appropriate....

[14] In the context of this case, the distinction between these tests is important. Defendants do not dispute the fact that they copied the idea of plaintiffs' Pufnstuf television series basically a fantasyland filled with diverse and fanciful characters in action. They argue, however, that the expressions of this idea are too dissimilar for there to be an infringement. They come to this conclusion by dissecting the constituent parts of the Pufnstuf series characters, setting, and plot and pointing out the dissimilarities between these parts and those of the McDonaldland commercials.

[15] Defendants attempt to apply an extrinsic test by the listing of dissimilarities in determining whether the expression they used was substantially similar to the expression used by plaintiffs. That extrinsic test is inappropriate; an intrinsic test must here be used....

[16] Analytic dissection, as defendants have done, is therefore improper....

[17] Since the intrinsic test for expression is uniquely suited for determination by the trier of fact, this court must be reluctant to reverse it....

[18] The H. R. Pufnstuf series became the most popular children's show on Saturday morning television. This success led several manufacturers of children's goods to use the Pufnstuf characters. It is not surprising, then, that McDonald's hoped to duplicate this peculiar appeal to children in its commercials. It was in recognition of the subjective and unpredictable nature of children's responses that defendants opted to recreate the H. R. Pufnstuf format rather than use an original and unproven approach.

[19] Defendants would have this court ignore that intrinsic quality which they recognized to embark on an extrinsic analysis of the two works. For example, in discussing the principal characters Pufnstuf and Mayor McCheese defendants point out:

"Pufnstuf wears what can only be described as a yellow and green dragon suit with a blue cummerbund from which hangs a medal which says 'mayor'. 'McCheese' wears a version of pink formal dress 'tails' with knicker trousers. He has a typical diplomat's sash on which is written 'mayor', the 'M' consisting of the McDonald's trademark of an 'M' made of golden arches."

[20] So not only do defendants remove the characters from the setting, but dissect further to analyze the clothing, colors, features, and mannerisms of each character. We do not believe that the ordinary reasonable person, let alone a child, viewing these works will even notice that Pufnstuf is wearing a cummerbund while Mayor McCheese is wearing a diplomat's sash....

[21] We have viewed representative samples of both the H. R. Pufnstuf show and McDonaldland commercials. It is clear to us that defendants' works are substantially similar to plaintiffs'. They have captured the "total concept and feel" of the Pufnstuf show. *Roth Greeting Cards v. United Card Co.*, 429 F.2d 1106, 1110 (9th Cir. 1970). We would so conclude even if we were sitting as the triers of fact. There is no doubt that the findings of the jury in this case are not clearly erroneous....

As you read the following case, evaluate how the Ninth Circuit's test has evolved since *Krofft*. Is this refinement a positive development?

Wanda A. Cavalier v. Random House, Inc.

297 F.3d 815 (9th Cir. 2002)

FLETCHER, J.: ...

[1] [Wanda and Christopher] Cavalier[] created copyrighted works involving several characters who are featured in children's stories. Their main character, Nicky Moonbeam, an anthropomorphic moon, teaches children to overcome their fears (including fear of the dark) and encourages children to follow their dreams....

[2] From 1995 through 1998, the Cavaliers submitted more than 280 pages of material, including their copyrighted works, to Random House and [Children's Television Workshop]. The first submission consisted of two stories—*Nicky Moonbeam: The Man in the Moon* and *Nicky Moonbeam Saves Christmas*—and the design for a "moon night light" to be built directly into the back cover of a "board book." A "board book" is a book with sturdy, thick pages, designed for use by young children. Later submissions in 1996 and 1998 consisted of "pitch materials," which included detailed illustrations, ideas for general story lines and television programs, specific traits of the Nicky Moonbeam characters, and goals for the Nicky Moonbeam stories.

[3] After face-to-face meetings with the Cavaliers regarding their submissions, Random House and CTW rejected their works. Soon thereafter, in February 1999, Random House and CTW jointly published the books *Good Night, Ernie* and *Good Night, Elmo*

[4] *Nicky Moonbeam: The Man in the Moon* is an approximately 3500-word story. Its main characters are Nicky Moonbeam and Daisy, a five-year-old child. Nicky is a child-like figure drawn with a full moon head, sometimes with and sometimes without a full body. He has egg-shaped eyes, a human-like nose, and a mouth, with moon rocks or craters on his face. Nicky has star friends who have faces drawn in the upper point of the stars, with small, lidded eyes and no nose. In the latest version of the story, Nicky is sad and lonely because he cannot stop dreaming about meeting a child. Nicky sails the Dream Weaver, a sailboat propelled by moonbeams, to Earth where he meets Daisy. After explaining what it is like to be the man-in-the-moon and all the jobs he has, Nicky takes Daisy for a ride in the night sky on his boat. They play in the clouds. Daisy floats on a cloud that looks like a dragon while Nicky balances on an airplane-shaped cloud. After playing all night in the clouds, Nicky and Daisy return to Earth where they play at the beach, building sand castles, playing with crabs, and listening to the waves. Because he is having so much fun, Nicky does not want to return to the sky. But after Daisy explains that disaster would befall the Earth if Nicky did not go back, Nicky returns to the sky and continues to do his "man in the moon" job, comforting and encouraging children. Nicky is happier than he has ever been. He resolves to continue to surround the children with his "moonbeam love," stretching his moonbeam arms to hug the world....

[5] The Cavaliers' "night light in the sky" idea was that the back cover of a board book featuring Nicky Moonbeam would extend some distance beyond the front cover and the pages, so that a portion of the inside of the back cover would be visible on the right-hand side, both when the book was closed and when it was being read. On the extended (visible) portion of the inside back cover would be a night light in the shape of a pearly white moon with black eyes and pink cheeks. Stars would surround the moon night light. The "on" button for the moon night light would be a small circle with a star on it, positioned below and to the right of the night light....



Figure 67: image from Cavalier's Nicky Moonbeam stories

[6] The Cavaliers' proposed art work includes the following illustrations, related to the stories: (1) stars wearing woolen and top hats while relaxing and playing on clouds; (2) a star being polished with cloths by other stars; (3) a smiling moon sending light blue "moonbeams" down to earth, with star dust trail and suggested text, "Nicky ... shines his long beams to earth for a child to walk up, hop on"; and (4) Nicky, as the moon, hanging just outside of a child's bedroom window and sending stars to float around a child's room and glow while the child falls asleep....

[7] *Good Night, Ernie* and *Good Night, Elmo* are both five-page board books featuring *Sesame Street* Muppet characters. In *Good Night, Ernie*, told in 74 words, Ernie wonders about the stars and takes an imaginary journey in the night sky. He wonders how many stars there are, and counts them as he sits on a crescent moon. He wonders where the stars go during the day and he visits them. He wonders how the stars stay bright, and he thinks about helping them shine. All of this "wondering" makes Ernie tired. Ernie returns to his bed which is floating in the sky surrounded by stars. He and the stars wish each other good night. The stars have ping-pong ball-shaped eyes touching a round bulbous nose.

[8] In *Good Night, Elmo*, told in 119 words, Elmo notices the moon shining on his pillow. The moon invites him to "hop on" its moonbeam and "take a ride" through the night sky, where Elmo races a shooting star, sees the cow jumping over the moon, and begins jumping like the cow. All of that jumping tires Elmo, and he rides a moonbeam back to his bed, where he begins to fall asleep as the moon shines through his window. The moon on the cover has ping-pong ball-shaped eyes touching a round bulbous nose.

[9] A star night light, surrounded by stars, is built into the extended inside back cover to the right of the free pages of *Good Night, Ernie*. A comparable moon night light is built into the extended inside back cover of *Good Night, Elmo*. The instructions for the night light are identical for both books: "To turn on Ernie's [Elmo's] night light, press the star button. It turns off by itself." ...

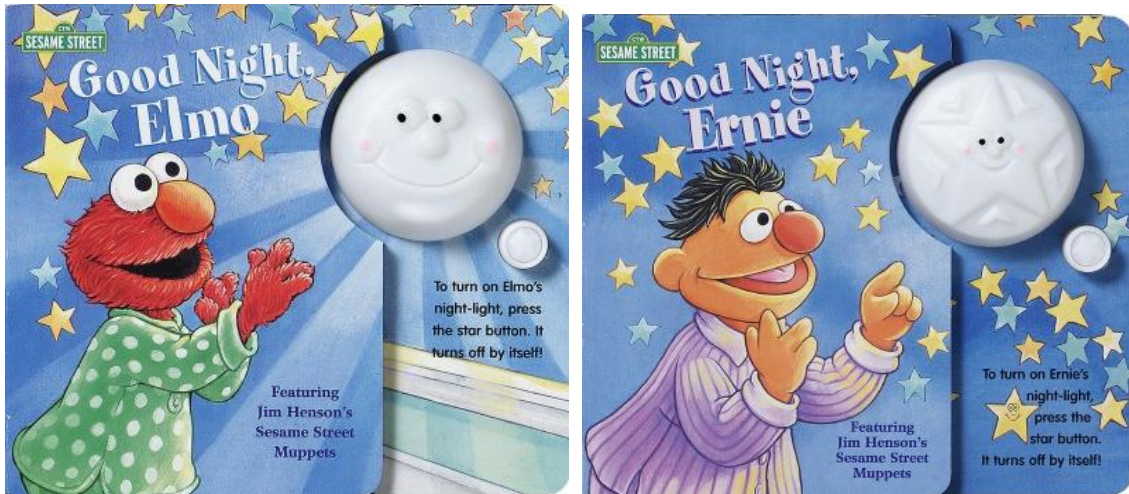


Figure 68: covers of *Good Night, Elmo* and *Good Night, Ernie* board books

[10] The Cavaliers filed in district court ... claims for copyright infringement The Cavaliers alleged that Random House and CTW had copied and appropriated their works, including the Nicky Moonbeam characters, illustrations, text, and night light.

[11] The trial court granted Random House and CTW's motion for summary judgment on the following grounds: (1) The Cavaliers' general story lines in which anthropomorphic moon and stars ease children's fears of sleeping in the dark, and the depiction of related scenes and stock characters ("scenes-a-faire"), are not protectible by copyright; [and] (2) *Good Night, Ernie* [and] *Good Night, Elmo* ... were not substantially similar to the copyright-protectible material in the Cavaliers' works The Cavaliers timely appealed....

[12] To establish a successful copyright infringement claim, a plaintiff must show that he or she owns the copyright and that defendant copied protected elements of the work. Copying may be established by showing that the infringer had access to plaintiff's copyrighted work and that the works at issue are substantially similar in their protected elements. For purposes of their summary judgment motion, Random House and CTW did not contest ownership or access. The sole issue before us is whether any of Random House's or CTW's works were substantially similar to the Cavaliers' submissions.

[13] We employ a two-part analysis in this circuit—an extrinsic test and an intrinsic test—to determine whether two works are substantially similar. The "extrinsic test" is an objective comparison of specific expressive elements. The test focuses on articulable similarities between the plot, themes, dialogue, mood, setting, pace, characters, and sequence of events in two works. Although originally cast as a "test for similarity of ideas," *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977), the extrinsic test, now encompassing all objective manifestations of *expression*, no longer fits that description. The "intrinsic test" is a subjective comparison that focuses on whether the ordinary, reasonable audience would find the works substantially similar in the total concept and feel of the works.

[14] A court must take care to inquire only whether the *protectible elements, standing alone*, are substantially similar. Therefore, when applying the extrinsic test, a court must filter out and disregard the non-protectible elements in making its substantial similarity determination....

[15] The Cavaliers allege that the following elements of *Good Night, Ernie* were copied by Random House and CTW from their submissions:

- (1) A built-in night light with an "on" button on the inside back cover of a board book, with the light appearing as a moon with eyes, nose, and smiling benevolent expression;

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- (2) A character looking into the sky, wondering who and what the stars are;
- (3) A character interacting with smiling, rosy-faced, bright yellow, five-pointed stars;
- (4) A character sitting on a crescent moon;
- (5) Smiling, bright yellow, rosy-cheeked, five-pointed stars playing and lounging on the clouds during the day and wearing colorful woolen hats;
- (6) A character polishing a star with a cloth;
- (7) Smiling, bright yellow, rosy-cheeked, five-pointed stars floating in a child's bedroom, glowing and comforting the child;
- (8) Stars trailed by a distinctive "moondust."

[16] The Cavaliers allege that the following elements of *Good Night, Elmo* were copied:

- (1) A built-in night light comparable to that in *Good Night, Ernie*;
- (2) Moonbeams shining through a window;
- (3) A character saying "hop on a moonbeam and take a ride";
- (4) A character interacting with smiling, yellow, rosy-cheeked, five-pointed stars trailing sparkling dust and surrounded by other stars.

[17] We first compare the *Good Night* books to the Nicky Moonbeam stories as literary works, taken as a whole. We then compare individual art work from the *Good Night* books to that in the Cavaliers' submissions....

[18] On summary judgment, only the extrinsic test matters for comparison of literary works. If the Cavaliers can show that there is a triable issue of fact under the extrinsic test, the intrinsic test's subjective inquiry must be left to the jury and Random House and CTW's motion for summary judgment must be denied. Conversely, if the Cavaliers cannot show a triable issue of fact under the extrinsic test, Random House and CTW necessarily prevail on summary judgment. A jury could not find copyright infringement because there can be no substantial similarity without evidence under both the extrinsic and intrinsic tests. We now apply the objective factors of the extrinsic test, considering only the protectible material, to determine whether *Good Night, Ernie* and/or *Good Night, Elmo*, taken as a whole, are sufficiently similar to the Cavaliers' works to raise a triable issue of fact.

[19] The Cavaliers' Nicky Moonbeam stories and *Good Night, Elmo* share the general premise of a child, invited by a moon-type character, who takes a journey through the night sky and returns safely to bed to fall asleep. But basic plot ideas, such as this one, are not protected by copyright law.

[20] Otherwise, the actual narratives in *Good Night, Ernie* and *Good Night, Elmo* do not share much in common with the Nicky Moonbeam stories. The Nicky Moonbeam stories (2000–4000 words each) involve relatively elaborate story lines, while the text in the *Good Night* books (roughly 100 words each) describes a simple, discrete group of scenes. The stories do not share any detailed sequence of events. Moreover, although some of the Cavaliers' illustrations appear to depict events in the Nicky Moonbeam stories, the allegedly copied illustrations appear in a different context in the *Good Night* books.

[21] The principal setting in the *Good Night* books is the night sky, which is also prevalent in the Nicky Moonbeam stories. However, this setting naturally and necessarily flows from the basic plot premise of a child's journey through the night sky; therefore, the night sky setting constitutes scenes-a-faire and cannot support a finding of substantial similarity. Furthermore, neither of the *Good Night* books involves the beach or the North Pole, the venues for significant parts of the Nicky Moonbeam stories.

[22] The pace, dialogue, mood, and theme of the *Good Night* books differ markedly from those of the Nicky Moonbeam stories. In the *Good Night* books, the entire night journey is completed in five simple pages. There is no dialogue in *Good Night, Ernie*, and the dialogue in *Good Night, Elmo* is limited to two simple exchanges.

The district court correctly characterized their mood as “fun” and “very lighthearted.” There is no focused theme or message in either story.

[23] In contrast, the Nicky Moonbeam stories progress more deliberately, with several contemplative scenes developing thematic details. There is extensive dialogue, especially in *Nicky Moonbeam: Man in the Moon*, where most of the story is based on dialogue between Nicky Moonbeam and Daisy. Although also written for children, the mood in the Nicky Moonbeam stories is more serious and instructional. They contain explicit messages for children, teaching them not to be afraid of the dark, to discover and share their special gifts with the world, and to believe in themselves.

[24] As the Cavaliers acknowledge, the main characters in the *Good Night* books are different—Sesame Street Muppets (Ernie and Elmo) rather than Nicky Moonbeam. Although *Good Night, Elmo* features Mr. Moon, he does not share any of the anthropomorphic characteristics of Nicky Moonbeam, except the ability to talk. Moreover, a moon character can be considered a stock character for children’s literature, and directly flows from the idea of a journey in the night sky. None of the other characters in the Nicky Moonbeam stories are found in the *Good Night* books.

[25] Random House and CTW contend that even if their *Good Night* books contain some protectible elements, such commonalities would not justify a finding of substantial similarity of the works We agree.... [A] compilation of random similarities scattered throughout the works is inherently subjective and unreliable. The ... argument is especially strong here since the alleged similarities are selected from over 280 pages of submissions. Further, consideration of the total concept and feel of a work, rather than specific inquiry into plot and character development, is especially appropriate in an infringement action involving children’s works. Since the “total concept and feel” of the Cavaliers’ stories are, as discussed above, more serious and instructional than defendants’ books, a finding of infringement is disfavored in this case. In sum, there is no triable issue of fact on the issue of whether either *Good Night, Ernie* or *Good Night, Elmo* is a substantially similar literary work to the Nicky Moonbeam stories under the extrinsic test....

[26] Even though we hold that the *Good Night* stories, taken as a whole, do not infringe the Cavaliers’ copyright, the question remains whether protected parts of the Cavaliers’ works have been copied. We therefore consider whether there exists a triable issue of substantial similarity between any of the isolated art work, as freestanding work divorced from the stories. Indeed, almost all of the allegedly copied elements are found in the Cavaliers’ art work rather than in the narratives. Three of the art works present a close question of substantial similarity for summary judgment purposes: (1) the moon night light design on the extended inside back cover; (2) the illustration of stars relaxing on clouds; and (3) the illustration of stars being polished.

[27] The basic mode of analysis for comparison of the literary elements applies to comparison of the art work. As with literary works, unprotectible elements should not be considered when applying the extrinsic test to art work. This does not mean that at the end of the day, when the works are considered under the intrinsic test, they should not be compared as a whole. Nor does it mean that infringement cannot be based on original selection and arrangement of unprotected elements. However, the unprotectable elements have to be identified, or filtered, before the works can be considered as a whole. The precise factors evaluated for literary works do not readily apply to art works. Rather, a court looks to the similarity of the objective details in appearance. Although we do not attempt here to provide an exhaustive list of relevant factors for evaluating art work, the subject matter, shapes, colors, materials, and arrangement of the representations may be considered in determining objective similarity in appearance.

[28] It is not clear whether the rule ...—that when comparison of literary works under the extrinsic test presents a triable issue of fact, the question of substantial similarity necessarily survives summary judgment and must go to the jury—applies to art work. The underlying rationale ...—that subjective assessments of similarity in

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expression are best suited to the trier of fact—appears to favor application of that rule in this case. But we need not decide the issue because we find that a juror could reasonably determine that the first two works at issue—the “moon night light” and “stars relaxing on clouds” (which we find objectively similar under the extrinsic test as discussed below)—were subjectively similar to the Cavaliers’ illustrations in “total concept and feel” under the intrinsic test as well.

[29] A comparison of the night light designs reveals obvious similarities. The basic idea—a night light built into the inside back cover of a board book—is the same. In *Good Night, Elmo*, the night light is in the shape of a smiling moon face with pinkish cheeks and black eyes. In *Good Night, Ernie*, the exterior outline of the face on the night light is a star rather than a moon, but the features are the same. Both the moon and star faces in the *Good Night* books share these characteristics with the moon face in the Cavaliers’ stories. In both of the *Good Night* books, the stars surround the night light faces in much the same manner as in the Cavaliers’ stories. Both lights are positioned in the upper portion of the projecting inside back cover, as they are in the Cavaliers’ design. The shape (a star enclosed in a circle) and positioning of the “on” button to the lower-right is the same. Although the concept of a built-in night light is not protectible under copyright law, the choice of a smiling moon or star face with pinkish cheeks surrounded by stars in a specific configuration, and situated above an encircled star “on” button, constitutes protectible expression. The differences—mainly that the facial features of Random House and CTW’s moon and star lights have ping-pong ball-shaped eyes and bulbous nose, compared to plaintiffs’ black circles and no nose—are relatively minor and do not support a grant of summary judgment for the defendant on the issue of substantial similarity.



Figure 69: images from Cavalier's Nicky Moonbeam stories

[30] A comparison of the two depictions of stars relaxing on clouds also reveals obvious similarities. The basic concept—stars situated on clouds—is the same. As expressed in their accompanying texts, both illustrations share the theme of exploring the stars’ activities during daytime: The Cavaliers’ drawing aims “to give you an idea of what stars do during the day when they are ‘off work’ dressing up or involved in any activity until night”; the text in *Good Night, Ernie* reads “Ernie wonders what the stars do during the day. He thinks about visiting them.” Several of the stars in both illustrations are resting on clouds, appearing ready to fall asleep. Most strikingly, several of the stars in both illustrations are wearing red and green woolen (striped and solid) winter or sleeping caps. On the other hand, some of the other details differ. The stars in the Cavaliers’ drawing are engaged in various activities—one is wearing a costume, one is dancing in a top hat, one is lounging, and one is yawning. In contrast, none of Random House and CTW’s stars are dressed up, and all have sleepy gazes (eyelids drooping). Furthermore, the main characters in each illustration are different (Nicky Moonbeams v. Ernie) and are doing different things (reading vs. flying). Finally, as stated above, the facial features and curves of the stars are different. Despite these differences, the striking similarities in the details of the subject matter, and

arrangement of the stars and the clouds, dress of the stars, and accompanying text are sufficient to survive summary judgment on the question of substantial similarity.

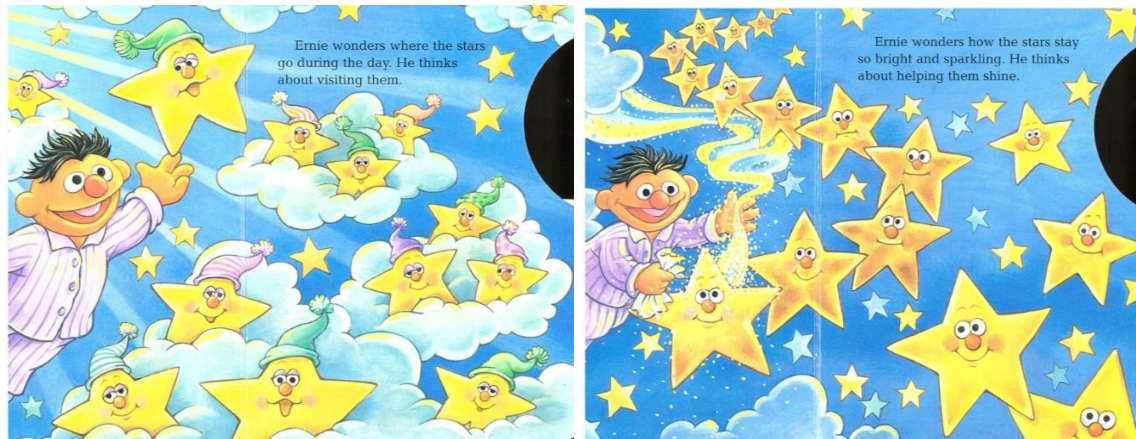


Figure 70: images from *Good Night, Ernie* board book

[31] Finally, we compare the two depictions of stars being polished. Obvious similarities again appear. The subject matter—a star being polished—is the same. Furthermore, the stars being polished are both five-pointed, yellowish, and smiling. But the basic idea of polishing a star and the depiction of the common features of stars are unprotectible, and the two works differ significantly in the protectible details. Ernie polishes the entire star in *Good Night, Ernie*, while four smaller stars simultaneously polish the points of the star in the Cavaliers’ illustration. The curves and facial details of the stars differ, as the *Good Night, Ernie* stars are rounder and have ping-pong ball-shaped eyes and red bulbous noses; moreover, there is a long line of “dirty” stars, as indicated by their brownish tint, waiting to be polished. Ernie also uses sun rays to help him polish. These significant elements are absent from the Cavaliers’ work. Thus, we do not find a triable issue of substantial similarity as to this illustration....

[32] For the foregoing reasons, we AFFIRM the district court’s grant of summary judgment on substantial similarity as to the literary works as a whole, ... but REVERSE its grant of summary judgment against plaintiffs’ copyright claim with respect to the “moon night light” cover and the “illustration of stars relaxing on clouds.”

Do you find the Ninth Circuit’s framework in the following case clarifying? Are there particular issues related to photography that make the analysis different?

Jacobus Rentmeester v. Nike, Inc.

883 F.3d 1111 (9th Cir. 2018)

WATFORD, J.:

[1] This is a copyright infringement action brought by the renowned photographer Jacobus Rentmeester against Nike, Inc. The case involves a famous photograph Rentmeester took in 1984 of Michael Jordan, who at the time was a student at the University of North Carolina. The photo originally appeared in *Life* magazine as part of a photo essay featuring American athletes who would soon be competing in the 1984 Summer Olympic Games. We are asked to decide whether Nike infringed Rentmeester’s copyright when it commissioned its own photograph of Jordan and then used that photo to create one of its most iconic trademarks....

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[2] The allegations in Rentmeester's complaint, which we accept as true at this stage of the proceedings, establish the following. Rentmeester's photograph of Jordan ... is highly original. It depicts Jordan leaping toward a basketball hoop with a basketball raised above his head in his left hand, as though he is attempting to dunk the ball. The setting for the photo is not a basketball court, as one would expect in a shot of this sort. Instead, Rentmeester chose to take the photo on an isolated grassy knoll on the University of North Carolina campus. He brought in a basketball hoop and backboard mounted on a tall pole, which he planted in the ground to position the hoop exactly where he wanted. Whether due to the height of the pole or its placement within the image, the basketball hoop appears to tower above Jordan, beyond his reach.



Figure 71: Rentmeester's photograph

[3] Rentmeester instructed Jordan on the precise pose he wanted Jordan to assume. It was an unusual pose for a basketball player to adopt, one inspired by ballet's *grand jeté*, in which a dancer leaps with legs extended, one foot forward and the other back. Rentmeester positioned the camera below Jordan and snapped the photo at the peak of his jump so that the viewer looks up at Jordan's soaring figure silhouetted against a cloudless blue sky. Rentmeester used powerful strobe lights and a fast shutter speed to capture a sharp image of Jordan contrasted against the sky, even though the sun is shining directly into the camera lens from the lower right-hand corner of the shot.

[4] Not long after Rentmeester's photograph appeared in *Life* magazine, Nike contacted him and asked to borrow color transparencies of the photo. Rentmeester provided Nike with two color transparencies for \$150 under a limited license authorizing Nike to use the transparencies "for slide presentation only." It is unclear from the complaint what kind of slide presentation Nike may have been preparing, but the company was then beginning its lucrative partnership with Jordan by promoting the Air Jordan brand of athletic shoes.

[5] In late 1984 or early 1985, Nike hired a photographer to produce its own photograph of Jordan, one obviously inspired by Rentmeester's. In the Nike photo, Jordan is again shown leaping toward a basketball hoop with a basketball held in his left hand above his head, as though he is about to dunk the ball. The photo was taken outdoors and from a similar angle as in Rentmeester's photo, so that the viewer looks up at Jordan's figure silhouetted against the sky. In the Nike photo, though, it is the city of Chicago's skyline that appears in the background, a nod to the fact that by then Jordan was playing professionally for the Chicago Bulls. Jordan wears apparel reflecting the colors of his new team, and he is of course wearing a pair of Nike shoes. Nike used this photo on posters and billboards as part of its marketing campaign for the new Air Jordan brand.



Figure 72: Nike's photograph (left) and Jumpman logo (right)

[6] When Rentmeester saw the Nike photo, he threatened to sue Nike for breach of the limited license governing use of his color transparencies. To head off litigation, Nike entered into a new agreement with Rentmeester in March 1985, under which the company agreed to pay \$15,000 for the right to continue using the Nike photo on posters and billboards in North America for a period of two years. Rentmeester alleges that Nike continued to use the photo well beyond that period.

[7] In 1987, Nike created its iconic "Jumpman" logo, a solid black silhouette that tracks the outline of Jordan's figure as it appears in the Nike photo. Over the past three decades, Nike has used the Jumpman logo in connection with the sale and marketing of billions of dollars of merchandise. It has become one of Nike's most recognizable trademarks.

[8] Rentmeester filed this action in January 2015. He alleges that both the Nike photo and the Jumpman logo infringe the copyright in his 1984 photo of Jordan....

[9] The district court granted Nike's motion to dismiss under Federal Rule of Civil Procedure 12(b)(6). The court dismissed Rentmeester's claims with prejudice after concluding that neither the Nike photo nor the Jumpman logo infringe Rentmeester's copyright as a matter of law. We review that legal determination *de novo*....

[10] To state a claim for copyright infringement, Rentmeester must plausibly allege two things: (1) that he owns a valid copyright in his photograph of Jordan, and (2) that Nike copied protected aspects of the photo's expression.

[11] Although our cases have not always made this point explicit, the second element has two distinct components: "copying" and "unlawful appropriation." Proof of copying by the defendant is necessary because independent creation is a complete defense to copyright infringement. No matter how similar the plaintiff's and the defendant's works are, if the defendant created his independently, without knowledge of or exposure to the plaintiff's work, the defendant is not liable for infringement. Proof of unlawful appropriation—that is, *illicit* copying—is necessary because copyright law does not forbid all copying. The Copyright Act provides that copyright protection does not "extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in [the copyrighted] work." 17 U.S.C. § 102(b). Thus, a defendant incurs no liability if he copies only the "ideas" or "concepts" used in the plaintiff's work. To infringe, the defendant must also copy enough of the plaintiff's expression of those ideas or concepts to render the two works substantially similar....

[12] Unfortunately, we have used the same term—"substantial similarity"—to describe both the degree of similarity relevant to proof of copying and the degree of similarity necessary to establish unlawful

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appropriation. The term means different things in those two contexts. To prove copying, the similarities between the two works need not be extensive, and they need not involve protected elements of the plaintiff's work. They just need to be similarities one would not expect to arise if the two works had been created independently. To prove unlawful appropriation, on the other hand, the similarities between the two works must be "substantial" and they must involve protected elements of the plaintiff's work.

[13] In this case, Rentmeester has plausibly alleged the first element of his infringement claim—that he owns a valid copyright. The complaint asserts that he has been the sole owner of the copyright in his photo since its creation in 1984. And the photo obviously qualifies as an "original work of authorship," given the creative choices Rentmeester made in composing it....

[14] Rentmeester has also plausibly alleged the "copying" component of the second element. He alleges that he provided color transparencies of his photo to Nike's creative director shortly before production of the Nike photo. That allegation establishes that Nike had access to Rentmeester's photo, which in this context means a reasonable opportunity to view it. Nike's access to Rentmeester's photo, combined with the obvious conceptual similarities between the two photos, is sufficient to create a presumption that the Nike photo was the product of copying rather than independent creation.

[15] The remaining question is whether Rentmeester has plausibly alleged that Nike copied enough of the protected expression from Rentmeester's photo to establish unlawful appropriation. To prove this component of his claim, Rentmeester does not have to show that Nike produced an exact duplicate of his photo. But, as mentioned, he does have to show that Nike copied enough of the photo's protected expression to render their works "substantially similar."

[16] In our circuit, determining whether works are substantially similar involves a two-part analysis consisting of the "extrinsic test" and the "intrinsic test." The extrinsic test assesses the objective similarities of the two works, focusing only on the protectable elements of the plaintiff's expression. Before that comparison can be made, the court must "filter out" the unprotectable elements of the plaintiff's work—primarily ideas and concepts, material in the public domain, and *scènes à faire* (stock or standard features that are commonly associated with the treatment of a given subject). The protectable elements that remain are then compared to corresponding elements of the defendant's work to assess similarities in the objective details of the works. The intrinsic test requires a more holistic, subjective comparison of the works to determine whether they are substantially similar in total concept and feel. To prevail, a plaintiff must prove substantial similarity under both tests.

[17] Only the extrinsic test's application may be decided by the court as a matter of law, so that is the only test relevant in reviewing the district court's ruling on a motion to dismiss. Before applying the extrinsic test ourselves, a few words are in order about the filtering process that the test demands.

[18] Certain types of works can be dissected into protected and unprotected elements more readily than others. With novels, plays, and motion pictures, for instance, even after filtering out unprotectable elements like ideas and *scènes à faire*, many protectable elements of expression remain that can be objectively compared. Plot, themes, dialogue, mood, setting, pace, characters, and sequence of events are elements we have previously identified.

[19] Photographs cannot be dissected into protected and unprotected elements in the same way. To be sure, photos can be broken down into objective elements that reflect the various creative choices the photographer made in composing the image—choices related to subject matter, pose, lighting, camera angle, depth of field, and the like. But none of those elements is subject to copyright protection when viewed in isolation. For example, a photographer who produces a photo using a highly original lighting technique or a novel camera

angle cannot prevent other photographers from using those same techniques to produce new images of their own, provided the new images are not substantially similar to the earlier, copyrighted photo. With respect to a photograph's subject matter, no photographer can claim a monopoly on the right to photograph a particular subject just because he was the first to capture it on film. A subsequent photographer is free to take her own photo of the same subject, again so long as the resulting image is not substantially similar to the earlier photograph.

[20] That remains true even if, as here, a photographer creates wholly original subject matter by having someone pose in an unusual or distinctive way. Without question, one of the highly original elements of Rentmeester's photo is the fanciful (non-natural) pose he asked Jordan to assume. That pose was a product of Rentmeester's own "intellectual invention," *Burrow-Giles*, 111 U.S. at 60; it would not have been captured on film but for Rentmeester's creativity in conceiving it.

[21] Without gainsaying the originality of the pose Rentmeester created, he cannot copyright the pose itself and thereby prevent others from photographing a person in the same pose. He is entitled to protection only for the way the pose is expressed in his photograph, a product of not just the pose but also the camera angle, timing, and shutter speed Rentmeester chose. If a subsequent photographer persuaded Michael Jordan to assume the exact same pose but took her photo, say, from a bird's eye view directly above him, the resulting image would bear little resemblance to Rentmeester's photo and thus could not be deemed infringing.

[22] What *is* protected by copyright is the photographer's selection and arrangement of the photo's otherwise unprotected elements. If sufficiently original, the combination of subject matter, pose, camera angle, etc., receives protection, not any of the individual elements standing alone. In that respect (although not in others), photographs can be likened to factual compilations. An author of a factual compilation cannot claim copyright protection for the underlying factual material—facts are always free for all to use. If sufficiently original, though, an author's selection and arrangement of the material are entitled to protection. The individual elements that comprise a photograph can be viewed in the same way, as the equivalent of unprotectable "facts" that anyone may use to create new works. A second photographer is free to borrow any of the individual elements featured in a copyrighted photograph, so long as the competing work does not feature the same selection and arrangement of those elements....

[23] This is not to say, as Nike urges us to hold, that all photographs are entitled to only "thin" copyright protection, as is true of factual compilations. A copyrighted work is entitled to thin protection when the range of creative choices that can be made in producing the work is narrow. [For example,] ... there are only so many ways to paint a red bouncy ball on blank canvas.... [C]ontrast[] that with the gazillions of ways to make an aliens-attack movie, a work that would be entitled to "broad" protection given the much wider range of creative choices available in producing it. When only a narrow range of expression is possible, copyright protection is thin because the copyrighted work will contain few protectable features.

[24] Some photographs are entitled to only thin protection because the range of creative choices available in selecting and arranging the photo's elements is quite limited. That was the case in *Ets-Hokin v. Sky Spirits, Inc.*, 323 F.3d 763 (9th Cir. 2003), where we held that the plaintiff's commercial product shots of a vodka bottle were entitled to only thin protection. Given the constraints imposed by the subject matter and conventions of commercial product shots, there were relatively few creative choices a photographer could make in producing acceptable images of the bottle. As a result, subtle differences in lighting, camera angle, and background were sufficient to render the defendant's otherwise similar-looking photos of the same bottle non-infringing.

[25] With other photographs, however, the range of creative choices available to the photographer will be far broader, and very few of those choices will be dictated by subject matter or convention.... [M]any photos will land more on the "aliens-attack movie" end of the range. As with any other work, the greater the range of

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creative choices that may be made, the broader the level of protection that will be afforded to the resulting image.

[26] Rentmeester's photo is undoubtedly entitled to broad rather than thin protection. The range of creative choices open to Rentmeester in producing his photo was exceptionally broad; very few of those choices were dictated by convention or subject matter. In fact, Rentmeester's photo is distinctive precisely because he chose *not* to be bound by the conventions commonly followed in photographing a basketball player attempting to dunk a basketball. Such photos would typically call for a basketball court as the setting, whether indoors or out. Rentmeester chose instead to place Jordan on an open, grassy knoll with a basketball hoop inserted as a prop, whimsically out of place and seeming to tower well above regulation height. Rentmeester also departed from convention by capturing Jordan in a fanciful, highly original pose, one inspired more by ballet's *grand jeté* than by any pose a basketball player might naturally adopt when dunking a basketball. These creative choices—along with the other choices Rentmeester made with respect to lighting, camera angle, depth of field, and selection of foreground and background elements—resulted in a photo with many non-standard elements. Rentmeester's selection and arrangement of those elements produced an image entitled to the broadest protection a photograph can receive.

[27] With those preliminary observations out of the way, we can now turn to whether Rentmeester has plausibly alleged that his photo and the Nike photo are substantially similar under the extrinsic test. As discussed, that inquiry requires us to assess similarities in the selection and arrangement of the photos' elements, as reflected in the objective details of the two works. We do not have a well-defined standard for assessing when similarity in selection and arrangement becomes "substantial," and in truth no hard-and-fast rule could be devised to guide determinations that will necessarily turn on the unique facts of each case. The best we can do is borrow from the standard Judge Learned Hand employed in a case involving fabric designs: The two photos' selection and arrangement of elements must be similar enough that "the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them."

[28] We conclude that the works at issue here are as a matter of law not substantially similar. Just as Rentmeester made a series of creative choices in the selection and arrangement of the elements in his photograph, so too Nike's photographer made his own distinct choices in that regard. Those choices produced an image that differs from Rentmeester's photo in more than just minor details.

[29] Let's start with the subject matter of the photographs. The two photos are undeniably similar in the subject matter they depict: Both capture Michael Jordan in a leaping pose inspired by ballet's *grand jeté*. But Rentmeester's copyright does not confer a monopoly on that general "idea" or "concept"; he cannot prohibit other photographers from taking their own photos of Jordan in a leaping, *grand jeté*-inspired pose. Because the pose Rentmeester conceived is highly original, though, he is entitled to prevent others from copying the details of that pose as expressed in the photo he took. Had Nike's photographer replicated those details in the Nike photo, a jury might well have been able to find unlawful appropriation even though other elements of the Nike photo, such as background and lighting, differ from the corresponding elements in Rentmeester's photo.

[30] But Nike's photographer did not copy the details of the pose as expressed in Rentmeester's photo; he borrowed only the general idea or concept embodied in the photo. Thus, in each photo Jordan is holding a basketball above his head in his left hand with his legs extended, in a pose at least loosely based on the *grand jeté*. The position of each of his limbs in the two photos is different, however, and those differences in detail are significant because, among other things, they affect the visual impact of the images. In Rentmeester's photo, Jordan's bent limbs combine with the background and foreground elements to convey mainly a sense of horizontal (forward) propulsion, while in the Nike photo Jordan's completely straight limbs combine with the other elements to convey mainly a sense of vertical propulsion. While the photos embody a similar idea or concept, they express it in different ways.

[31] As to the other highly original element of Rentmeester’s photo—the unusual outdoor setting he chose—Nike’s photographer did not copy the details of that element either. The two photos again share undeniable similarities at the conceptual level: Both are taken outdoors without the usual trappings of a basketball court, other than the presence of a lone hoop and backboard. But when comparing the details of how that concept is expressed in the two photos, stark differences are readily apparent. Rentmeester set his shot on a grassy knoll with a whimsically out-of-place basketball hoop jutting up from a pole planted in the ground. The grassy knoll in the foreground of Rentmeester’s photo is wholly absent from the Nike photo. In fact, in the Nike photo there is no foreground element at all. The positioning of the basketball hoops is also materially different in the two photos. In Rentmeester’s photo, the hoop is positioned at a height that appears beyond the ability of anyone to dunk on (even someone as athletic as Jordan), which further contributes to the whimsical rather than realistic nature of the depiction. The hoop in the Nike photo, by contrast, appears to be easily within Jordan’s reach.

[32] The other major conceptual similarity shared by the two photos is that both are taken from a similar angle so that the viewer looks up at Jordan’s soaring figure silhouetted against a clear sky. This is a far less original element of Rentmeester’s photo, as photographers have long used similar camera angles to capture subjects silhouetted against the sky. But even here, the two photos differ as to expressive details in material respects. In Rentmeester’s photo, the background is a cloudless blue sky; in the Nike photo, it is the Chicago skyline silhouetted against the orange and purple hues of late dusk or early dawn. In Rentmeester’s photo, the sun looms large in the lower right-hand corner of the image; in the Nike photo the sun does not appear at all. And in Rentmeester’s photo, parts of Jordan’s figure are cast in shadow, while in the Nike photo every inch of Jordan’s figure is brightly lit.

[33] Finally, the arrangement of the elements within the photographs is materially different in two further respects. In Rentmeester’s photo, Jordan is positioned slightly left of center and appears as a relatively small figure within the frame. In the Nike photo, he is perfectly centered and dominates the frame. In Rentmeester’s photo, the basketball hoop stands atop a tall pole planted in the ground, and the hoop’s position within the frame balances Jordan’s left-of-center placement. In the Nike photo, the hoop takes up the entire right border of the frame, highlighting Jordan’s dominant, central position. The hoops are also lit and angled differently toward the viewer, further distinguishing their expressive roles in the photographs.

[34] In our view, these differences in selection and arrangement of elements, as reflected in the photos’ objective details, preclude as a matter of law a finding of infringement. Nike’s photographer made choices regarding selection and arrangement that produced an image unmistakably different from Rentmeester’s photo in material details—disparities that no ordinary observer of the two works would be disposed to overlook. What Rentmeester’s photo and the Nike photo share are similarities in general ideas or concepts: Michael Jordan attempting to dunk in a pose inspired by ballet’s *grand jeté*; an outdoor setting stripped of most of the traditional trappings of basketball; a camera angle that captures the subject silhouetted against the sky. Rentmeester cannot claim an exclusive right to ideas or concepts at that level of generality, even in combination. Permitting him to claim such a right would withdraw those ideas or concepts from the stock of materials available to other artists, thereby thwarting copyright’s fundamental objective of fostering creativity. Copyright promotes the progress of science and the useful arts by encouraging others to build freely upon the ideas and information conveyed by a work. That is all Nike’s photographer did here.

[35] If the Nike photo cannot as a matter of law be found substantially similar to Rentmeester’s photo, the same conclusion follows ineluctably with respect to the Jumpman logo. The logo is merely a solid black silhouette of Jordan’s figure as it appears in the Nike photo, which, as we have said, differs materially from the way Jordan’s figure appears in Rentmeester’s photo. Isolating that one element from the Nike photo and rendering it in a stylized fashion make the Jumpman logo even less similar to Rentmeester’s photo than the Nike photo itself....

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[36] ... Rentmeester contends that dismissal at the pleading stage is rarely appropriate in copyright infringement cases and that he should have been allowed to take discovery before the district court assessed substantial similarity. It is true that dismissal of copyright infringement claims occurs more commonly at the summary judgment stage, but dismissal at the pleading stage is by no means unprecedented. Dismissal is appropriate here because the two photos and the Jumpman logo are properly before us and thus capable of examination and comparison. Nothing disclosed during discovery could alter the fact that the allegedly infringing works are as a matter of law not substantially similar to Rentmeester's photo.

[37] This is not a case in which discovery could shed light on any issues that actually matter to the outcome. In some cases, the defendant claims independent creation as a defense and thus denies having had access to the plaintiff's work. In that scenario, disputed factual issues will often require discovery to flesh out. Here, Nike does not contest that it had access to Rentmeester's photo, so that issue is not in dispute.

[38] In other cases, more may need to be known about the range of creative choices available to the plaintiff photographer in order to determine the breadth of protection available to his work. Here, we have accepted as true all of Rentmeester's allegations concerning the creative choices he made in producing his photograph. But even granting his photo the broad protection it deserves, a comparison of the works at issue makes clear that Nike's photographer made creative choices of his own, which resulted in an image and derivative logo not substantially similar to Rentmeester's photo. Nothing disclosed during discovery could strengthen Rentmeester's arguments on this score....

NOTES

1. Now that you've seen some decisions from both the Second and Ninth Circuits on substantial similarity, how would you say their respective frameworks map onto one another? Are they asking more or less the same questions to analyze copying in law? Or different ones entirely? Is one framework or the other more plaintiff-friendly? What are the advantages and disadvantages of filing an infringement claim in the Second Circuit as compared with the Ninth Circuit?

2. Does reading through these decisions leave you with an impression that there is predictability to the substantial-similarity case law? Or does it seem confusing and unpredictable?

Of the scholars who think that it is confusing and unpredictable, some think it is in part because of a lack of guidelines as to what qualifies as copying in law and in part because of a lack of guidance as to how to distinguish idea from expression. See, e.g., Amy B. Cohen, *Masking Copyright Decisionmaking: The Meaninglessness of Substantial Similarity*, 20 U.C. DAVIS L. REV. 719 (1987). Others think it stems from a lack of attention to how the ordinary reader reads a work of authorship. Zahr K. Said, *A Transactional Theory of the Reader in Copyright Law*, 102 IOWA L. REV. 605 (2017). And others think that treating substantial similarity as a question of law rather than a question of fact would alleviate many of these concerns. Shyamkrishna Balganesh, *The Normativity of Copying in Copyright Law*, 62 DUKE L.J. 203 (2012); Said, *supra*.

3. Now that you have read how different evidence and frameworks are used to assess copying in fact and copying in law, do you think the jury is able to separate out the evidence it properly heard on one such copying element and not allow it to affect its finding on the other inappropriately? In that context, consider the statement made by the jury foreman in *Selle v. Gibb* to the press after the jury rendered a verdict of infringement against the Bee Gees. The foreman revealed that a major factor in the jury's finding of infringement—including copying in law—was that Selle's expert had said that the Bee Gees had not independently created their song and that the Bee Gees had offered no expert testimony to rebut that suggestion. Maurice Possley, *Bee Gees Found Guilty of Plagiarism*, ROLLING STONE, Apr. 14, 1983, at 60, 60. As

you now know, expert evidence of the sort may be admitted only as to copying in fact, but not as to copying in law.

Experimental work has shown that subjects' assessments as to copying in law of images shift toward finding copying in law when the subjects are exposed to additional facts about the presence of copying in fact or the creative effort that went into making the first image. Shyamkrishna Balganes, Irina D. Manta & Tess Wilkinson-Ryan, *Judging Similarity*, 100 IOWA L. REV. 267 (2014).

4. In Chapter IV's consideration of formalities, you read about an incentive for copyright holders to include copyright notice in their works following the U.S. accession to the Berne Convention: the ability to prevent an **innocent infringer defense**. Despite its connotation, this defense does not allow a defendant who copies another's work believing (incorrectly) that their copying is not infringing to negate copying in law. Since 1931, a defendant's mental state as to infringement has been deemed irrelevant. *Buck v. Jewell-Lasalle Realty Co.*, 283 U.S. 191, 198 (1931). Before that time, copyright law was kinder to such an innocent infringer, making it harder—if not impossible—to hold such a person liable for infringement. For more on this history and how circumstances changed, see R. Anthony Reese, *Innocent Infringement in U.S. Copyright Law: A History*, 30 COLUM. J.L. & ARTS 133 (2007).

Instead of providing a general defense to liability, the innocent infringer defense provides for either a limitation on liability or mitigation of actual or statutory damages when notice of copyright was omitted from a defendant's work. By contrast, inclusion of such notice negates the innocent infringer defense. See 17 U.S.C. §§ 401(d); 405(b). We delve into this issue more in relation to our study of damages in Chapter VIII.

5. In addition to requiring copying in fact and copying in law to establish infringement, should the plaintiff also be required to prove that the copying is foreseeable, and therefore is the kind of copying that could have affected the original author's ex ante incentives to create? One scholar has proposed that "a new test of 'foreseeable copying' that would require a plaintiff to establish that the defendant's copying was objectively foreseeable at the time of creation—the point at which copyright's incentive structure is meant to have influenced a creator's behavior." Shyamkrishna Balganes, *Foreseeability and Copyright Incentives*, 122 HARV. L. REV. 1569, 1603 (2009). Balganes justifies this new element of the plaintiff's prima facie case on the basis that "[i]f the law is willing to assume in other areas that unforeseeable events are not motivational concerns, it would seem inconsistent with this basic premise to have a system of copyright that assumes otherwise. Unforeseeable uses are unlikely to be part of a creator's inducement to create in exactly the same way that unforeseeable consequences are unlikely to be part of an individual's decision whether to act." Are you convinced by this argument?

6. Another scholar has argued that, at least in some cases, a copyright plaintiff should be required to prove that a defendant's copying has *harmed the plaintiff*. The argument suggests that copyright should follow antitrust law in adjusting its liability standard according to whether harm is expected ordinarily to follow from a particular type of infringement:

First, we should distinguish between conduct we know will harm author incentives over the run of cases, and conduct with more ambiguous effects. So creation and distribution of exact copies of a work should be treated differently than creation of a derivative work. The first we know will almost always be harmful; whether the second is depends on the facts of a particular case.

Second, we should re-structure copyright's burdens of proof to better filter harmful from harmless uses. This second strategy grows out of and is aimed at implementing the first. For cases involving infringing conduct that is very likely to cause harm, we should preserve copyright's current strict liability rule.... But for cases involving infringing conduct in our second

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category—i.e., where the effect of the infringing conduct is ambiguous—we should require plaintiffs to prove that they have been harmed in some substantial way.

There are two principal benefits of such a change. First, by requiring that plaintiffs show substantial actual or likely harm in these “rule of reason” copyright infringement cases, we will encourage plaintiffs who have suffered substantial harm to come forward, while discouraging suits by rightsholders who suffer no harm, or only speculative harm. Second—and perhaps most importantly—altering the plaintiff’s prima facie case in this way will produce information about harms and benefits of different uses of copyrighted works. To do this effectively, the law needs to place the burden on the party most likely to have information about the harm—in virtually all cases, that is likely to be the plaintiff. The law as structured now does not reliably produce this information, with the result that copyright litigation does not help us to know more about how creative incentives are or are not harmed. If we hope to improve our understanding over time, we should re-structure the law so that litigation produces the information about harm that we currently lack.

Christopher Jon Sprigman, *Copyright and the Rule of Reason*, 7 J. TELECOMM. & HIGH TECH. L. 317 (2009); accord Christina Bohannon & Herbert Hovenkamp, CREATION WITHOUT RESTRAINT: PROMOTING LIBERTY AND RIVALRY IN INNOVATION 161-99 (2012); Mark A. Lemley & Mark P. McKenna, *Unfair Disruption*, 100 B.U. L. REV. 71 (2020).

7. Should the test for substantial similarity be tailored to the nature of work at issue, be it visual art, music, a novel, or computer software? For an argument that the courts ought to do more tailoring in this regard, see Pamela Samuelson, *A Fresh Look at Tests for Nonliteral Copyright Infringement*, 107 NW. U. L. REV. 1821 (2013).

8. For infringement claims involving musical works, courts and commentators struggle with which elements of a musical composition ought to be emphasized in findings of substantial similarity and which ought to be deemphasized. Substantial similarity decisions with regard to musical works tend to get more technical in their reliance and evaluation of expert views than decisions for other types of works. See, e.g., *Williams v. Gaye*, 885 F.3d 1150 (9th Cir. 2018); *Swirsky v. Carey*, 376 F.3d 841 (9th Cir. 2004); *Williams v. Bridgeport Music, Inc.*, No. LA CV13-06004 JAK (AGRx), 2014 WL 7877773 (C.D. Cal. Oct. 30, 2014). See also *Gray v. Hudson*, 28 F.4th 87 (9th Cir. 2022) (granting the defendant’s motion to set aside a jury verdict of infringement, and holding that the “ostinatos [i.e., a continually repeated musical phrase] at issue here consist entirely of commonplace musical elements, and that the similarities between them do not arise out of an original combination of these elements”). One reason this happens is likely because it is difficult to evaluate whether a musical element is similar in two works because it is a stock element for the relevant genre or musical style or because it has been copied. Another reason is because of the difficulty in assessing which elements of a musical work—melody, rhythm, harmony, or organizational structure, to name but a few elements—the law is and ought to be protecting. For an argument that copyright infringement decisions as to musical works tend to emphasize melody to the exclusion of other elements and an analysis of the upshot of deemphasizing other elements of musical works even in genres in which they are more important than melody, see Joseph P. Fishman, *Music as a Matter of Law*, 131 HARV. L. REV. 1861 (2018). For a counterargument that this approach inappropriately emphasizes the visual aspects of music over the aural for reasons related to both cognition and perception of music and the current prominence of African-American-based music, see Olufunmilayo B. Arewa, *A Musical Work Is a Set of Instructions*, 52 HOUS. L. REV. 467 (2014).

9. Oren Bracha argues that the use of copyrighted works to train artificial intelligence models is not actionable reproduction under copyright law. In particular, he maintains that “[m]aking a new physical copy when the expression embodied in it will be experienced by no one is not any more relevant for copyright than using an existing copy as a doorstop.” More broadly, Bracha posits that “[m]ere physical reproduction, delinked from enjoyment of the expressive value of a work and completely incidental to accessing unprotected meta-

information, is categorically beyond copyright's domain." Oren Bracha, *The Work of Copyright in the Age of Machine Production*, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4581738.

c. Exact Copy

Exact copies, except when they involve de minimis copying as explored above in section a, would readily seem to support a conclusion of copying in law. That is very much true for piracy cases. That said, sections 107 through 122 of the Copyright Act set out numerous limitations on liability for certain types of exact copies. To give you a feel for these privileged activities, this section discusses some of the more salient limitations (other than fair use as set out in § 107, which we study in Chapter VI).

Section 108 privileges certain exact copies made by libraries and archives. Section 108 was originally enacted in the Copyright Act of 1976 to address the photocopying possibilities that had become available to libraries, archives, and their patrons. Congress amended § 108 with the Digital Millennium Copyright Act in 1998 to address electronic copies of library materials.

Section 108(a) provides:

Except as otherwise provided in this title and notwithstanding the provisions of section 106, it is not an infringement of copyright for a library or archives, or any of its employees acting within the scope of their employment, to reproduce no more than one copy or phonorecord of a work, except as provided in subsections (b) and (c), or to distribute such copy or phonorecord, under the conditions specified by this section, if—

- (1) the reproduction or distribution is made without any purpose of direct or indirect commercial advantage;*
- (2) the collections of the library or archives are (i) open to the public, or (ii) available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field; and*
- (3) the reproduction or distribution of the work includes a notice of copyright that appears on the copy or phonorecord that is reproduced under the provisions of this section, or includes a legend stating that the work may be protected by copyright if no such notice can be found on the copy or phonorecord that is reproduced under the provisions of this section.*

As spelled out in this text, libraries and their employees acting within the scope of their employment can claim this privilege. To do so, they must make no more than one copy of a work, that copy must be made without any purpose of commercial advantage, the library's collections must remain open as specified, and there must be notice of copyright on the copy as specified. Moreover, qualifying libraries can also make "three copies or phonorecords of an unpublished work" so long as these copies are "solely for purposes of preservation and security or for deposit for research use in another" qualifying library and the copy being reproduced is "currently in the collection of the library." 17 U.S.C. § 108(b). As to published works, qualifying libraries can make three copies "solely for the purpose of replacement of a copy or phonorecord that is damaged, deteriorating, lost, or stolen, or if the existing format in which the work is stored has become obsolete," so long as "the library ... has, after a reasonable effort, determined that an unused replacement cannot be obtained at a fair price." *Id.* § 108(c). To take advantage of the copying privileges of §§ 108(b) and (c), any digital copy that is made cannot be made available off the library's premises. *Id.* §§ 108(b)-(c). To prevent loopholes, such as mass copying by a

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group, § 108 has further limitations on these reproduction privileges. *Id.* § 108(g). At the same time, § 108 provides that it should not be understood “to impose liability for copyright infringement upon a library or archives or its employees for the unsupervised use of reproducing equipment located on its premises: *Provided*, That such equipment displays a notice that the making of a copy may be subject to the copyright law.” *Id.* § 108(f)(1).

In thinking through copyright policy, why do you suppose that Congress legislated this privilege for these forms of exact copying by libraries? For more on the background of § 108 and its amendment, see Laura N. Gasaway, *Amending the Copyright Act for Libraries and Society: The Section 108 Study Group*, 70 ALB. L. REV. 1331 (2007).

Sections 112 and 118 of the Copyright Act privilege certain exact copies made by broadcasters. Consider § 112. It excludes from infringement liability ephemeral copies made by a broadcaster that already has a license, statutory license, or other allowance to perform or display a work. Section 112(a)(1) provides:

Notwithstanding the provisions of section 106, and except in the case of a motion picture or other audiovisual work, it is not an infringement of copyright for a transmitting organization entitled to transmit to the public a performance or display of a work ..., to make no more than one copy or phonorecord of a particular transmission program embodying the performance or display, if—

(A) the copy or phonorecord is retained and used solely by the transmitting organization that made it, and no further copies or phonorecords are reproduced from it; and

(B) the copy or phonorecord is used solely for the transmitting organization’s own transmissions within its local service area, or for purposes of archival preservation or security; and

(C) unless preserved exclusively for archival purposes, the copy or phonorecord is destroyed within six months from the date the transmission program was first transmitted to the public.

Note the limitations on this privilege: Broadcasters cannot make ephemeral copies of motion pictures or audiovisual works. For other works being broadcast, only one copy can be made. That copy can be used only for the broadcaster’s own transmissions in its service area or for archival or security purposes. And unless the copy is being used for archival purposes, the copy must be destroyed within six months of the date the work was first transmitted to the public.

Why do you think the Copyright Act exempts these ephemeral copies made by broadcasters from infringement liability?

As a final illustration of the Copyright Act’s exemptions of some exact copying, consider § 117’s exemption of certain copies made in the course of using computer programs (as discussed also in Chapter II’s treatment of copyright for computer software). In 1980, following CONTU’s recommendation that copyright law be extended to protect computer software, Congress enacted an exemption on certain exact copies in § 117. Most importantly, as currently implemented, it provides that

Notwithstanding the provisions of section 106, it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaptation of that computer program provided:

(1) that such a new copy or adaptation is created as an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner, or

(2) that such new copy or adaptation is for archival purposes only and that all archival copies are destroyed in the event that continued possession of the computer program should cease to be rightful.

Id. § 117(a). This provision exempts a copy of computer programs made automatically by a computer in the course of running the program so long as it is “an essential step in the utilization of the computer program,” is not used for any other purpose, and is being made by or on behalf of the owner (rather than, say, a licensee) of the copy of the computer program. It also allows owners of copies of computer programs to make a copy for archival purposes. A subsequent amendment to § 117—following in the wake of *MAI Sys. Corp. v. Peak Comp., Inc.*, 991 F.2d 511 (9th Cir. 1993) (discussed in Chapter II with regard to fixation)—also exempts certain copying made or authorized by owners of copies of computer programs in the course of machine repair or maintenance. 17 U.S.C. § 117(c). For a broader analysis of how copyright law has handled the rise of copy-reliant technologies like the computer, see Matthew Sag, *Copyright and Copy-Reliant Technology*, 103 NW. U. L. REV. 1607 (2009).

Why do you think Congress exempted these copies of computer programs from infringement liability?

More generally, taking together § 106(1)’s reproduction right, the judicially-developed “substantial similarity” infringement standard, and the liability exemptions in §§ 107-122, there is a powerful dynamic at play in copyright law. Both the language of § 106(1)’s exclusive right of reproduction and the “substantial similarity” test are constructed such that almost all copying—particularly exact copying—can be actionable unless one of the statutory exemptions applies. The statutory exemptions are each technical and complex, so the precise wording of a particular exemption matters in assessing whether particular copying is exempt from liability.

Is this a good way to construct copyright law—that is, sweeping virtually all copying of protected elements into liability, and then exempting certain sorts of copying? Is there a better way?

C. Distribution (and Importation) Rights

Section 106(3) of the Copyright Act gives copyright owners the exclusive right “to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.”

In typical cases, the distribution right functions identically to the reproduction right because most reproduced works are also distributed. The distribution right, however, enables copyright holders to pursue claims against distributors of copies made by someone else. Is it fair to hold liable distributors of copies made by someone else, particularly given that copyright infringement is a strict-liability offense? Does it comport with copyright policy?

Note that this right is limited to the distribution of *copies* (or phonorecords, the term for a copy of a sound recording). It does not reach *streaming*, which does not, in itself, result in the distribution of copies or phonorecords. Why not? Think about how the Copyright Act defines a “copy”: “Copies” must be “fixed,” as set out in Chapter II. Streaming does not in itself produce a fixed copy.

What does it mean to “distribute” a copy? Does making a copy available constitute distribution? Or must the copy actually be received by another person for distribution to have occurred? Courts have split on that question. *Compare* Capitol Records, Inc. v. Thomas, 579 F. Supp. 2d 1210, 1226 (D. Minn. 2008) (holding that

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making available copyrighted material does not, without proof that a copy was received, constitute distribution of that work under 17 U.S.C. § 106(3)), *with Hotelling v. Church of Jesus Christ of Latter-Day Saints*, 118 F.3d 199, 201 (4th Cir. 1997) (holding that “a library distributes a published work, within the meaning of the Copyright Act, when it places an unauthorized copy of the work in its collection, includes the copy in its catalog or index system, and *makes the copy available* to the public”) (emphasis added).

The *Restatement*, noting the authority on both sides, does not take a position on this controversy, but it notes that the position that mere “making available” is tantamount to distribution is in considerable tension with the relevant statutory language:

[A]n explicit “making available” right is difficult to square with the language of 17 U.S.C. § 106(3), which gives the copyright owner the exclusive right “to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.” ... The language of 17 U.S.C. § 106(3) specifically identifies “distribution of copies of phonorecords to the public” as the protected right, a formulation that is most naturally read, in line with the Copyright Act’s statutory definitions of “copies” and “phonorecords,” to refer to actual distribution of material objects, and does not clearly include offers to distribute. Moreover, the language of 17 U.S.C. § 106(3) identifies modes of distribution—“sale or other transfer of ownership, or ... rental, lease, or lending”—all of which involve the actual distribution of copies or phonorecords embodying a copyrighted work. (Note that the distribution of an electronic copy or phonorecord—such as occurs when a computer file embodying a sound recording is transmitted over a computer network—qualifies as an actual distribution of a copy or phonorecord.

Finally, and significantly, although ... the language of 17 U.S.C. § 106(3) is identical to the language of 17 U.S.C. § 101 defining “publication” as “the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending,” the language of § 106(3) does not include the second sentence of the § 101 definition of “publication,” namely: “The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication.” That offering to distribute is included as a separate element within the definition of “publication,” but excluded from the language of 17 U.S.C. § 106(3), suggests that actual distribution is the predicate to liability under § 106(3), and that mere offering to distribute (or, making a copy available) is not sufficient.

Restatement of the Law, Copyright, Tentative Draft No. 3, § 57 Reporters’ Note *d*, copyright © 2022 by The American Law Institute. Reproduced with permission, not as part of a Creative Commons license.

Note that even if a plaintiff in a copyright infringement lawsuit is able to show that they have made a copy available but are unable to establish a specific instance of actual distribution, that does not mean that the plaintiff’s § 106(3) claim should necessarily be dismissed. If a plaintiff is able to establish that a copy made available in the specific manner at issue in the case is statistically more likely than not to have been actually distributed, that should suffice as proof of distribution; each element of a copyright claim is subject to proof by a preponderance-of-the-evidence standard. So, for example, if data shows that, on average, a copy made available on a particular peer-to-peer system or cyberlocker is likely to have been distributed within a particular amount of time, such evidence should be sufficient to establish that actual distribution of the copy at issue has more likely than not occurred.

The distribution right is subject to an important limitation, the **first-sale doctrine**, which was recognized by U.S. courts at least as far back as the Supreme Court's opinion in *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339 (1908), which you'll read next. As you shall see, Congress codified the first-sale doctrine in § 109 of the Copyright Act.

As you read the next case, try to fathom the origin of the so-called first-sale doctrine. Is the Supreme Court interpreting the meaning of the copyright law? Or is it importing a common law rule into copyright law? If the latter, what is the common law rule? What social policy does it serve?

Bobbs-Merrill Company v. Isidor Straus

210 U.S. 339 (1908)

DAY, J.:

[1] The complainant in the circuit court, appellant here, the Bobbs-Merrill Company, brought suit against the respondents, appellees here, Isidor Straus and Nathan Straus, partners as R. H. Macy & Company, in the circuit court of the United States for the southern district of New York, to restrain the sale of a copyrighted novel, entitled 'The Castaway,' at retail at less than \$1 for each copy. The circuit court dismissed the bill on final hearing. The decree of the circuit court was affirmed on appeal by the circuit court of appeals.

[2] The appellant is the owner of the copyright upon 'The Castaway,' obtained on the 18th day of May, 1904, in conformity to the copyright statutes of the United States. Printed immediately below the copyright notice, on the page in the book following the title page, is inserted the following notice:

The price of this book at retail is \$1 net. No dealer is licensed to sell it at a less price, and a sale at a less price will be treated as an infringement of the copyright.

The Bobbs-Merrill Company.

[3] Macy & Company, before the commencement of the action, purchased copies of the book for the purpose of selling the same at retail....

[4] The defendants have sold copies of the book at retail at the uniform price of 89 cents a copy, and are still selling, exposing for sale, and offering copies of the book at retail at the price of 89 cents per copy, without the consent of the complainant....

[5] The facts disclose a sale of a book at wholesale by the owners of the copyright, at a satisfactory price, and this without agreement between the parties to such sale obligating the purchaser to control future sales, and where the alleged right springs from the protection of the copyright law alone. It is contended that this power to control further sales is given by statute to the owner of such a copyright in conferring the sole right to 'vend' a copyrighted book....

[6] The learned counsel for the appellant in this case, in the argument at bar, disclaims relief because of any contract, and relies solely upon the copyright statutes, and rights therein conferred. The copyright statutes ought to be reasonably construed, with a view to effecting the purposes intended by Congress. They ought not to be unduly extended by judicial construction to include privileges not intended to be conferred, nor so narrowly construed as to deprive those entitled to their benefit of the rights Congress intended to grant....

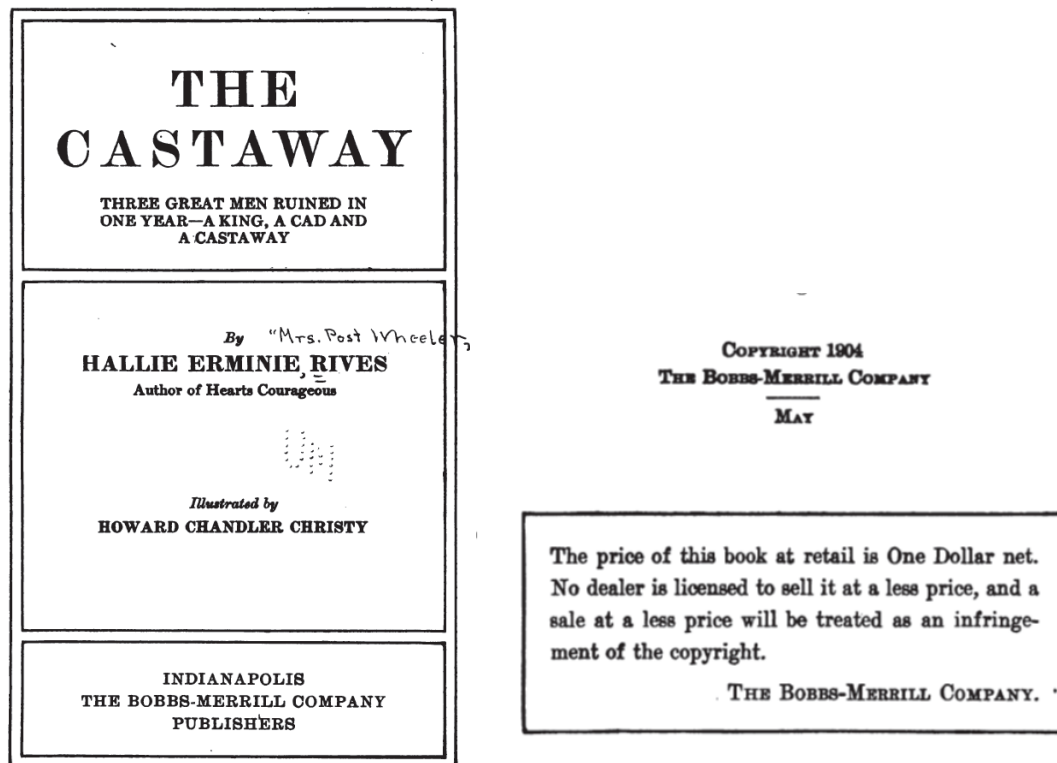


Figure 73: *The Castaway* inside title page (left) and notice (right)

[7] It is the contention of the appellant that the circuit court erred in failing to ... protect[] the owners of the copyright in the sole right of vending the copyrighted book or other article, and the argument is that the statute vested the whole field of the right of exclusive sale in the copyright owner; that he can part with it to another to the extent that he sees fit, and may withhold to himself, by proper reservations, so much of the right as he pleases.

[8] What does the statute mean in granting 'the sole right of vending the same?' Was it intended to create a right which would permit the holder of the copyright to fasten, by notice in a book or upon one of the articles mentioned within the statute, a restriction upon the subsequent alienation of the subject-matter of copyright after the owner had parted with the title to one who had acquired full dominion over it and had given a satisfactory price for it? It is not denied that one who has sold a copyrighted article, without restriction, has parted with all right to control the sale of it. The purchaser of a book, once sold by authority of the owner of the copyright, may sell it again, although he could not publish a new edition of it.

[9] In this case the stipulated facts show that the books sold by the appellant were sold at wholesale, and purchased by those who made no agreement as to the control of future sales of the book, and took upon themselves no obligation to enforce the notice printed in the book, undertaking to restrict retail sales to a price of \$1 per copy.

[10] The precise question, therefore, in this case is, Does the sole right to vend (named in [the copyright statute]) secure to the owner of the copyright the right, after a sale of the book to a purchaser, to restrict future sales of the book at retail, to the right to sell it at a certain price per copy, because of a notice in the book that a sale at a different price will be treated as an infringement, which notice has been brought home to one undertaking to sell for less than the named sum? We do not think the statute can be given such a construction, and it is to be remembered that this is purely a question of statutory construction. There is no claim in this case of contract limitation, nor license agreement controlling the subsequent sales of the book.

[11] In our view the copyright statutes, while protecting the owner of the copyright in his right to multiply and sell his production, do not create the right to impose, by notice, such as is disclosed in this case, a limitation at which the book shall be sold at retail by future purchasers, with whom there is no privity of contract. This conclusion is reached in view of the language of the statute, read in the light of its main purpose to secure the right of multiplying copies of the work, a right which is the special creation of the statute. True, the statute also secures, to make this right of multiplication effectual, the sole right to vend copies of the book, the production of the author's thought and conception. The owner of the copyright in this case did sell copies of the book in quantities and at a price satisfactory to it. It has exercised the right to vend. What the complainant contends for embraces not only the right to sell the copies, but to qualify the title of a future purchaser by the reservation of the right to have the remedies of the statute against an infringer because of the printed notice of its purpose so to do unless the purchaser sells at a price fixed in the notice. To add to the right of exclusive sale the authority to control all future retail sales, by a notice that such sales must be made at a fixed sum, would give a right not included in the terms of the statute, and, in our view, extend its operation, by construction, beyond its meaning, when interpreted with a view to ascertaining the legislative intent in its enactment....

NOTE

1. *Bobbs-Merrill* seems to contemplate that parties can contract around the first-sale doctrine. Should the law allow such contracting? Does it make a difference to your analysis if the contract is individually negotiated or is instead provided through a shrinkwrap or clickwrap license made applicable to all would-be purchasers?

The first-sale doctrine is codified in § 109(a) of the Copyright Act:

Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord....

Note that by its terms, the protections of § 109(a) extend not only to the sale of copies, but also to other forms of distribution, such as rental, lease, and lending.

Read the statutory language of § 109(a) carefully before reading the following case. Notice the limitations set out in § 109(a) to the scope of the first-sale doctrine. Has the court in the following case understood and applied those limitations correctly? Is the court's construction of § 109(a) consistent with the common law principle animating the first-sale doctrine?

Capitol Records, LLC v. ReDigi Inc.

910 F.3d 649 (2d Cir. 2018)

LEVAL, J.:

[1] Defendant ReDigi, Inc. ... appeal[s] from the judgment of the United States District Court for the Southern District of New York in favor of Plaintiffs, Capitol Records, LLC ..., finding copyright infringement. Defendants had created an Internet platform designed to enable the lawful resale, under the first sale doctrine, of lawfully purchased digital music files, and had hosted resales of such files on the platform. The district court concluded that, notwithstanding the "first sale" doctrine, codified in the Copyright Act of 1976, 17 U.S.C. § 109(a), ReDigi's Internet system version 1.0 infringed the Plaintiffs' copyrights by enabling the resale of such digital files containing sound recordings of Plaintiffs' copyrighted music. We agree with the district court that ReDigi

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infringed the Plaintiffs' exclusive rights under 17 U.S.C. § 106(1) to reproduce their copyrighted works. We make no decision whether ReDigi also infringed the Plaintiffs' exclusive rights under 17 U.S.C. § 106(3) to distribute their works....

[2] Plaintiffs are record companies, which own copyrights or licenses in sound recordings of musical performances. Plaintiffs distribute those sound recordings in numerous forms, of which the most familiar twenty years ago was the compact disc. Today, Plaintiffs also distribute their music in the form of digital files, which are sold to the public by authorized agent services, such as Apple iTunes, under license from Plaintiffs. Purchasers from the Apple iTunes online store download the files onto their personal computers or other devices.

[3] ReDigi was founded ... in 2009 with the goal of creating enabling technology and providing a marketplace for the lawful resale of lawfully purchased digital music files. ... During the period addressed by the operative complaint, ReDigi, through its system version 1.0, hosted resales of digital music files containing the Plaintiffs' music by persons who had lawfully purchased the files from iTunes.

[4] Considering the evidence in the light most favorable to ReDigi, ReDigi's system version 1.0 operates as follows.

[5] ... *Music Manager*: A person who owns a digital music file lawfully purchased from iTunes and intends to employ ReDigi's system to resell it must first download and install onto her computer ReDigi's "Music Manager" software program. Once Music Manager has been installed, it analyzes the digital file intended for resale, verifies that the file was originally lawfully purchased from iTunes, and scans it for indications of tampering. If the file was lawfully purchased, Music Manager deems it an "Eligible File" that may be resold.⁴

[6] ... *Data Migration*: The ReDigi user must then cause the file to be transferred to ReDigi's remote server, known as the "Cloud Locker." To effectuate this transfer, ReDigi developed a new method that functions differently from the conventional file transfer. The conventional process is to reproduce the digital file at the receiving destination so that, upon completion of the transfer, the file exists simultaneously on both the receiving device and on the device from which it was transferred. If connectivity is disrupted during such a standard transfer, the process can be repeated because the file remains intact on the sender's device.

[7] Under ReDigi's method—which it calls "data migration"—ReDigi's software begins by breaking the digital music file into small blocks of data of roughly four thousand bytes in length. Once the file has been broken into blocks of data ("packets"), ReDigi's system creates a "transitory copy" of each packet in the initial purchaser's computer buffer. Upon copying (or "reading") a packet into the initial purchaser's computer buffer, ReDigi's software sends a command to delete that packet of the digital file from permanent storage on the initial purchaser's device. ReDigi's software then sends the packet to the ReDigi software to be copied into the buffer and deleted from the user's device. During the data migration process, the digital file cannot be accessed, played, or perceived. If connectivity is disrupted during the data migration process, the remnants of the digital file on the user's device are unusable, and the transfer cannot be re-initiated. In such circumstances, ReDigi (according to its brief) bears the cost of the user's loss....

[8] Once all the packets of the source file have been transferred to ReDigi's server, the Eligible File has been entirely removed from the user's device. The packets are then re-assembled into a complete, accessible, and playable file on ReDigi's server.

⁴ Music Manager will deem a file "Eligible" if it was purchased by the user from iTunes or it was purchased by the user through ReDigi, having been originally purchased lawfully by another from iTunes.

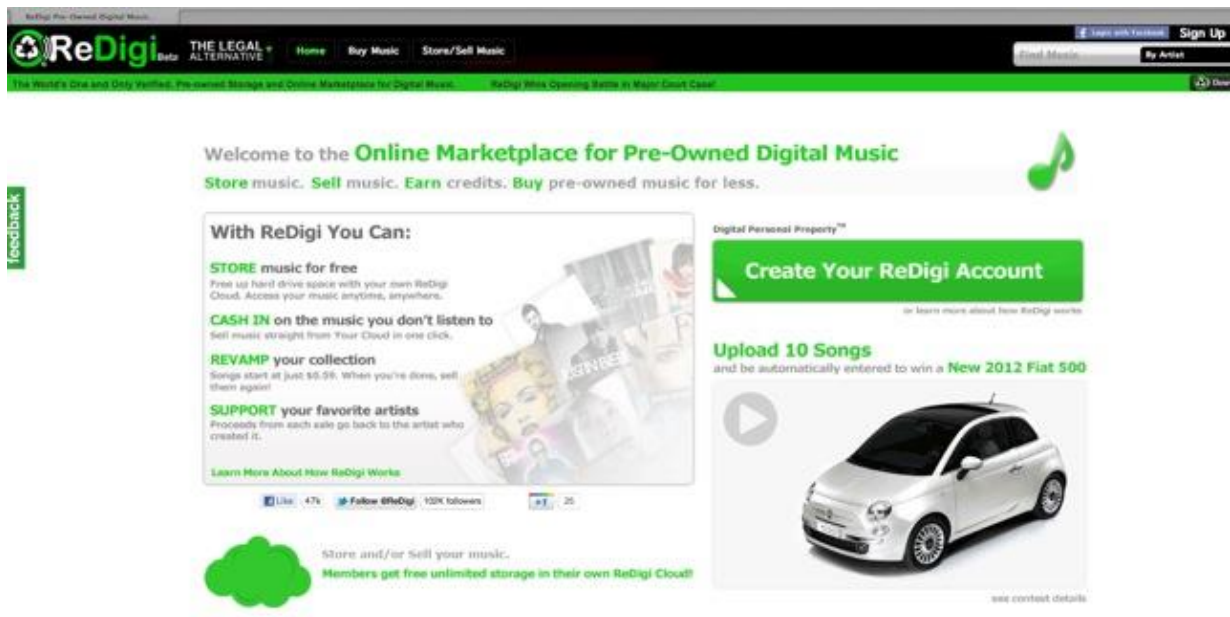


Figure 74: ReDigi screenshot

[9] ReDigi describes its primary technological innovation using the metaphor of a train (the digital file) leaving from one station (the original purchaser's device) and arriving at its destination (in the first instance, ReDigi's server). Under either the typical method or ReDigi's method, packets are sent sequentially, such that, conceptually, each packet is a car moving from the source to the destination device. Once all the packets arrive at the destination device, they are reassembled into a usable file. At that moment, in a typical transfer, the entire digital file in usable form exists on both devices. ReDigi's system differs in that it effectuates a deletion of each packet from the user's device immediately after the "transitory copy" of that packet arrives in the computer's buffer (before the packet is forwarded to ReDigi's server). In other words, as each packet "leaves the station," ReDigi deletes it from the original purchaser's device such that it no longer exists on that device. As a result, the entire file never exists in two places at once.

[10] After the file has reached ReDigi's server but before it has been resold, the user may continue to listen to it by streaming audio from the user's Cloud Locker on ReDigi's server. If the user later re-downloads the file from her Cloud Locker to her computer, ReDigi will delete the file from its own server.

[11] ... *Resale*: Once an Eligible File has "migrated" to ReDigi's server, it can be resold by the user utilizing ReDigi's market function. If it is resold, ReDigi gives the new purchaser exclusive access to the file. ReDigi will (at the new purchaser's option) either download the file to the new purchaser's computer or other device (simultaneously deleting the file from its own server) or will retain the file in the new purchaser's Cloud Locker on ReDigi's server, from which the new purchaser can stream the music. ReDigi's terms of service state that digital media purchases may be streamed or downloaded only for personal use.

[12] ... *Duplicates*: ReDigi purports to guard against a user's retention of duplicates of her digital music files after she sells the files through ReDigi. To that end, Music Manager continuously monitors the user's computer hard drive and connected devices to detect duplicates. When a user attempts to upload an Eligible File to ReDigi's server, ReDigi prompts her to delete any pre-existing duplicates that Music Manager has detected. If ReDigi detects that the user has not deleted the duplicates, ReDigi blocks the upload of the Eligible File. After an upload is complete, Music Manager continues to search the user's connected devices for duplicates. If it detects a duplicate of a previously uploaded Eligible File, ReDigi will prompt the user to authorize ReDigi to delete that duplicate from her personal device and, if authorization is not granted, it will suspend her account.

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[13] Plaintiffs point out, and ReDigi does not dispute, that these precautions do not *prevent* the retention of duplicates after resale through ReDigi. Suspension of the original purchaser's ReDigi account does not negate the fact that the original purchaser has both sold and retained the digital music file after she sold it. So long as the user retains previously-made duplicates on devices not linked to the computer that hosts Music Manager, Music Manager will not detect them....

[13] The primary issue on appeal is whether ReDigi's system version 1.0 lawfully enables resales of its users' digital files. Sections 106(1) and (3) of the Copyright Act respectively grant the owner of a copyright the exclusive right to control the reproduction and the distribution of the copyrighted work. Under the first sale doctrine, codified in § 109(a), the rights holder's control *over the distribution* of any particular copy or phonorecord that was lawfully made effectively terminates when that copy or phonorecord is distributed to its first recipient....

[14] ... [I]t is well established that the lawful purchaser of a copy of a book is free to resell, lend, give, or otherwise transfer that copy without violating the copyright holder's exclusive right of distribution. The copy so resold or re-transferred may be re-transferred again and again without violating the exclusive distribution right. It is undisputed that one who owns a digital file from iTunes of music that is fixed in a material object qualifies as "the owner of a particular ... phonorecord lawfully made," and is thus entitled under § 109(a) "to sell or otherwise dispose of the possession of *that*... phonorecord," without violating § 106(3). On the other hand, § 109(a) says nothing about the rights holder's control under § 106(1) over *reproduction* of a copy or phonorecord.

[15] The district court found that resales through ReDigi were infringing for two reasons. The first reason was that, in the course of ReDigi's transfer, the phonorecord has been reproduced in a manner that violates the Plaintiffs' exclusive control of *reproduction* under § 106(1); the second was that the digital files sold through ReDigi, being unlawful reproductions, are not subject to the resale right established by § 109(a), which applies solely to a "particular ... phonorecord ... lawfully made." We agree with the first reason underlying the district court's finding of infringement. As that is a sufficient reason for affirmance of the judgment, we make no ruling on the district court's second reason.

[16] ReDigi argues on appeal that its system effectuates transfer of the *particular* digital file that the user lawfully purchased from iTunes, that it should not be deemed to have reproduced that file, and that it should therefore come within the protection of 17 U.S.C. § 109(a). ReDigi makes two primary contentions in support of these arguments.

[17] First, ReDigi asserts—as it must for its first sale argument to succeed—that the digital files should be considered "material objects" and therefore, under 17 U.S.C. § 101's definition of "phonorecords" as "material objects," should qualify as "phonorecords" eligible for the protection of § 109(a).

[18] Second, ReDigi argues that from a technical standpoint, its process should not be seen as making a reproduction. ReDigi emphasizes that its system simultaneously causes packets to be removed from the file remaining in the consumer's computer as those packets are copied into the computer buffer and then transferred to the ReDigi server, so that the complete file never exists in more than one place at the same time, and the file on the user's machine continually shrinks in size while the file on the server grows in size. ReDigi points out that the sum of the size of the data stored in the original purchaser's computer and in ReDigi's server never exceeds the size of the original file, which, according to ReDigi, confirms that no reproductions are made during the transfer process.

[19] As for ReDigi’s first argument, that the digital file it transfers is a phonorecord protected by § 109(a), we do not decide this issue because we find that ReDigi effectuates an unlawful reproduction even if the digital file itself qualifies as a phonorecord.

[20] As for ReDigi’s second argument, we reject it for the following reasons. The Copyright Act defines phonorecords as “material objects in which sounds ... are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” 17 U.S.C. § 101. Accordingly, when the purchaser of a digital music file from iTunes possesses that file, embodied for a period of more than transitory duration in a computer or other physical storage device, that device—or at least the portion of it in which the digital music file is fixed (*e.g.*, the location on the hard drive)—becomes a phonorecord. In the course of transferring a digital music file from an original purchaser’s computer, through ReDigi, to a new purchaser, the digital file is first received and stored on ReDigi’s server and then, at the new purchaser’s option, may also be subsequently received and stored on the new purchaser’s device. At each of these steps, the digital file is fixed in a new material object “for a period of more than transitory duration.” The fixing of the digital file in ReDigi’s server, as well as in the new purchaser’s device, creates a new phonorecord, which is a reproduction. ReDigi version 1.0’s process for enabling the resale of digital files thus inevitably involves the creation of new phonorecords by reproduction, even if the standalone digital file is deemed to be a phonorecord.

[21] As for the argument that, as ReDigi copies a packet of data, it deletes the equivalent packet in the user’s device so that the amount of data extant in the transfer process remains constant, this does not rebut or nullify the fact that the eventual receipt and storage of that file in ReDigi’s server, as well as in the new purchaser’s device (at his option), does involve the making of new phonorecords. Unless the creation of those new phonorecords is justified by the doctrine of fair use, which we discuss and reject in a later {omitted} portion of this opinion, the creation of such new phonorecords involves unauthorized reproduction, which is not protected, or even addressed, by § 109(a).

[22] ReDigi makes several additional arguments designed to characterize its process as involving the transfer of its users’ lawfully made phonorecords, rather than the creation of new phonorecords. None of these arguments negates the crucial fact that each transfer of a digital music file to ReDigi’s server and each new purchaser’s download of a digital music file to his device creates new phonorecords. ReDigi argues, for example, that during a transfer through ReDigi’s data migration technology, each packet of data from the original source file resides in a buffer for less than a second before being overwritten, and thus fails to satisfy the requirement that a sound recording must be embodied “for a period of more than transitory duration” to qualify as a phonorecord. Even if, during transfer, ReDigi’s system retains each digital file *in a computer buffer* for a period of no more than transitory duration, those files subsequently become embodied in ReDigi’s server and in the new purchaser’s device, where they remain for periods “of more than transitory duration.” ReDigi’s server and the resale purchaser’s device on which the digital music files are fixed constitute or contain new phonorecords under the statute.

[23] ReDigi next argues that, in the course of transferring a user’s file to ReDigi’s own server, and to the resale purchaser’s device, ReDigi sees to it that all of the original purchaser’s preexisting duplicates are destroyed. As an initial matter, as noted above, ReDigi here overclaims. It does not ensure against retention of duplicate phonorecords created by the original owner.... In addition, even if ReDigi effectively compensated (by offsetting deletions) for the making of unauthorized reproductions in violation of the rights holder’s exclusive reproduction right under § 106(1), nonetheless ReDigi’s process itself involves the making of unauthorized reproductions that infringe the exclusive reproduction right unless justified under fair use. We are not free to disregard the terms of the statute merely because the entity performing an unauthorized reproduction makes efforts to nullify its consequences by the counterbalancing destruction of the preexisting phonorecords....

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[24] Finally, ReDigi argues that the district court's conclusion makes no sense because it would "require a customer to sell her [valuable] computer in order to be able to sell a[n] ... iTunes music file" that was lawfully purchased for under \$1.00. Of course it would make no economic sense for a customer to sell her computer or even a \$5.00 thumb drive in order to sell "a[n] ... iTunes music file" purchased for \$1.00. But ReDigi far overstates its economic argument when it asserts that the "district court's ruling ... eliminat[es] any meaningful competition from resellers" as "no secondary market ... can ever develop if consumers are required to give away their computer hard disks as part of any resale." A secondary market can readily be imagined for first purchasers who cost-effectively place 50 or 100 (or more) songs on an inexpensive device such as a thumb drive and sell it. Furthermore, other technology may exist or be developed that could lawfully effectuate a digital first sale.

[25] We conclude that the operation of ReDigi version 1.0 in effectuating a resale results in the making of at least one unauthorized reproduction. Unauthorized reproduction is not protected by § 109(a)....

[26] We conclude by addressing policy-based arguments raised by ReDigi and its amici. They contend that ReDigi's version 1.0 ought to be validated as in compliance with § 109(a) because it allows for realization of an economically beneficial practice, originally authorized by the courts in the common law development of copyright, and later endorsed by Congress. They also contend that the Copyright Act must be read to vindicate purchasers' ability to alienate digital copyrighted works under the first sale doctrine—emphasizing that § 109(a) is styled as an entitlement rather than a defense to infringement—without regard to technological medium. On this score, they rely heavily on the breadth of the common law first sale doctrine, and on a purported imperative, described as the "principle of technological neutrality" by amici and the "equal treatment principle" by ReDigi, not to disadvantage purchasers of digital copyrighted works, as compared with purchasers of physical copyrighted works.

[27] As for whether the economic consequences of ReDigi's program are beneficial and further the objectives of copyright, we take no position. Courts are poorly equipped to assess the inevitably multifarious economic consequences that would result from such changes of law. So far as we can see, the establishment of ReDigi's resale marketplace would benefit some, especially purchasers of digital music, at the expense of others, especially rightsholders, who, in the sale of their merchandise, would have to compete with resellers of the same merchandise in digital form, which, although second hand, would, unlike second hand books and records, be as good as new.

[28] Furthermore, as to the argument that we should read § 109(a) to accommodate digital resales because the first sale doctrine protects a fundamental entitlement, without regard to the terms of § 109(a) (and incorporated definitions), we think such a ruling would exceed the proper exercise of the court's authority. The copyright statute is a patchwork, sometimes varying from clause to clause, as between provisions for which Congress has taken control, dictating both policy and the details of its execution, and provisions in which Congress approximatively summarized common law developments, implicitly leaving further such development to the courts. The paradigm of the latter category is § 107 on fair use. In the provisions here relevant, Congress dictated the terms of the statutory entitlements. Notwithstanding the purported breadth of the first sale doctrine as originally articulated by the courts, Congress, in promulgating § 109(a), adopted a narrower conception, which negates a claim of unauthorized *distribution* in violation of the author's exclusive right under § 106(3), but not a claim of unauthorized *reproduction* in violation of the exclusive right provided by § 106(1). If ReDigi and its champions have persuasive arguments in support of the change of law they advocate, it is Congress they should persuade. We reject the invitation to substitute our judgment for that of Congress....

NOTES

1. Do you agree with *ReDigi*'s holding that ReDigi infringed the reproduction right? Is *ReDigi*'s ruling on this point required by the text of the Copyright Act? What interpretive methodology is the court applying to the text of the Copyright Act? Can you apply a different interpretive methodology that would reach a different result?
2. Although the Second Circuit did not rule on the issue, the district court in *ReDigi* held that the first-sale doctrine does not apply because the copies produced by the ReDigi service are not "lawfully made." Do you agree with the district court? Why or why not?
3. Soon after Capitol Records filed suit against ReDigi, ReDigi launched ReDigi 2.0, which the district court in the case described as "software that, when installed on a user's computer, purportedly directs the user's new iTunes purchases to upload from iTunes directly to the Cloud Locker. Accordingly, while access may transfer from user to user upon resale, the file is never moved from its initial location in the Cloud Locker." Neither the district court nor the Second Circuit ruled on whether ReDigi 2.0 constitutes copyright infringement. What do you think?
4. Is it good or bad copyright policy to treat physical copies differently than digital ones? For an analysis that a version of the first-sale doctrine ought to apply to digital copies, see Aaron Perzanowski & Jason Schultz, *Legislating Digital Exhaustion*, 29 BERKELEY TECH. L.J. 1535 (2015).
5. Review § 109(b). It limits the protection, for certain categories of works, that § 109(a) provides to the owners of copies. In particular, § 109(b) bans owners of phonorecords and computer programs from engaging in rental, lease, or lending "for direct or indirect commercial advantage" without authorization from the copyright owners. Congress passed limitations on the first-sale doctrine in response to complaints from the recording and software industries that record and software rental was facilitating unlawful copying (via duplication of rented software and taping of rented record albums). Note that these restrictions on the scope of the first-sale doctrine contain some important limitations themselves. By its own terms, § 109(b) does not apply to the lending, lease, or rental of phonorecords by nonprofit libraries and nonprofit educational institutions. 17 U.S.C. § 109(b)(1)(A). Section 109(b) also does not apply to computer programs that are "embodied in a machine or product and which cannot be copied during the ordinary operation or use of the machine or product." *Id.* § 109(b)(1)(B). Additionally, nonprofit libraries are permitted to lend computer programs for nonprofit purposes, provided that "each copy of a computer program which is lent by such library has affixed to the packaging containing the program a warning of copyright." *Id.* § 109(b)(2)(A).

You have doubtless noticed that § 109(b) does not bar the rental, lease, or lending of motion pictures and other audiovisual works. That omission is purposeful. In the past, the motion picture industry has lobbied Congress for its own exception to first sale, but Congress has rebuffed those efforts. The result was a thriving movie rental business (now largely supplanted by streaming, which, as you shall see, constitutes a public performance and thus, unlike most rental of specific copies of motion pictures, is not protected by the first-sale doctrine and must be licensed). Do you think that the availability of movie rentals hurt the motion picture industry? Where would you look for evidence one way or the other on that question? If you conclude that movie rentals were, on balance, not harmful to the motion picture industry, does that suggest anything about the wisdom of Congress's decision to ban (many types) of record and software rentals?

The Copyright Act supplements the § 106(3) distribution right with a provision, set out in § 602, prohibiting unauthorized importation into the United States of copies of a copyrighted work:

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Importation into the United States, without the authority of the owner of copyright under this title, of copies or phonorecords of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies or phonorecords under section 106

17 U.S.C. § 602(a)(1). Note that § 602 does not itself provide the copyright holder with a separate exclusive right. Rather, as the Supreme Court held in *Quality King Distributors, Inc. v. L'anza Research Int'l, Inc.*, 523 U.S. 135 (1998), the provision incorporates the § 106(3) distribution right and extends that right to unauthorized importation. As a consequence, § 602 also incorporates the limitations to § 106(3), including the first-sale doctrine set forth in § 109.

The holding in *Quality King* plays an important role in the Supreme Court's decision in the following case. As you read this case, think about the practical implications of the Supreme Court's holding. If you were counsel for Wiley, how would you advise your client in the wake of the holding?

Supap Kirtsaeng v. John Wiley & Sons, Inc.

568 U.S. 519 (2013)

BREYER, J.:

[1] Section 106 of the Copyright Act grants “the owner of copyright under this title” certain “exclusive rights,” including the right “to distribute copies ... of the copyrighted work to the public by sale or other transfer of ownership.” 17 U.S.C. § 106(3). These rights are qualified, however, by the application of various limitations set forth in the next several sections of the Act, §§ 107 through 122. Those sections, typically entitled “Limitations on exclusive rights,” include, for example, the principle of “fair use” (§ 107), permission for limited library archival reproduction, (§ 108), and the doctrine at issue here, the “first sale” doctrine (§ 109).

[2] Section 109(a) sets forth the “first sale” doctrine as follows:

“Notwithstanding the provisions of section 106(3) [the section that grants the owner exclusive distribution rights], the owner of a particular copy or phonorecord 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 or phonorecord.” (emphasis added)

[3] Thus, even though § 106(3) forbids distribution of a copy of, say, the copyrighted novel *Herzog* without the copyright owner's permission, § 109(a) adds that, once a copy of *Herzog* has been lawfully sold (or its ownership otherwise lawfully transferred), the buyer of that copy and subsequent owners are free to dispose of it as they wish. In copyright jargon, the “first sale” has “exhausted” the copyright owner's § 106(3) exclusive distribution right.

[4] What, however, if the copy of *Herzog* was printed abroad and then initially sold with the copyright owner's permission? Does the “first sale” doctrine still apply? Is the buyer, like the buyer of a domestically manufactured copy, free to bring the copy into the United States and dispose of it as he or she wishes?

[5] To put the matter technically, an “importation” provision, § 602(a)(1), says that

“[i]mportation into the United States, without the authority of the owner of copyright under this title, of copies ... of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies ... under section 106....” (emphasis added)

[6] Thus § 602(a)(1) makes clear that importing a copy without permission violates the owner's exclusive distribution right. But in doing so, § 602(a)(1) refers explicitly to the § 106(3) exclusive distribution right. As we have just said, § 106 is by its terms "[s]ubject to" the various doctrines and principles contained in §§ 107 through 122, including § 109(a)'s "first sale" limitation. Do those same modifications apply—in particular, does the "first sale" modification apply—when considering whether § 602(a)(1) prohibits importing a copy?

[7] In *Quality King Distributors, Inc. v. L'anza Research Int'l, Inc.*, 523 U.S. 135, 145 (1998), we held that § 602(a)(1)'s reference to § 106(3)'s exclusive distribution right incorporates the later subsections' limitations, including, in particular, the "first sale" doctrine of § 109. Thus, it might seem that, § 602(a)(1) notwithstanding, one who buys a copy abroad can freely import that copy into the United States and dispose of it, just as he could had he bought the copy in the United States.

[8] But *Quality King* considered an instance in which the copy, though purchased abroad, was initially manufactured in the United States (and then sent abroad and sold). This case is like *Quality King* but for one important fact. The copies at issue here were manufactured abroad. That fact is important because § 109(a) says that the "first sale" doctrine applies to "a particular copy or phonorecord *lawfully made under this title*." And we must decide here whether the five words, "lawfully made under this title," make a critical legal difference.

[9] Putting section numbers to the side, we ask whether the "first sale" doctrine applies to protect a buyer or other lawful owner of a copy (of a copyrighted work) lawfully manufactured abroad. Can that buyer bring that copy into the United States (and sell it or give it away) without obtaining permission to do so from the copyright owner? Can, for example, someone who purchases, say at a used bookstore, a book printed abroad subsequently resell it without the copyright owner's permission?

[10] In our view, the answers to these questions are, yes. We hold that the "first sale" doctrine applies to copies of a copyrighted work lawfully made abroad....

[11] Respondent, John Wiley & Sons, Inc., publishes academic textbooks. Wiley obtains from its authors various foreign and domestic copyright assignments, licenses and permissions—to the point that we can, for present purposes, refer to Wiley as the relevant American copyright owner. Wiley often assigns to its wholly owned foreign subsidiary, John Wiley & Sons (Asia) Pte Ltd., rights to publish, print, and sell Wiley's English language textbooks abroad. Each copy of a Wiley Asia foreign edition will likely contain language making clear that the copy is to be sold only in a particular country or geographical region outside the United States.

[12] For example, a copy of Wiley's American edition says, "Copyright © 2008 John Wiley & Sons, Inc. All rights reserved.... Printed in the United States of America." J. WALKER, *FUNDAMENTALS OF PHYSICS*, p. vi (8th ed. 2008). A copy of Wiley Asia's Asian edition of that book says:

"Copyright © 2008 John Wiley & Sons (Asia) Pte Ltd[.] All rights reserved. This book is authorized for sale in Europe, Asia, Africa, and the Middle East only and may be not exported out of these territories. Exportation from or importation of this book to another region without the Publisher's authorization is illegal and is a violation of the Publisher's rights. The Publisher may take legal action to enforce its rights.... Printed in Asia." J. Walker, Fundamentals of Physics, p. vi (8th ed. 2008 Wiley Int'l Student ed.)....

[13] The upshot is that there are two essentially equivalent versions of a Wiley textbook, each version manufactured and sold with Wiley's permission: (1) an American version printed and sold in the United States, and (2) a foreign version manufactured and sold abroad. And Wiley makes certain that copies of the second version state that they are not to be taken (without permission) into the United States.

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[14] Petitioner, Supap Kirtsaeng, a citizen of Thailand, moved to the United States in 1997 to study mathematics at Cornell University.... While he was studying in the United States, Kirtsaeng asked his friends and family in Thailand to buy copies of foreign edition English-language textbooks at Thai book shops, where they sold at low prices, and mail them to him in the United States. Kirtsaeng would then sell them, reimburse his family and friends, and keep the profit....

[15] In 2008 Wiley brought this federal lawsuit against Kirtsaeng for copyright infringement. Wiley claimed that Kirtsaeng's unauthorized importation of its books and his later resale of those books amounted to an infringement of Wiley's § 106(3) exclusive right to distribute as well as § 602's related import prohibition. Kirtsaeng replied that the books he had acquired were "lawfully made" and that he had acquired them legitimately. Thus, in his view, § 109(a)'s "first sale" doctrine permitted him to resell or otherwise dispose of the books without the copyright owner's further permission.

[16] The District Court held that Kirtsaeng could not assert the "first sale" defense because, in its view, that doctrine does not apply to "foreign-manufactured goods" (even if made abroad with the copyright owner's permission). The jury then found that Kirtsaeng had willfully infringed Wiley's American copyrights by selling and importing without authorization copies of eight of Wiley's copyrighted titles. And it assessed statutory damages of \$600,000 (\$75,000 per work).

[17] On appeal, a split panel of the Second Circuit agreed with the District Court. It pointed out that § 109(a)'s "first sale" doctrine applies only to "the owner of a particular copy ... *lawfully made under this title*." And, in the majority's view, this language means that the "first sale" doctrine does not apply to copies of American copyrighted works manufactured abroad. A dissenting judge thought that the words "lawfully made under this title" do not refer "to a place of manufacture" but rather "focu[s] on whether a particular copy was manufactured lawfully under" America's copyright statute, and that "the lawfulness of the manufacture of a particular copy should be judged by U.S. copyright law."

[18] We granted Kirtsaeng's petition for certiorari to consider this question in light of different views among the Circuits....

[19] We must decide whether the words "lawfully made under this title" restrict the scope of § 109(a)'s "first sale" doctrine geographically. The Second Circuit, the Ninth Circuit, Wiley, and the Solicitor General (as *amicus*) all read those words as imposing a form of *geographical* limitation. The Second Circuit held that they limit the "first sale" doctrine to particular copies "made in territories *in which the Copyright Act is law*," which (the Circuit says) are copies "manufactured domestically," not "outside of the United States." Wiley agrees that those five words limit the "first sale" doctrine "to copies made in conformance with the [United States] Copyright Act *where the Copyright Act is applicable*," which (Wiley says) means it does not apply to copies made "outside the United States" and at least not to "foreign production of a copy for distribution exclusively abroad."...

[20] Kirtsaeng, however, reads the words "lawfully made under this title" as imposing a *non-geographical* limitation. He says that they mean made "in accordance with" or "in compliance with" the Copyright Act. In that case, § 109(a)'s "first sale" doctrine would apply to copyrighted works as long as their manufacture met the requirements of American copyright law. In particular, the doctrine would apply where, as here, copies are manufactured abroad with the permission of the copyright owner.

[21] In our view, § 109(a)'s language, its context, and the common-law history of the "first sale" doctrine, taken together, favor a *non-geographical* interpretation. We also doubt that Congress would have intended to create the practical copyright-related harms with which a geographical interpretation would threaten ordinary scholarly, artistic, commercial, and consumer activities. We consequently conclude that Kirtsaeng's nongeographical reading is the better reading of the Act....

[22] The language of § 109(a) read literally favors Kirtsaeng’s nongeographical interpretation, namely, that “lawfully made under this title” means made “in accordance with” or “in compliance with” the Copyright Act. The language of § 109(a) says nothing about geography. The word “under” can mean “[i]n accordance with.” 18 OXFORD ENGLISH DICTIONARY 950 (2d ed. 1989). See also BLACK’S LAW DICTIONARY 1525 (6th ed. 1990) (“according to”). And a nongeographical interpretation provides each word of the five-word phrase with a distinct purpose. The first two words of the phrase, “lawfully made,” suggest an effort to distinguish those copies that were made lawfully from those that were not, and the last three words, “under this title,” set forth the standard of “lawful[ness].” Thus, the nongeographical reading is simple, it promotes a traditional copyright objective (combatting piracy), and it makes word-by-word linguistic sense.

[23] The geographical interpretation, however, bristles with linguistic difficulties. It gives the word “lawfully” little, if any, linguistic work to do. (How could a book be *unlawfully* “made under this title”?) It imports geography into a statutory provision that says nothing explicitly about it. And it is far more complex than may at first appear.

[24] To read the clause geographically, Wiley, like the Second Circuit and the Solicitor General, must first emphasize the word “under.” Indeed, Wiley reads “under this title” to mean “in conformance with the Copyright Act *where the Copyright Act is applicable*.” Wiley must then take a second step, arguing that the Act “is applicable” only in the United States....

[25] One difficulty is that neither “under” nor any other word in the phrase means “where.” See, e.g., 18 OXFORD ENGLISH DICTIONARY, *supra*, at 947–952 (definition of “under”). It might mean “subject to,” but as this Court has repeatedly acknowledged, the word evades a uniform, consistent meaning.

[26] A far more serious difficulty arises out of the uncertainty and complexity surrounding the second step’s effort to read the necessary geographical limitation into the word “applicable” (or the equivalent). Where, precisely, is the Copyright Act “applicable”? The Act does not instantly *protect* an American copyright holder from unauthorized piracy taking place abroad. But that fact does not mean the Act is *inapplicable* to copies made abroad. As a matter of ordinary English, one can say that a statute imposing, say, a tariff upon “any rhododendron grown in Nepal” applies to *all* Nepalese rhododendrons. And, similarly, one can say that the American Copyright Act is *applicable* to *all* pirated copies, including those printed overseas....

[26] The appropriateness of this linguistic usage is underscored by the fact that § 104 of the Act itself says that works “*subject to protection under this title*” include unpublished works “without regard to the nationality or domicile of the author,” and works “first published” in any one of the nearly 180 nations that have signed a copyright treaty with the United States. Thus, ordinary English permits us to say that the Act “applies” to an Irish manuscript lying in its author’s Dublin desk drawer as well as to an original recording of a ballet performance first made in Japan and now on display in a Kyoto art gallery.

[27] The Ninth Circuit’s geographical interpretation produces still greater linguistic difficulty. As we said, that Circuit interprets the “first sale” doctrine to cover both (1) copies manufactured in the United States and (2) copies manufactured abroad but first sold in the United States with the American copyright owner’s permission.

[28] We can understand why the Ninth Circuit may have thought it necessary to add the second part of its definition. As we shall later describe, without some such qualification a copyright holder could prevent a buyer from domestically reselling or even giving away copies of a video game made in Japan, a film made in Germany, or a dress (with a design copyright) made in China, *even* if the copyright holder has granted permission for the foreign manufacture, importation, and an initial domestic sale of the copy. A publisher such as Wiley would be free to print its books abroad, allow their importation and sale within the United States, but prohibit students

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from later selling their used texts at a campus bookstore. We see no way, however, to reconcile this half-geographical/half-nongeographical interpretation with the language of the phrase, “lawfully made under this title.” As a matter of English, it would seem that those five words either do cover copies lawfully made abroad or they do not.

[29] In sum, we believe that geographical interpretations create more linguistic problems than they resolve. And considerations of simplicity and coherence tip the purely linguistic balance in Kirtsaeng’s, nongeographical, favor....

[30] Both historical and contemporary statutory context indicate that Congress, when writing the present version of § 109(a), did not have geography in mind. In respect to history, we compare § 109(a)’s present language with the language of its immediate predecessor. That predecessor said:

“[N]othing in this Act shall be deemed to forbid, prevent, or restrict the transfer of any copy of a copyrighted work *the possession of which has been lawfully obtained*.” Copyright Act of 1909, § 41, 35 Stat. 1084 (emphasis added).

The predecessor says nothing about geography (and Wiley does not argue that it does). So we ask whether Congress, in changing its language implicitly *introduced* a geographical limitation that previously was lacking.

[31] A comparison of language indicates that it did not. The predecessor says that the “first sale” doctrine protects “the transfer of any copy *the possession of which has been lawfully obtained*.” The present version says that “*the owner* of a particular copy or phonorecord lawfully made under this title is entitled to sell or otherwise dispose of the possession of that copy or phonorecord.” What does this change in language accomplish?

[32] The language of the former version referred to those *who are not owners* of a copy, but mere possessors who “lawfully obtained” a copy. The present version covers only those who are *owners* of a “lawfully made” copy. Whom does the change leave out? Who might have lawfully *obtained* a copy of a copyrighted work but not *owned* that copy? One answer is owners of movie theaters, who during the 1970’s (and before) often *leased* films from movie distributors or filmmakers. Because the theater owners had “lawfully obtained” their copies, the earlier version could be read as allowing them to sell that copy, *i.e.*, it might have given them “first sale” protection. Because the theater owners were lessees, not owners, of their copies, the change in language makes clear that they (like bailees and other lessees) cannot take advantage of the “first sale” doctrine....

[33] This objective perfectly well explains the new language of the present version, including the five words here at issue. Section 109(a) now makes clear that a lessee of a copy will *not* receive “first sale” protection but one who *owns* a copy *will* receive “first sale” protection, *provided*, of course, that the copy was “*lawfully made*” and not pirated....

[34] A relevant canon of statutory interpretation favors a nongeographical reading. When a statute covers an issue previously governed by the common law, we must presume that Congress intended to retain the substance of the common law.

[35] The “first sale” doctrine is a common-law doctrine with an impeccable historic pedigree. In the early 17th century Lord Coke explained the common law’s refusal to permit restraints on the alienation of chattels. Referring to Littleton, who wrote in the 15th century, Lord Coke wrote:

“*[I]f a man be possessed of... a horse, or of any other chattell... and give or sell his whole interest ... therein upon condition that the Donee or Vendee shall not alien[ate] the same, the [condition] is void, because his whole interest ... is out of him, so as he hath no possibilit[y] of a Reverter, and it is against Trade and Traffi[c], and bargaining and contracting betwee[n] man and man:*

and it is within the reason of our Author that it should ouster him of all power given to him.” 1 E. COKE, INSTITUTES OF THE LAWS OF ENGLAND § 360, p. 223 (1628).

[36] A law that permits a copyright holder to control the resale or other disposition of a chattel once sold is similarly “against Trade and Traffi[c], and bargaining and contracting.” ...

[37] The “first sale” doctrine also frees courts from the administrative burden of trying to enforce restrictions upon difficult-to-trace, readily movable goods. And it avoids the selective enforcement inherent in any such effort. Thus, it is not surprising that for at least a century the “first sale” doctrine has played an important role in American copyright law. See *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339 (1908).

[38] The common-law doctrine makes no geographical distinctions; nor can we find any in *Bobbs-Merrill* (where this Court first applied the “first sale” doctrine) or in § 109(a)’s predecessor provision, which Congress enacted a year later....

[39] Associations of libraries, used-book dealers, technology companies, consumer-goods retailers, and museums point to various ways in which a geographical interpretation would fail to further basic constitutional copyright objectives, in particular “promot[ing] the Progress of Science and useful Arts.”

[40] The American Library Association tells us that library collections contain at least 200 million books published abroad (presumably, many were first published in one of the nearly 180 copyright-treaty nations and enjoy American copyright protection under 17 U.S.C. § 104); that many others were first published in the United States but printed abroad because of lower costs; and that a geographical interpretation will likely require the libraries to obtain permission (or at least create significant uncertainty) before circulating or otherwise distributing these books.

[41] How, the American Library Association asks, are the libraries to obtain permission to distribute these millions of books? How can they find, say, the copyright owner of a foreign book, perhaps written decades ago? They may not know the copyright holder’s present address. And, even where addresses can be found, the costs of finding them, contacting owners, and negotiating may be high indeed. Are the libraries to stop circulating or distributing or displaying the millions of books in their collections that were printed abroad?

[42] Used-book dealers tell us that, from the time when Benjamin Franklin and Thomas Jefferson built commercial and personal libraries of foreign books, American readers have bought used books published and printed abroad. But under a geographical interpretation a contemporary tourist who buys, say, at Shakespeare and Co. (in Paris), a dozen copies of a foreign book for American friends might find that she had violated the copyright law. The used-book dealers cannot easily predict what the foreign copyright holder may think about a reader’s effort to sell a used copy of a novel. And they believe that a geographical interpretation will injure a large portion of the used-book business.

[43] Technology companies tell us that “automobiles, microwaves, calculators, mobile phones, tablets, and personal computers” contain copyrightable software programs or packaging. Many of these items are made abroad with the American copyright holder’s permission and then sold and imported (with that permission) to the United States. A geographical interpretation would prevent the resale of, say, a car, without the permission of the holder of each copyright on each piece of copyrighted automobile software. Yet there is no reason to believe that foreign auto manufacturers regularly obtain this kind of permission from their software component suppliers, and Wiley did not indicate to the contrary when asked. Without that permission a foreign car owner could not sell his or her used car....

[44] Neither Wiley nor any of its many *amici* deny that a geographical interpretation could bring about these “horribles”—at least in principle. Rather, Wiley essentially says that the list is artificially invented. It points out

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that a federal court first adopted a geographical interpretation more than 30 years ago. Yet, it adds, these problems have not occurred. Why not? Because, says Wiley, the problems and threats are purely theoretical; they are unlikely to reflect reality.

[45] We are less sanguine. For one thing, the law has not been settled for long in Wiley's favor....

[46] For another thing, reliance upon the "first sale" doctrine is deeply embedded in the practices of those, such as booksellers, libraries, museums, and retailers, who have long relied upon its protection. Museums, for example, are not in the habit of asking their foreign counterparts to check with the heirs of copyright owners before sending, *e.g.*, a Picasso on tour. That inertia means a dramatic change is likely necessary before these institutions, instructed by their counsel, would begin to engage in the complex permission-verifying process that a geographical interpretation would demand. And this Court's adoption of the geographical interpretation could provide that dramatic change....

[47] ... Wiley and the dissent claim that a nongeographical interpretation will make it difficult, perhaps impossible, for publishers (and other copyright holders) to divide foreign and domestic markets. We concede that is so. A publisher may find it more difficult to charge different prices for the same book in different geographic markets. But we do not see how these facts help Wiley, for we can find no basic principle of copyright law that suggests that publishers are especially entitled to such rights.

[48] The Constitution describes the nature of American copyright law by providing Congress with the power to "secur[e] to "[a]uthors" "for limited [t]imes" the "*exclusive [r]ight to their ... [w]ritings.*" ... But the Constitution's language nowhere suggests that its limited exclusive right should include a right to divide markets or a concomitant right to charge different purchasers different prices for the same book, say to increase or to maximize gain. Neither, to our knowledge, did any Founder make any such suggestion. We have found no precedent suggesting a legal preference for interpretations of copyright statutes that would provide for market divisions.

[49] To the contrary, Congress enacted a copyright law that (through the "first sale" doctrine) limits copyright holders' ability to divide domestic markets.... Whether copyright owners should, or should not, have more than ordinary commercial power to divide international markets is a matter for Congress to decide. We do no more here than try to determine what decision Congress has taken....

[50] For these reasons we conclude that the considerations supporting Kirtsaeng's nongeographical interpretation of the words "lawfully made under this title" are the more persuasive. The judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

KAGAN, J. concurring, joined by Justice Alito:

[51] I concur fully in the Court's opinion. Neither the text nor the history of 17 U.S.C. § 109(a) supports removing first-sale protection from every copy of a protected work manufactured abroad. I recognize, however, that the combination of today's decision and *Quality King Distributors, Inc. v. L'anza Research Int'l, Inc.*, 523 U.S. 135 (1998), constricts the scope of § 602(a)(1)'s ban on unauthorized importation. I write to suggest that any problems associated with that limitation come not from our reading of § 109(a) here, but from *Quality King's* holding that § 109(a) limits § 602(a)(1)....

[52] At bottom, John Wiley (together with the dissent) asks us to misconstrue § 109(a) in order to restore § 602(a)(1) to its purportedly rightful function of enabling copyright holders to segment international markets. I think John Wiley may have a point about what § 602(a)(1) was designed to do; that gives me pause about

Quality King's holding that the first-sale doctrine limits the importation ban's scope. But the Court today correctly declines the invitation to save § 602(a)(1) from *Quality King* by destroying the first-sale protection that § 109(a) gives to every owner of a copy manufactured abroad. That would swap one (possible) mistake for a much worse one, and make our reading of the statute only less reflective of Congressional intent. If Congress thinks copyright owners need greater power to restrict importation and thus divide markets, a ready solution is at hand—not the one John Wiley offers in this case, but the one the Court rejected in *Quality King*.

GINSBURG, J. dissenting, joined by Justice Kennedy and, except in ¶¶ 61-63, by Justice Scalia:

[53] In the interpretation of statutes, the function of the courts is easily stated. It is to construe the language so as to give effect to the intent of Congress. Instead of adhering to the Legislature's design, the Court today adopts an interpretation of the Copyright Act at odds with Congress' aim to protect copyright owners against the unauthorized importation of low-priced, foreign-made copies of their copyrighted works....

[54] To justify a holding that shrinks to insignificance copyright protection against the unauthorized importation of foreign-made copies, the Court identifies several "practical problems." The Court's parade of horrors, however, is largely imaginary. Congress' objective in enacting 17 U.S.C. § 602(a)(1)'s importation prohibition can be honored without generating the absurd consequences hypothesized in the Court's opinion....

[55] Because economic conditions and demand for particular goods vary across the globe, copyright owners have a financial incentive to charge different prices for copies of their works in different geographic regions. Their ability to engage in such price discrimination, however, is undermined if arbitrageurs are permitted to import copies from low-price regions and sell them in high-price regions. The question in this case is whether the unauthorized importation of foreign-made copies constitutes copyright infringement under U.S. law....

[56] ... As the Court recognizes, this case turns on the meaning of the phrase "lawfully made under this title" in § 109(a). In my view, that phrase is most sensibly read as referring to instances in which a copy's creation is governed by, and conducted in compliance with, Title 17 of the U.S. Code. This reading is consistent with the Court's interpretation of similar language in other statutes. See *Fla. Dept. of Revenue v. Piccadilly Cafeterias, Inc.*, 554 U.S. 33, 52–53 (2008) ("under" in 11 U.S.C. § 1146(a), a Bankruptcy Code provision exempting certain asset transfers from stamp taxes, means "pursuant to"); *Ardestani v. INS*, 502 U.S. 129, 135 (1991) (the phrase "under section 554" in the Equal Access to Justice Act means "subject to" or "governed by" 5 U.S.C. § 554). It also accords with dictionary definitions of the word "under." See, e.g., *AMERICAN HERITAGE DICTIONARY* 1887 (5th ed. 2011) ("under" means, among other things, "[s]ubject to the authority, rule, or control of").

[57] Section 109(a), properly read, affords Kirtsaeng no defense against Wiley's claim of copyright infringement. The Copyright Act, it has been observed time and again, does not apply extraterritorially. The printing of Wiley's foreign-manufactured textbooks therefore was not governed by Title 17. The textbooks thus were not "lawfully made under [Title 17]," the crucial precondition for application of § 109(a). And if § 109(a) does not apply, there is no dispute that Kirtsaeng's conduct constituted copyright infringement under § 602(a)(1)....

[58] The far more plausible reading of §§ 109(a) and 602(a) ... is that Congress intended § 109(a) to apply to copies made in the United States, not to copies manufactured and sold abroad....

[59] I turn now to the Court's justifications for a decision difficult to reconcile with the Copyright Act's text and history....

[60] The Court sees many "horribles" following from a holding that the § 109(a) phrase "lawfully made under this title" does not encompass foreign-made copies. If § 109(a) excluded foreign-made copies, the Court fears, then copyright owners could exercise perpetual control over the downstream distribution or public display of such copies. A ruling in Wiley's favor, the Court asserts, would shutter libraries, put used-book dealers out of

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business, cripple art museums, and prevent the resale of a wide range of consumer goods, from cars to calculators. Copyright law and precedent, however, erect barriers to the anticipated horrors....

[61] Recognizing that foreign-made copies fall outside the ambit of § 109(a) would not mean they are forever free of the first sale doctrine...

[62] ... [T]he sale of a foreign-manufactured copy in the United States carried out with the copyright owner's authorization would exhaust the copyright owner's right to "vend" that copy. The copy could thenceforth be resold, lent out, or otherwise redistributed without further authorization from the copyright owner.... Thus, ... the first authorized distribution of a foreign-made copy in the United States exhausts the copyright owner's distribution right under § 106(3). After such an authorized distribution, a library may lend, or a used-book dealer may resell, the foreign-made copy without seeking the copyright owner's permission.

[63] For example, if Wiley, rather than Kirtsaeng, had imported into the United States and then sold the foreign-made textbooks at issue in this case, Wiley's § 106(3) distribution right would have been exhausted under the rationale of *Bobbs-Merrill*. Purchasers of the textbooks would thus be free to dispose of the books as they wished without first gaining a license from Wiley....

[64] I would therefore affirm the Second Circuit's judgment.

NOTES

1. The United States has consistently argued in free-trade agreements for rules that would allow a copyright owner to control importation in the way Wiley attempted to do. Is there reason to prefer the result in *Kirtsaeng*, or the U.S. position in trade negotiations? More generally, are the sort of price discrimination schemes—charging less in lower-income countries (where willingness to pay is lower) and more in higher-income countries—that Wiley was seeking in *Kirtsaeng* to defend socially productive or not?

2. Imagine you are counsel for Wiley and the *Kirtsaeng* opinion has just come down. Your client would like to continue to pursue its price discrimination strategy with respect to U.S. versus foreign editions of its texts. What is your advice to your client? Can you suggest some practical steps that Wiley can take that would enable it to continue to price discriminate?

3. Guy Rub theorizes that the result in *Kirtsaeng* provides a major benefit to buyers of copyrighted goods in terms of "a reduction in information costs." Guy A. Rub, *Rebalancing Copyright Exhaustion*, 64 EMORY L.J. 741 (2015). He elaborates:

The doctrine helps to create a reasonably clear standard set of rights that buyers receive when they buy copyrighted goods. Because those rights are important in the buyers' buying decision, without copyright exhaustion, they would need to waste resources in verifying their rights, which is inefficient.... [W]ithout copyright exhaustion some markets will include a mix of copyrighted goods that can and cannot be resold, and that in such a case, if the buyers cannot easily distinguish between the various goods, those markets might significantly shrink.

D. Right to Prepare Derivative Works

Before 1870, American copyright law principally prohibited exact copies of protected works. During this time, for example, a federal court held that a German translation of Harriet Beecher Stowe's *Uncle Tom's Cabin* did

not infringe Stowe's copyright in her book, as it was not a copy of her work. *Stowe v. Thomas*, 23 Fed. Cas. 201 (C.C.E.D. Pa. 1853).

Some courts began to move away from this narrow understanding of copying, but the largest step toward providing copyright holders exclusive rights in derivative works began with the 1870 Copyright Act, which set out that "authors may reserve the right to dramatize or to translate their own works." Act of July 8, 1870, 16 Stat. 212 c. 230 § 86, 35 Cong., 2d Sess. The 1909 Act provided copyright owners with yet more derivative rights, such as to abridgment. Act of March 4, 1909, § 1(b), 60th Cong., 2d Sess. The 1976 Act expanded and generalized these rights, providing in § 106(2) the exclusive right "to prepare derivative works based upon the copyrighted work." Recall § 101's definition of "derivative works" from Chapter II's discussion of the copyrightability of derivative works:

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

Paul Goldstein has explained the rationale for the provision to copyright holders of the right to prepare derivative works (also sometimes referred to as an adaptation right):

The purpose of copyright is to attract private investment to the production of original expression....

*.... [S]ection 106(2)'s grant of the exclusive right "to prepare derivative works based upon the copyrighted work" enables prospective copyright owners to proportion their investment in a work's expression to the returns expected not only from the market in which the copyrighted work is first published, but from other, derivative markets as well. The copyright owners of *Gone With the Wind* can hope to monopolize not only the sale of the novel's hardcover and paperback editions, but also the use of the novel's expressive elements in translations, motion pictures and countless other derivative formats. Second, just as these owners had a copyright incentive to originate the expression for the novel, *Gone With the Wind*, section 103—which extends copyright protection to the original elements of derivative works—gives them and their licensees an incentive to add original expression to each derivative work in order to qualify it for copyright protection of its own.*

Taken together, sections 102(a) and 103, and sections 106(1) and 106(2), give a prospective copyright owner the incentive to make an original, underlying work, the exclusive right to make new, successive works incorporating expressive elements from the underlying work, and the incentive and exclusive right to make still newer, successive works based on these. The continuum may stretch from an underlying novel or story to the work's adaptation into a motion picture, its transformation into a television series, and the eventual embodiment of its characters in dolls, games and other merchandise. The works at the outer reaches of this continuum, and some intermediate works as well, will frequently bear scant resemblance to the expression or the ideas of the seminal work and will often be connected only by a license authorizing use of a title or character name....

Derivative rights affect the level of investment in copyrighted works by enabling the copyright owner to proportion its investment to the level of expected returns from all markets, not just the

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market in which the work first appears, as is generally the case with reproduction rights. The publisher who knows that it can license, and obtain payment for, the translation, serialization, condensation and motion picture rights for a novel will invest more in purchasing, producing and marketing the novel than it would if its returns were limited to revenues from book sales in the English language.

Derivative rights also affect the direction of investment in copyrighted works. By spreading the duty to pay over different markets, section 106(2) tends to perfect the information available to the copyright owner respecting the value of its works to different groups of users. It also enables choices in light of that information. Knowing that the French and German language markets belong exclusively to it, a publisher of English language works may decide to invest in works that, once translated, will appeal to these audiences as well. The publisher can acquire a work because of its motion picture potential and can comfortably invest in the work's development and marketing to increase that potential. The publisher may choose either direction, both, or neither; and it can seek returns in other derivative markets, or only in the original market. The important point is that, by securing exclusive rights to all derivative markets, the statute enables the copyright proprietor to select those toward which it will direct investment.

Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. COPYRIGHT SOC'Y U.S.A. 209 (1983).

Why place this right to prepare all of these possible derivative works in the hands of the copyright holder of the underlying work? The rationale seems to be akin to Edmund Kitch's justification of the patent system under prospect theory. Edmund W. Kitch, *The Nature and Function of the Patent System*, 20 J.L. & ECON. 265 (1977). Consider its application to the author of a children's story. In the absence of copyright protection for derivative works, once the story is published and deemed successful, others will quickly race to capitalize on its value. Various authors might publish sequels to the story, while other companies compete to get a movie version into theaters the quickest. Still others may make toys and clothing using the story's characters. All of this investment in design, development, and marketing is potentially wasteful. The world may not need any movie versions of the story, never mind three of them. Moreover, a rational movie studio, knowing the kind of competition it will likely face from others, may simply abandon the project altogether. According to Kitch, by giving a single entity ownership over the whole field of derivative works, copyright law prevents both the wastefulness and the lack of incentives. Coordinated investment in ideas is better than rivalrous investment.

There are numerous concerns with this rationale. For one thing, initial creators are not necessarily going to be the ones with the best ideas for or executions of derivative works. Moreover, there might be inefficient transaction costs for third parties to secure permission to create derivative works. Initial creators might also behave strategically and refuse to allow the creation of certain derivative works, even if they would make society better off. For these reasons, some propose doing away with (or diminishing) copyright law's right to prepare derivative works (and following patent law's rule allowing any improver of a patented invention, including a party other than the patentee, to get a patent in that improvement). See, e.g., Mark A. Lemley, *The Economics of Improvement in Intellectual Property Law*, 75 TEX. L. REV. 989 (1997). For experimental work on sequential creativity in intellectual property, see Stefan Bechtold, Christopher Buccafusco & Christopher Jon Sprigman, *Innovation Heuristics: Experiments on Sequential Creativity in Intellectual Property*, 91 IND. L.J. 1251 (2016).

Either way, given that the reproduction right has expanded well beyond exact copying to cover substantially similar works also, it can be somewhat difficult to understand the need for a separate right to prepare derivative works, or, indeed, whether there is a difference between the reproduction and derivative-work rights at all. The legislative history of the Copyright Act of 1976 sets out the following difference:

The exclusive right to prepare derivative works, specified separately in clause (2) of section 106, overlaps the exclusive right of reproduction to some extent. It is broader than that right, however, in the sense that reproduction requires fixation in copies or phonorecords, whereas the preparation of a derivative work, such as a ballet, pantomime, or improvised performance, may be an infringement even though nothing is ever fixed in tangible form.

H.R. REP. NO. 1476, 94th Cong., 2d Sess. 47, at 62 (1976). As you read through the cases in this section that set out the contours of the right to prepare derivative works, consider whether this difference is enshrined in the law and whether it is the only difference between the two rights.

In that vein, as you read the following case, consider the court's attempt to distinguish the reproduction right from the right to prepare derivative works. Is its understanding of § 106(2) convincing? How well is it reflected in the statutory language of §§ 106(2) and 101? How are J.K. Rowling's intentions to develop or not develop the derivative market relevant here?

Warner Bros. Entertainment Inc. v. RDR Books

575 F. Supp. 2d 513 (S.D.N.Y. 2008)

PATTERSON, J.: ...

[1] Plaintiff J.K. Rowling is the author of the highly acclaimed *Harry Potter* book series. Written for children but enjoyed by children and adults alike, the *Harry Potter* series chronicles the lives and adventures of Harry Potter and his friends as they come of age at the Hogwarts School of Witchcraft and Wizardry and face the evil Lord Voldemort. It is a tale of a fictional world filled with magical spells, fantastical creatures, and imaginary places and things....

[2] As a result of the success of the *Harry Potter* books, Plaintiff Warner Bros. Entertainment Inc. obtained from Rowling the exclusive film rights to the entire seven-book *Harry Potter* series. Warner Brothers is the exclusive distributor for worldwide distribution of these films....

[3] In addition, Rowling wrote two short companion books to the *Harry Potter* series, the royalties from which she donated to the charity Comic Relief. The first, *Quidditch Through the Ages* (2001), recounts the history and development of "quidditch," an imaginary sport featured in the *Harry Potter* series that involves teams of witches and wizards on flying broomsticks. The second, *Fantastic Beasts & Where to Find Them* (2001), is an A-to-Z encyclopedia of the imaginary beasts and beings that exist in *Harry Potter's* fictional world. Both appear in the *Harry Potter* series as textbooks that the students at Hogwarts use in their studies, and the companion books are marketed as such. Neither of the companion books is written in narrative form; instead each book chronicles and expands on the fictional facts that unfold in the *Harry Potter* series....

[4] Rowling has stated on a number of occasions since 1998 that, in addition to the two companion books, she plans to publish a "*Harry Potter* encyclopedia" after the completion of the series and again donate the proceeds to charity. Rowling intends that her encyclopedia contain alphabetical entries for the various people, places and things from the *Harry Potter* novels. While she intends to add new material as well, her encyclopedia is expected to reflect all of the information in the *Harry Potter* series.

[5] Rowling already has begun preparations for work on the encyclopedia by assembling her materials and requesting from her U.K. publisher its "bible" of *Harry Potter* materials. The publisher's "bible" is a catalogue of the people, places, and things from the *Harry Potter* books. Rowling's U.S. publisher has compiled a similar

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catalogue of elements from the *Harry Potter* books which Rowling has requested and intends to draw on in creating her encyclopedia. Rowling plans on using an A-to-Z format for her encyclopedia....

[6] Defendant RDR Books is a Michigan-based publishing company that seeks to publish a book entitled “The Lexicon,” the subject of this lawsuit. Steven Vander Ark, a former library media specialist at a middle school in Michigan, is the attributed author of the Lexicon. He is also the originator, owner, and operator of “The Harry Potter Lexicon” website, a popular *Harry Potter* fan site from which the content of the Lexicon is drawn....

[7] Vander Ark began work on his website, “The Harry Potter Lexicon,” in 1999 and opened the website in 2000. His purpose in establishing the website was to create an encyclopedia that collected and organized information from the *Harry Potter* books in one central source for fans to use for reference. At its launch, the website featured Vander Ark’s descriptive lists of spells, characters, creatures, and magical items from *Harry Potter* with hyperlinks to cross-referenced entries. In response to feedback from users of the website, Vander Ark developed an A-to-Z index to each list to allow users to search for entries alphabetically.

[8] The website presently features several indexed lists of people, places, and things from *Harry Potter*, including the “Encyclopedia of Spells,” “Encyclopedia of Potions,” “Wizards, Witches, and Beings,” “The Bestiary,” and “Gazetteer of the Wizarding World.” In addition to these reference features, the website contains a variety of supplemental material pertaining to *Harry Potter*, including fan art, commentary, essays, timelines, forums, and interactive data. The website is currently run by a staff of seven or eight volunteers, including four primary editors.... The website uses minimal advertising to offset the costs of operation. Use of the website is free and unrestricted.

[9] The content of the encyclopedia entries on the Lexicon website is drawn primarily from the *Harry Potter* series, the companion books, ... and published interviews of Rowling....

[10] Vander Ark has received positive feedback, including from Rowling and her publishers, about the value of the Lexicon website as a reference source. In May 2004, Vander Ark read a remark by Rowling posted on her website praising his Lexicon website as follows: “This is such a great site that I have been known to sneak into an internet cafe while out writing and check a fact rather than go into a bookshop and buy a copy of *Harry Potter* (which is embarrassing). A website for the dangerously obsessive; my natural home.” In July 2005, Vander Ark received a note from Cheryl Klein, a Senior Editor at Scholastic Inc., American publisher of the *Harry Potter* series, thanking him and his staff “for the wonderful resource [his] site provides for fans, students, and indeed editors & copyeditors of the *Harry Potter* series,” who “referred to the Lexicon countless times during the editing of [the sixth book in the series], whether to verify a fact, check a timeline, or get a chapter & book reference for a particular event.” In September 2006, Vander Ark was invited by Warner Brothers to the set of the film *The Order of the Phoenix*, where he met David Heyman, the producer of all the *Harry Potter* films. Heyman told Vander Ark that Warner Brothers used the Lexicon website almost every day....

[11] Prior to any discussions with RDR Books about publishing portions of the Lexicon website as a book, Vander Ark was aware of Rowling’s public statements regarding her intention to write a *Harry Potter* encyclopedia upon completion of the seventh book in the series. In June 2007, just before the release of the seventh book, Vander Ark emailed Christopher Little Literary Agency, Rowling’s literary agent in the United Kingdom, and suggested that he would be “a good candidate for work as an editor, given [his] work on the Lexicon,” should Rowling start working on an encyclopedia or other reference to the *Harry Potter* series. The literary agency advised him that Rowling intended to work alone and did not require a collaborator....



Figure 75: The Harry Potter Lexicon website

[12] Roger Rapoport is the president of Defendant RDR Books.... Recognizing a publishing opportunity, Rapoport contacted Vander Ark ... about the possibility of publishing a *Harry Potter* encyclopedia based on some of the materials from the Lexicon website....

[13] At his first meeting with Rapoport in August 2007, Vander Ark raised his concerns regarding the permissibility of publishing the Lexicon in view of Rowling's plan to publish an encyclopedia and her copyrights in the *Harry Potter* books. Prior to August 2007, Vander Ark had developed and circulated the opinion that publishing "any book that is a guide to [the *Harry Potter*] world" would be a violation of Rowling's intellectual property rights. Vander Ark had even stated on a public internet newsgroup that he would not publish the Lexicon "in any form except online" without permission because Rowling, not he, was "entitled to that market." Vander Ark changed his mind about publishing the Lexicon after Rapoport reassured him that he had looked into the legal issue and determined that publication of content from the Lexicon website in book form was legal. Rapoport agreed to stand by this opinion by adding an atypical clause to the publishing contract providing that RDR would defend and indemnify Vander Ark in the event of any lawsuits....

[14] The Lexicon is an A-to-Z guide to the creatures, characters, objects, events, and places that exist in the world of *Harry Potter*.... [T]he Lexicon manuscript is more than 400 type-written pages long and contains 2,437 entries organized alphabetically. The first few pages contain a list of abbreviations used throughout the Lexicon to cite to the original sources of the material.

[15] The Lexicon manuscript was created using the encyclopedia entries from the Lexicon website. Because of space limitations for the printed work, which seeks to be complete but also easy to use, about half of the material from the website was not included in the Lexicon manuscript. The Lexicon itself makes clear that the only source of its content is the work of J.K. Rowling. The first page of the Lexicon manuscript states: "All the

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information in the *Harry Potter* Lexicon comes from J.K. Rowling, either in the novels, the 'schoolbooks,' from her interviews, or from material which she developed or wrote herself."

[16] The Lexicon entries cull every item and character that appears in the *Harry Potter* works, no matter if it plays a significant or insignificant role in the story. The entries cover every spell (e.g., *Expecto Patronum*, *Expelliarmus*, and *Incendio*), potion (e.g., *Love Potion*, *Felix Felicis*, and *Draught of Living Death*), magical item or device (e.g., *Deathly Hallows*, *Horcrux*, *Cloak of Invisibility*), form of magic (e.g., *Legilimency*, *Occlumency*, and the *Dark Arts*), creature (e.g., *Blast-Ended Skrewt*, *Dementors*, and *Blood-Sucking Bugbears*), character (e.g., *Harry Potter*, *Hagrid*, and *Lord Voldemort*), group or force (e.g., *Aurors*, *Dumbledore's Army*, *Death Eaters*), invented game (e.g., *Quidditch*), and imaginary place (e.g., *Hogwarts School of Witchcraft and Wizardry*, *Diagon Alley*, and the *Ministry of Magic*) that appear in the *Harry Potter* works....

[17] Each entry, with the exception of the shortest ones, gathers and synthesizes pieces of information relating to its subject that appear scattered across the *Harry Potter* novels, the companion books, ... and published interviews of Rowling. The types of information contained in the entries include descriptions of the subject's attributes, role in the story, relationship to other characters or things, and events involving the subject. Repositories of such information, the entries seek to give as complete a picture as possible of each item or character in the *Harry Potter* world, many of which appear only sporadically throughout the series or in various sources of *Harry Potter* material.

[18] The snippets of information in the entries are generally followed by citations in parentheses that indicate where they were found within the corpus of the *Harry Potter* works. The thoroughness of the Lexicon's citation, however, is not consistent; some entries contain very few citations in relation to the amount material provided. When the Lexicon cites to one of the seven *Harry Potter* novels, the citation provides only the book and chapter number. Vander Ark explained that page numbers were excluded from the citations because the various editions of the *Harry Potter* books have different pagination, but the chapter numbers remain consistent....

[19] While not its primary purpose, the Lexicon includes commentary and background information from outside knowledge on occasion. For example, the Lexicon contains sporadic etymological references, (e.g., entries for "*Colloportus*," "*Lupin*, *Remus*," "*Alohamora*," "*Fidelius Charm*"), analogies to characters outside the *Harry Potter* world such as *Merlin*, and observations of Rowling's allusions to other works of literature such as "the weird sisters" from Shakespeare's *Macbeth*. The Lexicon also points to the very few "flints," or errors in the continuity of the story, that appear in the *Harry Potter* series.

[20] ... [T]he Lexicon fits in the narrow genre of non-fiction reference guides to fictional works.... [T]he *Harry Potter* series is a multi-volume work of fantasy literature, similar to the works of J.R.R. Tolkien and C.S. Lewis. Such works lend themselves to companion guides or reference works because they reveal an elaborate imaginary world over thousands of pages, involving many characters, creatures, and magical objects that appear and reappear across thousands of pages....

[21] At trial, Rowling testified that the Lexicon took "all the highlights of [her] work, in other words [her] characters' secret history, the jokes certainly, certain exciting narrative twists, all the things that are the highlights of [her] stories." She compared this taking of her work to plundering all of the "plums in [her] cake." At trial, the testimony of Rowling and the expert opinion of [the plaintiffs' expert Jeri] Johnson focused at length on the Lexicon's verbatim copying of language from the *Harry Potter* works. Johnson testified that in particular, entries that deal with invented terms, creatures, places and things from the *Harry Potter* books use "again and again the specific, very colorful, idiosyncratic ... nouns and phrases of Ms. Rowling."

[22] Although it is difficult to quantify how much of the language in the Lexicon is directly lifted from the *Harry Potter* novels and companion books, the Lexicon indeed contains at least a troubling amount of direct quotation

or close paraphrasing of Rowling's original language. The Lexicon occasionally uses quotation marks to indicate Rowling's language, but more often the original language is copied without quotation marks, often making it difficult to know which words are Rowling's and which are Vander Ark's.



Figure 76: page from *The Lexicon*

[23] For example, in the entry for "armor, goblin made," the Lexicon uses Rowling's poetic language nearly verbatim without quotation marks. The original language from *Harry Potter and the Deathly Hallows* reads:

"Muggle-borns," he said. "Goblin-made armour does not require cleaning, simple girl. Goblins' silver repels mundane dirt, imbuing only that which strengthens it."

[24] The Lexicon entry for "armor, goblin made" reads in its entirety:

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Some armor in the wizarding world is made by goblins, and it is quite valuable. (e.g., HBP20) According to Phineas Nigellus, goblin-made armor does not require cleaning, because goblins' silver repels mundane dirt, imbuing only that which strengthens it, such as basilisk venom. In this context, "armor" also includes blades such as swords.

[25] Although the Lexicon entry introduces Rowling's language with the phrase, "According to Phineas Nigellus," it does not use quotation marks....

[26] An example of particularly extensive direct quotation is found in the Lexicon entry for "Trelawney, Sibyll Patricia," the professor of Divination at the Hogwarts School who tells two important prophecies in the story. The Lexicon not only reproduces her prophecies word-for-word in their entirety, but in doing so, reveals dramatic plot twists and how they are resolved in the series. For example, the first prophecy reads:

"The one with the power to vanquish the Dark Lord approaches.... Born to those who have thrice defied him, born as the seventh month dies ... and the Dark Lord will mark him as his equal, but he will have power the Dark Lord knows not ... and either must die at the hand of the other for neither can live while the other survives.... The one with the power to vanquish the Dark Lord will be born as the seventh month dies...."

[27] The Lexicon entry reproduces this prophecy exactly but in italics and indented. The Lexicon entry continues by discussing what happens as a result of this prophecy: "Severus Snape was eavesdropping on this conversation and he reported the first part of the Prophecy to the Dark Lord. Voldemort immediately began searching for this threat, and centered his attention on the child of Lily and James Potter. (OP 37)." The entry then quotes the second prophecy, but without a citation to where it appears in the *Harry Potter* series....

[28] Aside from verbatim copying, another factual issue of contention at trial was the Lexicon entries that contain summaries of certain scenes or key events in the *Harry Potter* series. Most frequently, these are the longer entries that describe important objects, such as the "Deathly Hallows," or momentous events, such as the "Triwizard Tournament," or that trace the development of an important character, such as Harry Potter, Lord Voldemort, Severus Snape, and Albus Dumbledore. Plaintiffs' expert testified at length that in her opinion these entries constitute "plot summaries," while Defendant's expert characterized them as character studies or analysis.

[29] Neither of these characterizations is exactly apt. Without endorsing one characterization or another, such entries in the Lexicon do encapsulate elements of the very elaborate and wide ranging plot (sometimes in chronological order, sometimes not) confined to the subject of the entry. In the entries for significant characters, these plot elements are occasionally used to support an observation about the character's nature or development.... But other times, the presentation of plot details, in effect, summarizes a vignette or portion of a scene....

[30] While acknowledging actual copying, Defendant disputes that the copying amounts to an improper or unlawful appropriation of Rowling's works. Defendant argues that Plaintiffs fail to establish a prima facie case of infringement because they have not shown that the Lexicon is substantially similar to the *Harry Potter* works.

[31] The appropriate inquiry under the substantial similarity test is whether the copying is quantitatively and qualitatively sufficient to support the legal conclusion that infringement (actionable copying) has occurred.¹³

¹³ The post-trial briefs of the parties both suggest that [the] quantitative/qualitative approach is the applicable test for substantial similarity in this case, and the Court agrees. Since the original and secondary works are of different genres, the question of substantial similarity is difficult to examine using the other tests applied in this Circuit.

The quantitative component addresses the amount of the copyrighted work that is copied, while the qualitative component addresses the copying of protected expression, as opposed to unprotected ideas or facts....

[32] Plaintiffs have shown that the Lexicon copies a sufficient quantity of the *Harry Potter* series¹⁴ to support a finding of substantial similarity between the Lexicon and Rowling's novels. The Lexicon draws 450 manuscript pages worth of material primarily from the 4,100-page *Harry Potter* series. Most of the Lexicon's 2,437 entries contain direct quotations or paraphrases, plot details, or summaries of scenes from one or more of the *Harry Potter* novels.... Although hundreds of pages or thousands of fictional facts may amount to only a fraction of the seven-book series, this quantum of copying is sufficient to support a finding of substantial similarity where the copied expression is entirely the product of the original author's imagination and creation....

[33] As to the qualitative component of the substantial similarity analysis, Plaintiffs have shown that the Lexicon draws its content from creative, original expression in the *Harry Potter* series and companion books. Each of the 2,437 entries in the Lexicon contains "fictional facts" created by Rowling, such as the attributes of imaginary creatures and objects, the traits and undertakings of major and minor characters, and the events surrounding them. The entry for "Boggart," for example, contains the fictional facts that a boggart is "[a] shape shifter that prefers to live in dark, confined spaces, taking the form of the thing most feared by the person it encounters; nobody knows what a boggart looks like in its natural state," and that "Lupin taught his third year Defence Against the Dark Arts class to fight [a boggart] with the Riddikulus spell (PA7), and used a boggart as a substitute for a Dementor in tutoring Harry (PA12)." ... [S]uch invented facts constitute creative expression protected by copyright because characters and events spring from the imagination of the original authors....

[34] Defendant also argues that while a substantial similarity may be found where invented facts are reported and arranged in such a way as to tell essentially the same story as the original, the order in which the fictional facts are presented in the Lexicon bears almost no resemblance to the order in which the fictional facts are arranged to create the story of Harry Potter and the universe he inhabits. Reproducing original expression in fragments or in a different order, however, does not preclude a finding of substantial similarity. Regardless of how the original expression is copied, the standard for determining copyright infringement is not whether the original could be recreated from the allegedly infringing copy, but whether the latter is substantially similar to the former. Here, the Lexicon's rearrangement of Rowling's fictional facts does not alter the protected expression such that the Lexicon ceases to be substantially similar to the original works.

[35] Furthermore, ... the concept of similarity embraces not only global similarities in structure and sequence, but localized similarity in language.... [T]he Lexicon contains a considerable number of direct quotations (often without quotation marks) and close paraphrases of vivid passages in the *Harry Potter* works. Although in these instances, the Lexicon often changes a few words from the original or rewrites original dialogue in the third person, the language is nonetheless substantially similar.

[36] Notwithstanding the dissimilarity in the overall structure of the Lexicon and the original works, some of the Lexicon entries contain summaries of certain scenes or key events in the *Harry Potter* series These passages, in effect, retell small portions of the novels, though without the same dramatic effect.... Together these portions of the Lexicon support a finding of substantial similarity....

[37] Plaintiffs allege that the Lexicon not only violates their right of reproduction, but also their right to control the production of derivative works. The Copyright Act defines a "derivative work" as "a work based upon one

¹⁴ The Court analyzes the amount of expression copied from the *Harry Potter* series in the aggregate, rather than from each individual novel in the series Cautioning against the aggregate approach ..., the Nimmer treatise warns that the "broader the series, the more all-encompassing plaintiff's copyright becomes, thereby squelching new expression in direct defiance to copyright's mandate of stimulating the production of new works." In this case, however, because the *Harry Potter* novels tell one coherent narrative in a series, rather than tell discrete tales, the danger identified by *Nimmer* is less likely to exist.

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or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be *recast, transformed, or adapted*.” 17 U.S.C. § 101 (emphasis added). A work “consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represents an original work of authorship” is also a derivative work. *Id.*

[38] A work is not derivative, however, simply because it is “based upon” the preexisting works.... The statutory language seeks to protect works that are “recast, transformed, or adapted” into another medium, mode, language, or revised version, while still representing the “original work of authorship.” ...

[39] Given that the Lexicon’s use of plot elements is far from an elaborate recounting and does not follow the same plot structure as the *Harry Potter* novels, Plaintiffs’ suggestion that these portions of the Lexicon are “unauthorized abridgements” is unpersuasive. Second, and more importantly, although the Lexicon contains a substantial amount of material from the *Harry Potter* works, the material is not merely transformed from one medium to another By condensing, synthesizing, and reorganizing the preexisting material in an A-to-Z reference guide, the Lexicon does not recast the material in another medium to retell the story of *Harry Potter*, but instead gives the copyrighted material another purpose. That purpose is to give the reader a ready understanding of individual elements in the elaborate world of *Harry Potter* that appear in voluminous and diverse sources. As a result, the Lexicon no longer “represents [the] original work[s] of authorship.” 17 U.S.C. § 101. Under these circumstances, and because the Lexicon does not fall under any example of derivative works listed in the statute, Plaintiffs have failed to show that the Lexicon is a derivative work....

NOTES

1. *Warner Bros.* is one of the few cases that addresses the differences between the reproduction right and the right to prepare derivative works. This paucity of analysis is frustrating for students but is likely because most litigants and courts do not care about the differences so long as they can establish infringement of at least one of these rights. One of the few other decisions addressing the relationship between these two rights is a Second Circuit decision predating *Warner Bros.* See *Castle Rock Entm’t, Inc. v. Carol Publ’g Grp., Inc.*, 150 F.3d 132 (2d Cir. 1998). In that case, the court noted in a footnote as an aside that a defendant’s work that changes the plaintiff’s work so much that it is no longer “substantially similar” violates neither the reproduction right nor the right to prepare derivative works. See *id.* at 143 n.9 (“[I]f the secondary work sufficiently transforms the expression of the original work such that the two works cease to be substantially similar, then the secondary work is not a derivative work and, for that matter, does not infringe the copyright of the original work.”). Do you find that view more or less convincing than that taken in *Warner Bros.*?

2. The Second Circuit has made clear that the right to prepare derivative works belongs to the initial creator even when the creator opts not to enter a derivative market. As it reasoned in the context of an infringement lawsuit by the producer of the *Seinfeld* television series against the publisher of *The Seinfeld Aptitude Test*, a book of *Seinfeld* trivia:

[The *Seinfeld Aptitude Test*] *substitutes for a derivative market that a television program copyright owner such as Castle Rock would in general develop or license others to develop. Because [the book] borrows exclusively from Seinfeld and not from any other television or entertainment programs, [the book] is likely to fill a market niche that Castle Rock[, Seinfeld’s producers,] would in general develop.... Although Castle Rock has evidenced little if any interest in exploiting this market for derivative works based on Seinfeld, such as by creating and publishing Seinfeld trivia books (or at least trivia books that endeavor to satisfy the between-episode cravings of Seinfeld lovers), the copyright law must respect that creative and economic choice. It would not serve the ends of the Copyright Act—i.e., to advance the arts—if artists were*

denied their monopoly over derivative versions of their creative works merely because they made the artistic decision not to saturate those markets with variations of their original.

Castle Rock Entm't, Inc., 150 F.3d at 145-46. Does the Second Circuit's reasoning accord with copyright policy? Or would it be preferable to allow for either some exceptions or an opposite rule?

3. Is one entitled to copyright protection in the non-infringing portions of a derivative work the creation of which infringes the § 106(2) right of the creator of the underlying work? Recall § 103(a), which provides that "[t]he subject matter of copyright ... includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully."

Consider the following case: In 1992, the musician Prince became the assignee of a copyright in the symbol he had begun using to identify himself, as shown in Figure 77 on the left. In 1993, Ferdinand Pickett made a guitar in the shape of this symbol—as shown on the right in Figure 77—which he conceded to be a derivative work of Prince's symbol. Pickett claimed to have shown the guitar to Prince. Shortly thereafter, Prince appeared in public playing a similar guitar, shown in Figure 78.



Figure 77: Prince symbol (left) and Pickett guitar based on the symbol (right)

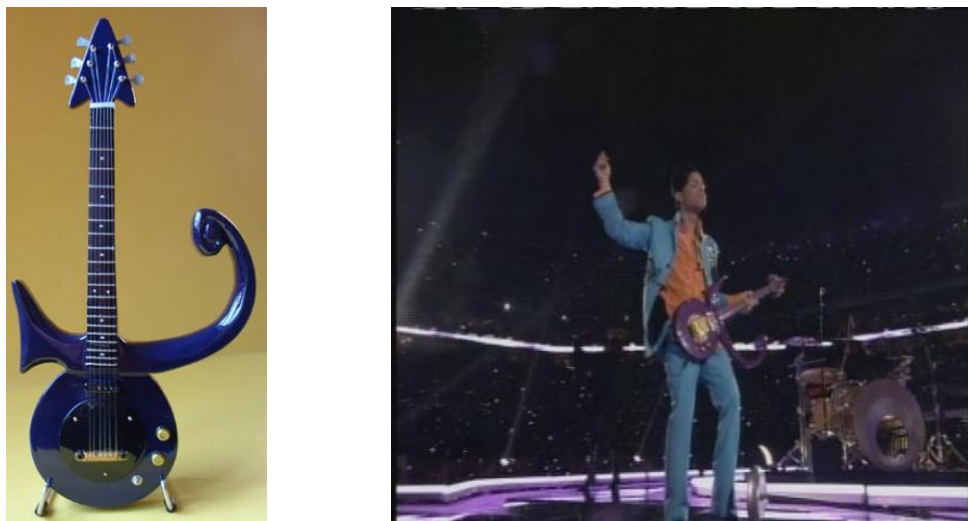


Figure 78: Prince's subsequent guitar (left), as played by him (right)

Pickett sued Prince for copyright infringement. As the Seventh Circuit reviewing the case put it:

Pickett claims the right to copyright a work derivative from another person's copyright without that person's permission and then to sue that person for infringement by the person's own derivative work. Pickett's guitar was a derivative work of the copyrighted Prince symbol, and so

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was Prince's guitar. Since Prince had (or so we must assume) access to Pickett's guitar, and since the two guitars, being derivatives of the same underlying work, are, naturally, very similar in appearance, Pickett has—if he is correct that one can copyright a derivative work when the original work is copyrighted by someone else who hasn't authorized the maker of the derivative work to copyright it—a prima facie case of infringement. Pickett must, he concedes, show that his derivative work has enough originality to entitle him to a copyright, and also that the copyright is limited to the features that the derivative work adds to the original. But he insists that with these limitations his copyright is valid.

Pickett v. Prince, 207 F.3d 402, 404-05 (7th Cir. 2000). The Seventh Circuit ruled that, regardless whether Pickett's guitar possessed the requisite originality, he could not claim copyright in his guitar:

The Copyright Act grants the owner of a copyright the exclusive right to prepare derivative works based upon the copyrighted work. So Pickett could not make a derivative work based on the Prince symbol without Prince's authorization even if Pickett's guitar had a smidgeon of originality....

Pickett relies for his ... theory primarily on section 103(a) of the Copyright Act, which provides that while copyright can be obtained in derivative works, "protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully." Pickett reads this as authorizing a person other than the owner of the original work to make a derivative work, merely forbidding him to infringe the original. It is very difficult to see how a derivative work not made by the owner of the original work could fail to infringe it, given the definition of derivative works.... Pickett doesn't deny this; ... he is unafraid to acknowledge that he is an infringer and to content himself with arguing that his copyright extends only to the original elements of the infringing work. But we do not read section 103(a) as qualifying the exclusive right of the owner of the copyright of the original work to make derivative works based on that work, the right conferred by section 106(2). Section 103(a) means only, at least so far as bears on this case, that the right to make a derivative work does not authorize the maker to incorporate into it material that infringes someone else's copyright.... But the only copyright that Pickett claims Prince infringed is a copyright that Pickett had no right to obtain, namely a copyright on a derivative work based on Prince's copyrighted symbol.

For a similar result involving a copyright infringement lawsuit against Sylvester Stallone by someone who independently decided to write a treatment for a *Rocky IV* movie based on Sylvester Stallone's description of his idea for that sequel to the media after the *Rocky I*, *II*, and *III* movies had been made, see *Anderson v. Stallone*, 11 U.S.P.Q.2d 1161 (C.D. Cal. 1989).

Are these results consistent with the statutory language in § 103(a)? Consider the legislative history set out for that provision:

The second part of the sentence that makes up section 103(a) deals with the status of a compilation or derivative work unlawfully employing preexisting copyrighted material. In providing that protection does not extend to "any part of the work in which such material has been used unlawfully," the bill prevents an infringer from benefiting, through copyright protection, from committing an unlawful act, but preserves protection for those parts of the work that do not employ the preexisting work. Thus, an unauthorized translation of a novel could not be copyrighted at all, but the owner of copyright in an anthology of poetry could sue someone

who infringed the whole anthology, even though the infringer proves that publication of one of the poems was unauthorized.

H.R. REP. NO. 1476, 94th Cong., 2d Sess. 47, at 57-58 (1976).

4. For an argument that the right to prepare derivative works should be understood to apply to uses that “transform” preexisting content versus simply “reproducing” that content, see Daniel J. Gervais, *The Derivative Right: Or Why Copyright Law Protects Foxes Better Than Hedgehogs*, 15 VANDERBILT J. ENTER. & TECH. L. 785 (2013).

There are various ways in which a second comer’s efforts may recast or transform an initial work. As you read this case and the following one, consider which of these are sufficient to count as creating a derivative work. Can you reconcile the reasoning in the two following cases?

Mirage Editions, Inc. v. Albuquerque A.R.T. Co.

856 F.2d 1341 (9th Cir. 1988)

BRUNETTI, J.: ...

[1] Patrick Nagel was an artist whose works appeared in many media including lithographs, posters, serigraphs, and as graphic art in many magazines, most notably *Playboy*. Nagel died in 1984. His widow Jennifer Dumas owns the copyrights to the Nagel art works which Nagel owned at the time of his death. Mirage is the exclusive publisher of Nagel’s works and also owns the copyrights to many of those works. Dumas and Mirage own all of the copyrights to Nagel’s works. No one else holds a copyright in any Nagel work. Appellee Alfred Van Der Marck Editions, Inc. is the licensee of Dumas and Mirage and the publisher of the commemorative book entitled *NAGEL: The Art of Patrick Nagel*, which is a compilation of selected copyrighted individual art works and personal commentaries.



Figure 79: cover of Patrick Nagel art book (left) and Nagel print (right)

[2] Since 1984, the primary business of [Albuquerque A.R.T. Co.] has consisted of: 1) purchasing artwork prints or books including good quality artwork page prints therein; 2) gluing each individual print or page print onto a rectangular sheet of black plastic material exposing a narrow black margin around the print; 3) gluing the black sheet with print onto a major surface of a rectangular white ceramic tile; 4) applying a transparent plastic film over the print, black sheet and ceramic tile surface; and 5) offering the tile with artwork mounted thereon for sale in the retail market.

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[3] It is undisputed, in this action, that appellant did the above process with the Nagel book. The appellant removed selected pages from the book, mounted them individually onto ceramic tiles and sold the tiles at retail.



Figure 8o: Albuquerque A.R.T. Co. Nagel print on tile

[4] Mirage, Dumas and Van Der Marck brought an action alleging infringement of registered copyrights in the artwork of Nagel and in the book....

[5] The district court concluded appellant infringed the copyrights in the individual images through its tile-preparing process and also concluded that the resulting products comprised derivative works.

[6] Appellant contends that there has been no copyright infringement because ... its tiles are not derivative works

[7] The Copyright Act of 1976, 17 U.S.C. § 101 defines a derivative work as:

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

[8] The protection of derivative rights extends beyond mere protection against unauthorized copying to include the right to make other versions of, perform, or exhibit the work.

[9] Melvi[lle] Nimmer in his treatise on copyright law wrote:

[A] work will be considered a derivative work only if it would be considered an infringing work if the material which it has derived from a preexisting work had been taken without the consent of a copyright proprietor of such preexisting work.

¹ NIMMER ON COPYRIGHT § 3.01 (1986).

[10] What appellant has clearly done here is to make another version of Nagel's art works, and that amounts to preparation of a derivative work. By borrowing and mounting the preexisting, copyrighted individual art images without the consent of the copyright proprietors ... appellant has prepared a derivative work and infringed the subject copyrights.

[11] Appellant's contention that since it has not engaged in "art reproduction" and therefore its tiles are not derivative works is not fully dispositive of this issue. Appellant has ignored the disjunctive phrase "or any other form in which a work may be recast, transformed or adapted." The legislative history of the Copyright Act of 1976 indicates that Congress intended that for a violation of the right to prepare derivative works to occur "the infringing work must incorporate a portion of the copyrighted work in *some form*." 1976 U.S. Code Cong. & Admin. News 5659, 5675. (emphasis added). The language "recast, transformed or adapted" seems to encompass other alternatives besides simple art reproduction. By removing the individual images from the book and placing them on the tiles, perhaps the appellant has not accomplished reproduction. We conclude, though, that appellant has certainly recast or transformed the individual images by incorporating them into its tile-preparing process....

[12] We recognize that, under the "first sale" doctrine ..., appellant can purchase a copy of the Nagel book and subsequently alienate its ownership in that book. However, the right to transfer applies only to the particular copy of the book which appellant has purchased and nothing else. The mere sale of the book to the appellant without a specific transfer by the copyright holder of its exclusive right to prepare derivative works, does not transfer that right to appellant. The derivative works right, remains unimpaired and with the copyright proprietors As we have previously concluded that appellant's tile-preparing process results in derivative works and as the exclusive right to prepare derivative works belongs to the copyright holder, the "first sale" doctrine does not bar the appellees' copyright infringement claims.

Annie Lee v. A.R.T. Company

125 F.3d 580 (7th Cir. 1997)

EASTERBROOK, J.:

[1] Annie Lee creates works of art A.R.T. Company [bought some of Lee's notecards and small lithographs,] mounted the works on ceramic tiles (covering the art with transparent epoxy resin in the process)[,] and resold the tiles. Lee contends that these tiles are derivative works, which under 17 U.S.C. § 106(2) may not be prepared without the permission of the copyright proprietor....

[2] Now one might suppose that this is an open and shut case under the doctrine of first sale A.R.T. bought the work legitimately, mounted it on a tile, and resold what it had purchased. Because the artist could capture the value of her art's contribution to the finished product as part of the price for the original transaction, the economic rationale for protecting an adaptation as "derivative" is absent. An alteration that includes (or consumes) a complete copy of the original lacks economic significance. One work changes hands multiple times, exactly what § 109(a) permits, so it may lack legal significance too. But § 106(2) creates a separate exclusive right, to "prepare derivative works", and Lee believes that affixing the art to the tile is "preparation," so that A.R.T. would have violated § 106(2) even if it had dumped the finished tiles into the Marianas Trench. For the sake of argument we assume that this is so and ask whether card-on-a-tile is a "derivative work" in the first place.

[3] The district court concluded that A.R.T.'s mounting of Lee's works on tile is not an "original work of authorship" because it is no different in form or function from displaying a painting in a frame or placing a medallion in a velvet case. No one believes that a museum violates § 106(2) every time it changes the frame of a painting that is still under copyright, although the choice of frame or glazing affects the impression the art conveys, and many artists specify frames (or pedestals for sculptures) in detail.... [W]e agree. If changing the way in which a work of art will be displayed creates a derivative work, and if Lee is right about what "prepared" means, then the derivative work is "prepared" when the art is mounted If the framing process does not create a derivative work, then mounting art on a tile, which serves as a flush frame, does not create a derivative work....

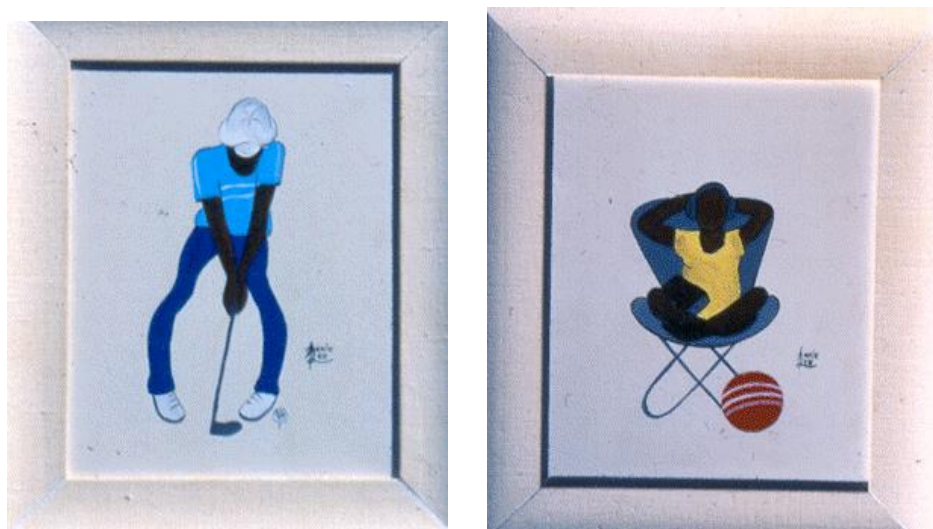


Figure 81: Annie Lee postcards on tile

[4] Lee wages a vigorous attack on the district court's conclusion that A.R.T.'s mounting process cannot create a derivative work because the change to the work "as a whole" is not sufficiently original to support a copyright. Cases such as *Gracen v. The Bradford Exchange, Inc.*, 698 F.2d 300 (7th Cir. 1983), show that neither A.R.T. nor Lee herself could have obtained a copyright in the card-on-a-tile, thereby not only extending the period of protection for the images but also eliminating competition in one medium of display.... A.R.T. tried to obtain a copyright in one of its products; the Register of Copyrights sensibly informed A.R.T. that the card-on-a-tile could not be copyrighted independently of the note card itself. But Lee says that this is irrelevant—that a change in a work's appearance may infringe the exclusive right under § 106(2) even if the alteration is too trivial to support an independent copyright. Pointing to the word "original" in the second sentence of the statutory definition, the district judge held that "originality" is essential to a derivative work. This understanding has the support of both cases and respected commentators. *E.g.*, *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486 (2d Cir. 1976); MELVILLE B. NIMMER & DAVID NIMMER, 1 NIMMER ON COPYRIGHTS § 3.03 (1997). Pointing to the fact that the first sentence in the statutory definition omits any reference to originality, Lee insists that a work may be derivative despite the mechanical nature of the transformation. This view, too, has the support of both cases and respected commentators. *E.g.*, *Lone Ranger Television, Inc. v. Program Radio Corp.*, 740 F.2d 718, 722 (9th Cir. 1984); PAUL GOLDSTEIN, COPYRIGHT: PRINCIPLES, LAW AND PRACTICE § 5.3.1 (2d ed. 1996) (suggesting that a transformation is covered by § 106(2) whenever it creates a "new work for a different market").

[5] Fortunately, it is not necessary for us to choose sides. Assume for the moment that the first sentence recognizes a set of non-original derivative works. To prevail, then, Lee must show that A.R.T. altered her works in one of the ways mentioned in the first sentence. The tile is not an "art reproduction"; A.R.T. purchased and mounted Lee's original works. That leaves the residual clause: "any other form in which a work may be recast, transformed, or adapted." None of these words fits what A.R.T. did. Lee's works were not "recast" or "adapted". "Transformed" comes closer Yet the copyrighted note cards and lithographs were not "transformed" in the slightest. The art was bonded to a slab of ceramic, but it was not changed in the process. It still depicts exactly what it depicted when it left Lee's studio. If mounting works a "transformation," then changing a painting's frame or a photograph's mat equally produces a derivative work. Indeed, if Lee is right about the meaning of the definition's first sentence, then *any* alteration of a work, however slight, requires the author's permission. We asked at oral argument what would happen if a purchaser jotted a note on one of the note cards, or used it as a coaster for a drink, or cut it in half, or if a collector applied his seal (as is common in Japan); Lee's counsel replied that such changes prepare derivative works, but that as a practical matter artists would not file suit. A definition of derivative work that makes criminals out of art collectors and tourists is jarring despite Lee's gracious offer not to commence civil litigation.

[6] If Lee (and the [N]inth [C]ircuit) are right about what counts as a derivative work, then the United States has established through the back door an extraordinarily broad version of authors' moral rights, under which artists may block any modification of their works of which they disapprove. No European version of *droit moral* goes this far....

NOTE

1. Can you use traditional principles of statutory interpretation to construe the bounds of the right to prepare derivative works, or at least to determine what sort of work qualifies as a "derivative work"? Reconsider § 101's statutory definition. Are derivative works defined broadly? Are there any limiting principles that you can detect? Pamela Samuelson looks to the nine exemplary derivative works listed in § 101's definition. She contends that "[b]y including these nine examples, Congress intended to provide guidance about the types of derivatives covered by this right. To be consistent with the text of the statute, the legislative history, and the constitutional purpose of copyright, derivative work liability should only be imposed under the last [broader] clause of the definition if the plaintiff's claim is analogous to one or more of the exemplary derivatives in the statutory definition." Pamela Samuelson, *The Quest for a Sound Conception of Copyright's Derivative Work Right*, 101 GEO. L.J. 1505, 1511 (2013). With that view in mind, Samuelson proposes that the nine exemplary derivative works can be clustered into three categories: shorter versions of an initial work (abridgements and condensations), faithful renditions of initial works (translations and art reproductions), and a transformation of expression from one medium or genre to another (fictionalizations, dramatizations, motion-picture versions, sound recordings, and musical arrangements). Do you think this is the preferred reading of § 101's definition?

Similarly, taking the scenario of use of photographs or other visual art as an artist reference to make new work, Jessica Silbey and Eva Subotnik argue based on artistic practice and doctrine that not all adaptations qualify as derivative works. Jessica Silbey & Eva E. Subotnik, *What the Warhol Court Got Wrong: Use as an Artist Reference and the Derivative Work Doctrine*, 47 COLUM. J.L. & ARTS 353 (2024). They criticize the Supreme Court for concluding otherwise in *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 598 U.S. 508 (2023), a case you will study in Chapter VI with regard to fair use.

In line with this thinking, the Restatement of Copyright proposes an elaborated understanding of the scope of the derivative works category, listing many examples:

Many of the enumerated examples represent more than one sort of recasting, transformation, or adaptation. It is helpful, however, to enumerate the varieties of recasting, transformation, or adaptation that can be identified using the statutory examples. One variety involves a change in subject-matter category or medium of the preexisting copyrighted expression. For example, a motion-picture version of a novel changes a literary work into an audiovisual work. Recording a musical composition (which the Copyright Act refers to as a "musical work") changes that composition into a sound recording. A dramatization turns a novel, a type of literary work, into a play or a screenplay, which are types of dramatic works. An art reproduction can take a preexisting pictorial work—for example, a painting—and turn it into a pictorial work in another medium, such as a photograph or a lithograph. In each case, the recasting, transformation, or adaptation affects the work's form, with regard either to its subject-matter category or the medium in which it is produced.

Another variety of recasting, transformation, or adaptation involves changes in the preexisting work's content. For example, a musical arrangement reorganizes and sometimes adds to or subtracts from a musical work to produce a derivative musical work. A fictionalization transforms a factual literary work into a fictional one, adapting its content and adding content that comprises the fictional component of the work, but, if the fictionalization is produced as a

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literary work, preserving the work in the same medium. A translation of a literary work from one language into another alters the work's content in a way designed to preserve the work's meaning while communicating it as a literary work in another language.

A third variety of recasting, transformation, or adaptation involves changes that either add to or subtract from preexisting works. The statutory example of "a work consisting of editorial revisions, annotations, elaborations, or other modifications, which, as a whole, represent an original work of authorship" includes derivative works that represent not changes in subject-matter category, medium, or preexisting content, but rather addition of new material that modifies some expression from the work itself. In addition, "abridgments" and "condensations," as well as some "editorial revisions," subtract from the expression contained in the preexisting work.

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As you read the following case, reconsider whether § 106(2) requires fixation for a work to be a derivative work. How does this decision comport with the legislative history you read earlier this section on that point?

Lewis Galoob Toys, Inc. v. Nintendo of America, Inc. 964 F.2d 965 (9th Cir. 1992)

FARRIS, J.: ...

[1] The Nintendo Entertainment System is a home video game system marketed by Nintendo. To use the system, the player inserts a cartridge containing a video game that Nintendo produces or licenses others to produce. By pressing buttons and manipulating a control pad, the player controls one of the game's characters and progresses through the game. The games are protected as audiovisual works



Figure 82: Nintendo Entertainment System (left) and Game Genie devices (right)

[2] The Game Genie is a device manufactured by Galoob that allows the player to alter up to three features of a Nintendo game. For example, the Game Genie can increase the number of lives of the player's character,

increase the speed at which the character moves, and allow the character to float above obstacles. The player controls the changes made by the Game Genie by entering codes provided by the Game Genie Programming Manual and Code Book. The player also can experiment with variations of these codes.



Figure 83: Game Genie advertisement

[3] The Game Genie functions by blocking the value for a single data byte sent by the game cartridge to the central processing unit in the Nintendo Entertainment System and replacing it with a new value. If that value controls the character's strength, for example, then the character can be made invincible by increasing the value sufficiently. The Game Genie is inserted between a game cartridge and the Nintendo Entertainment System. The Game Genie does not alter the data that is stored in the game cartridge. Its effects are temporary....

[4] The Copyright Act of 1976 confers upon copyright holders the exclusive right to prepare and authorize others to prepare derivative works based on their copyrighted works. Nintendo argues that the district court erred in concluding that the audiovisual displays created by the Game Genie are not derivative works....

[5] A derivative work must incorporate a protected work in some concrete or permanent "form." The Copyright Act defines a derivative work as follows:

A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound

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recording, art reproduction, abridgment, condensation, *or any other form in which a work may be recast, transformed, or adapted*. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a “derivative work.”

17 U.S.C. § 101 (emphasis added). The examples of derivative works provided by the Act all physically incorporate the underlying work or works. The Act’s legislative history similarly indicates that “the infringing work must incorporate a portion of the copyrighted work in some form.” 1976 U.S. Code Cong. & Admin. News 5659, 5675.

[6] Our analysis is not controlled by the Copyright Act’s definition of “fixed.” The Act defines copies as “material objects, other than phonorecords, in which a work is *fixed* by any method.” 17 U.S.C. § 101 (emphasis added). The Act’s definition of “derivative work,” in contrast, lacks any such reference to fixation....

[7] The district court’s finding that no independent work is created is supported by the record. The Game Genie merely enhances the audiovisual displays (or underlying data bytes) that originate in Nintendo game cartridges. The altered displays do not incorporate a portion of a copyrighted work in some concrete or permanent *form*. Nintendo argues that the Game Genie’s displays are as fixed in the hardware and software used to create them as Nintendo’s original displays. Nintendo’s argument ignores the fact that the Game Genie cannot produce an audiovisual display; the underlying display must be produced by a Nintendo Entertainment System and game cartridge.... It cannot be a derivative work.

[8] *Mirage Editions* is illustrative. Albuquerque A.R.T. transferred artworks from a commemorative book to individual ceramic tiles. We held that by borrowing and mounting the preexisting, copyrighted individual art images without the consent of the copyright proprietors Albuquerque A.R.T. has prepared a derivative work and infringed the subject copyrights. The ceramic tiles *physically* incorporated the copyrighted works in a form that could be sold. Perhaps more importantly, sales of the tiles supplanted purchasers’ demand for the underlying works. Our holding in *Mirage Editions* would have been much different if Albuquerque A.R.T. had distributed lenses that merely enabled users to view several artworks simultaneously.

[9] Nintendo asserted at oral argument that the existence of a \$150 million market for the Game Genie indicates that its audiovisual display must be fixed. We understand Nintendo’s argument; consumers clearly would not purchase the Game Genie if its display was not “sufficiently permanent or stable to permit it to be perceived ... for a period of more than transitory duration.” 17 U.S.C. § 101. But, Nintendo’s reliance on the Act’s definition of “fixed” is misplaced. Nintendo’s argument also proves too much; the existence of a market does not, and cannot, determine conclusively whether a work is an infringing derivative work. For example, although there is a market for kaleidoscopes, it does not necessarily follow that kaleidoscopes create unlawful derivative works when pointed at protected artwork. The same can be said of countless other products that enhance, but do not replace, copyrighted works.

[10] Nintendo also argues that our analysis should focus exclusively on the audiovisual displays created by the Game Genie, *i.e.*, that we should compare the altered displays to Nintendo’s original displays. Nintendo emphasizes that “[a]udiovisual works’ are works that consist of a series of related images ... *regardless of the nature of the material objects ... in which the works are embodied*.” 17 U.S.C. § 101 (emphasis added). The Copyright Act’s definition of “audiovisual works” is inapposite; the *only* question before us is whether the audiovisual displays created by the Game Genie are “derivative works.” The Act does not similarly provide that a work can be a derivative work regardless of the nature of the material objects in which the work is embodied. A derivative work must incorporate a protected work in some concrete or permanent form. We cannot ignore the actual source of the Game Genie’s display....

[11] In holding that the audiovisual displays created by the Game Genie are not derivative works, we recognize that technology often advances by improvement rather than replacement. Some time ago, for example, computer companies began marketing spell-checkers that operate within existing word processors by signalling the writer when a word is misspelled. These applications, as well as countless others, could not be produced and marketed if courts were to conclude that the word processor and spell-checker combination is a derivative work based on the word processor alone. The Game Genie is useless by itself, it can only enhance, and cannot duplicate or recast[], a Nintendo game's output. It does not contain or produce a Nintendo game's output in some concrete or permanent form, nor does it supplant demand for Nintendo game cartridges. Such innovations rarely will constitute infringing derivative works under the Copyright Act.

E. Fictional Characters and the Rights of Reproduction and to Prepare Derivative Works

You have read cases involving alleged infringement of expression from movies, plays, music, illustrations, photographs, art works, video games, and even quilts and stuffed animals. The protected expression alleged to be infringed in these cases is all very different. But all of these cases involve material that uncontroversially contains "expression." The cases you're about to read are different. Here the "expression" alleged to be protected by copyright is not text or images or sounds, but is rather a "character." But what precisely is a "character"? A character may be captured in an image or illustration or sculpture—and these are certainly within the categories of copyrightable subject matter set out in 17 U.S.C. § 102(a). Likewise, the attributes of a character may be described in text, and such description is also copyrightable. But what about the character as such? That is, are characters copyrightable apart from their depiction in images or text? The cases considering this question have treated characters as copyrightable in themselves, though they have disagreed over what is required for a character to be copyrightable and not merely "stock." But on what basis have courts held characters as such to be copyrightable subject matter?

Whether characters are copyrightable as such (that is, aside from their textual description or visual depiction) is significant in terms of the scope of ownership that the creator of a character would enjoy. If characters are copyrightable as such, the copyright owner would have the power to prevent use of a copyrighted character in other works. If, on the other hand, characters are not copyrightable as such, the copyright owner would be able to prevent only the use of protectable textual descriptions or visual depictions of the character. But the character as such would be usable by others.

As you read the following cases, review the categories of copyrightable subject matter listed in § 102(a). Into which category, if any, do characters—in themselves and distinct from textual descriptions or visual illustrations of a character—fall?

Warner Bros. Pictures, Inc. v. Columbia Broadcasting System, Inc.

216 F.2d 945 (9th Cir. 1954)

STEPHENS, J:

[1] Dashiell Hammett composed a mystery-detective story entitled 'The Maltese Falcon' which was published serially, and each installment was copyrighted by the publisher. Subsequently, Alfred A. Knopf, Inc., entered

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into a contract with the author to publish the work in book form, Knopf published the book and, in accord with the terms of the contract, copyrighted it.

[2] In 1930, after publication in book form and after publication of all installments of the first serial thereof, Knopf and Hammett, designated as 'Owners', for a consideration of \$8,500.00, granted certain defined rights in and to *The Maltese Falcon* (called 'writings' in the agreement) to Warner Bros., as 'Purchaser'.... Coincidentally, Knopf executed an instrument to Warner called 'Assignment of Copyright' for a nominal consideration. The text of the 'assignment' shows on its face that it is not an assignment of the copyright but that it is a grant to Warner of specified rights to the use of the writings in *The Maltese Falcon*. Both the contract between Hammett-Knopf and Warner, and the 'assignment' from Knopf, purport to grant to Warner certain defined and detailed exclusive rights to the use of *The Maltese Falcon* 'writings' in moving pictures, radio, and television....



Figure 84: movie poster for *The Maltese Falcon* (left), and Humphrey Bogart as Sam Spade (right)

[3] [A]t the effective moment of the grants by Hammett and Knopf to Warner, the latter became possessed of the sole and exclusive right to the writing which is within the copyright, less all limiting terms of the grants. The grants are limited to defined uses in motion picture, talking pictures, radio, and television.

[4] It is claimed by Warner that it acquired the exclusive right to the use of the writing, *The Maltese Falcon*, including the individual characters and their names, together with the title, 'The Maltese Falcon', in motion pictures, radio, and television. The use of the title is not in issue, since the grant to Warner specifically includes it.

[5] It is the position of Hammett and the other defendants, all of whom claim some interest under him, that the rights acquired by Warner are those specifically mentioned in the conveying or granting instruments, and that the exclusive right to the use of the characters and/or their names were not mentioned as being granted; that the instruments, properly construed, do not convey any exclusive right to the use of characters with or without names, hence Hammett could use them in other stories....

[6] Hammett did so use the characters with their names and did contract with others for such use. In 1946 he used *The Maltese Falcon* characters including Sam Spade, the detective and the leading character in the Falcon, by name, and granted to third parties the sole and exclusive right, except their use in the Falcon, to use that character by name (later orally enlarged to include other characters of the Falcon) in radio, television, and motion pictures. Under such claimed rights, radio broadcasts of 'Adventures of Sam Spade', including 'The Kandy Tooth' were broadcast in weekly half-hour episodes from 1946 to 1950.

[7] Warner claims infringement of copyright ... by such re-use and, as well, for infringement of parts of the story and the whole of the writing inclusive of characters and their names. Hammett and the other defendants deny infringement ... on any count, and Hammett requests the court to declare his rights in the premises. Knopf is a nominal party asking and claiming nothing, and is made a plaintiff under the right granted Warner in the Hammett-Knopf-Warner contract.

[8] The trial court denied relief to Warner, declared Hammett's rights, and assessed costs against Warner, who appeals.

[9] ... Warner Bros. Corporation ... is a large, experienced moving picture producer. It would seem proper, therefore, to construe the instruments under the assumption that the claimant knew what it wanted and that in defining the items in the instruments which it desired and intended to take, it included all of the items it was contracting to take. We are of the opinion that since the use of characters and character names are nowhere specifically mentioned in the agreements, but that other items, including the title, 'The Maltese Falcon', and their use are specifically mentioned as being granted, that the character rights with the names cannot be held to be within the grants, and that under the doctrine of ejusdem generis, general language cannot be held to include them....

[10] Up to this point we have discussed the points at issue by construing the contract and by seeking the intention of the parties to it, and we have concluded that the parties never intended by their contract to buy and sell the future use of the personalities in the writing.

[11] It will now be profitable to consider whether it was ever intended by the copyright statute that characters with their names should be under its protection.

[12] The practice of writers to compose sequels to stories is old, and the copyright statute, though amended several times, has never specifically mentioned the point. It does not appear that it has ever been adjudicated, although it is mentioned in *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d Cir. 1930).... If Congress had intended that the sale of the right to publish a copyrighted story would foreclose the author's use of its characters in subsequent works for the life of the copyright, it would seem Congress would have made specific provision therefor. Authors work for the love of their art no more than other professional people work in other lines of work for the love of it. There is the financial motive as well. The characters of an author's imagination and the art of his descriptive talent, like a painter's or like a person with his penmanship, are always limited and always fall into limited patterns. The restriction argued for is unreasonable, and would effect the very opposite of the statute's purpose which is to encourage the production of the arts.

[13] It is our conception of the area covered by the copyright statute that when a study of the two writings is made and it is plain from the study that one of them is not in fact the creation of the putative author, but instead has been copied in substantial part exactly or in transparent re-phrasing to produce essentially the story of the other writing, it infringes.

[14] It is conceivable that the character really constitutes the story being told, but if the character is only the chessman in the game of telling the story he is not within the area of the protection afforded by the copyright....

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[15] We conclude that even if the Owners assigned their complete rights in the copyright to the *Falcon*, such assignment did not prevent the author from using the characters used therein, in other stories. The characters were vehicles for the story told, and the vehicles did not go with the sale of the story....

NOTES

1. What does it mean for a character to “constitute[] the story being told,” in which case the character is protectable, versus “only a chessman in the game of telling the story,” in which case the character is not protectable? Is this test judicially administrable? Is it likely to produce results that are predictable in advance?
2. Is there an economic argument suggesting that characters should or should not be copyrightable? A moral argument? For a cultural and literary approach to the copyrightability of characters, see Zahr K. Said, *Fixing Copyright in Characters: Literary Perspectives on a Legal Problem*, 35 CARDOZO L. REV. 769 (2013).



Figure 85: Batmobile as seen in the 1966 television series

In its opinion in *DC Comics v. Towle*, 802 F.3d 1012 (9th Cir. 2015), the Ninth Circuit introduced a new test for determining the copyrightability of characters. *Towle* dealt with the copyrightability of an odd sort of “character”—the Batmobile (Batman’s car, as shown in Figures 85 and 86), which the defendant had produced as full-sized (and drivable) replicas, as shown in Figure 87. The Ninth Circuit found that the Batmobile was copyrightable as a character. Review the photographs below of the different versions of the Batmobile, and then read the next case, which articulates and applies the *Towle* test in a different context. Then come back to the pictures and ask whether you believe that the *Towle* court correctly applied its own test.



Figure 86: Batmobile as seen in the 1989 movie



Figure 87: Mark Towle's replica Batmobiles

Daniels v. Walt Disney Company

958 F.3d 767 (9th Cir. 2020)

McKEOWN, J:

[1] Literary and graphic characters—from James Bond to the Batmobile—capture our creative imagination. These characters also may enjoy copyright protection, subject to certain limitations. Here we consider whether certain anthropomorphized characters representing human emotions qualify for copyright protection. They do not. For guidance, we turn to *DC Comics v. Towle*, our court's most recent explanation of the copyrightability of graphically-depicted characters.

[2] Denise Daniels developed a line of anthropomorphic characters called The Moodsters, which she pitched to entertainment and toy companies around the country, including The Walt Disney Company. Under *Towle*, “lightly sketched” characters such as The Moodsters, which lack “consistent, identifiable character traits and attributes,” do not enjoy copyright protection. We affirm the district court's dismissal of Daniels's complaint.

[3] The Moodsters are five characters that are color-coded anthropomorphic emotions, each representing a different emotion: pink (love); yellow (happiness); blue (sadness); red (anger); and green (fear). Daniels initially named The Moodsters Oolvia, Zip, Sniff, Roary, and Shake, although these names changed in each iteration of the characters....



Figure 88: The Moodsters

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[4] Daniels ... pitched The Moodsters to numerous media and entertainment companies. One recurring target was The Walt Disney Company and its affiliates, including Pixar. Daniels alleges that she or a member of her team had contact with several different Disney employees between 2005 and 2009....

[5] Disney began development of its movie *Inside Out* in 2010. The movie was released in 2015, and centers on five anthropomorphized emotions that live inside the mind of an 11-year-old girl named Riley. Those emotions are joy, fear, sadness, disgust, and anger. [Pete] Docter, who directed and co-wrote the screenplay, stated that his inspiration for the film was the manner with which his 11-year-old daughter dealt with new emotions as she matured....



Figure 8g: *Inside Out* characters

[6] Daniels filed suit against Disney in 2017 for breach of an implied-in-fact contract, arising from Disney's failure to compensate Daniels for the allegedly disclosed material used to develop *Inside Out*. Daniels then filed an amended complaint, ... alleging copyright infringement of both the individual Moodsters characters and the ensemble of characters as a whole.

[7] Disney filed a motion to dismiss, asserting that Daniels failed to meet the legal standard for copyright in a character The district court granted Disney's motion to dismiss, and granted Daniels leave to file an amended complaint on the copyright claims. Disney filed a motion to dismiss the Amended Complaint, which the district court granted on the ground that The Moodsters are not protectable by copyright....

[8] Although characters are not an enumerated copyrightable subject matter under the Copyright Act, *see* 17 U.S.C. § 102(a), there is a long history of extending copyright protection to graphically-depicted characters. However, not every comic book, television, or motion picture character is entitled to copyright protection. A character is entitled to copyright protection if (1) the character has physical as well as conceptual qualities, (2) the character is sufficiently delineated to be recognizable as the same character whenever it appears and displays consistent, identifiable character traits and attributes, and (3) the character is especially distinctive and contains some unique elements of expression. *Towle*....

[9] Disney does not dispute that the individual Moodster characters meet the first prong of the *Towle* test: each has physical as well as conceptual qualities. Because they have physical qualities, The Moodsters are not mere literary characters.

[10] The second prong presents an insurmountable hurdle for Daniels. *Towle* requires that a character must be sufficiently delineated to be recognizable as the same character whenever it appears. Although a character that has appeared in multiple productions or iterations need not have a consistent appearance, it must display consistent, identifiable character traits and attributes such that it is recognizable whenever it appears.

[11] Consistently recognizable characters like Godzilla or James Bond, whose physical characteristics may change over various iterations, but who maintain consistent and identifiable character traits and attributes across various productions and adaptations, meet the test. By contrast, a character that lacks a core set of consistent and identifiable character traits and attributes is not protectable, because that character is not immediately recognizable as the same character whenever it appears.

[12] In addressing The Moodsters, we first distinguish between the idea for a character and the depiction of that character. The notion of using a color to represent a mood or emotion is an idea that does not fall within the protection of copyright.... Color and emotion are ... frequent themes in children's books, such as Dr. Seuss's classic, *My Many Colored Days*, and Anna Llenas's *The Color Monster: A Story of Emotions*.

[13] Notably, colors themselves are not generally copyrightable. Nor is the "idea" of an emotion copyrightable. Taken together, these principles mean that Daniels cannot copyright the idea of colors or emotions, nor can she copyright the idea of using colors to represent emotions where these ideas are embodied in a character without sufficient delineation and distinctiveness.

[14] In analyzing whether The Moodster characters are sufficiently delineated, we carefully examine the graphic depiction of the characters and not the ideas underlying them. We look first to the physical appearance of The Moodsters. Unlike, for example, the Batmobile, which maintained distinct physical and conceptual qualities since its first appearance in the comic books, the physical appearance of The Moodsters changed significantly over time. In [earlier versions dating from 2005 and 2007], the five Moodsters have an insect-like appearance, with skinny bodies, long ears, and tall antennas that act as emotional barometers to form a distinctive shape and glow when an emotion is strongly felt. By the second generation of toys, The Moodsters look like small, loveable bears. They are round and cuddly, have small ears, and each dons a detective's hat and small cape.

[15] Mindful that physical appearance alone is not decisive, we also consider whether The Moodsters have maintained consistent character traits and attributes. Across the various iterations The Moodsters have consistently represented five human emotions, and those emotions have not changed. But other than the idea of color and emotions, there are few other identifiable character traits and attributes that are consistent over the various iterations. In the 2005 [version], each character is described in a few short paragraphs. For example, the Zip character is described as having "an infectious laugh and wakes up each morning with a smile on his face and a friendly attitude." By the 2007 pilot, these characteristics are not mentioned and are not evident from the depiction of Zip. The other four Moodsters similarly lack consistent characteristics and attributes Lightly sketched characters of this kind, without identifiable character traits, are not copyrightable under the second prong of *Towle*.

[16] Perhaps the most readily identifiable attribute of The Moodsters is their relationship to emotions. The 2005 [version] explains that each character relates to emotions in its own way when something new happens—the "anger" Moodster might become angry, whereas the "sad" Moodster might become sad. The Moodsters behave in a similar fashion in the 2007 [version], where each character is especially prone to a particular emotion

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such as anger or sadness. But by 2015, the five Moodsters are “mood detectives,” and help a young boy uncover how he feels about situations in his life.

[17] Finally, in every iteration the five Moodsters each have a completely different name. For example, the red/anger Moodster was originally named Roary in the 2005 [version], then Rizzi in the 2007 [version], and as of 2015 was named Razzy The other four characters have gone through similar name changes over the three iterations. While a change of name is not dispositive in our analysis, these changes across each iteration further illustrate that Daniels never settled on a well-delineated set of characters beyond their representation of five human emotions.

[18] The Batmobile in *Towle* again provides a useful contrast to this case. There, we recognized that from the time of the 1966 television series to the 1989 motion picture, the Batmobile had numerous identifiable and consistent character traits and attributes. It was always a “crime-fighting car” that allowed Batman to defeat his enemies. It consistently had jet-engines and far more power than an ordinary car, the most up-to-date weaponry, and the ability to navigate through landscapes impassible for an ordinary vehicle. Beyond the emotion it represents, each Moodster lacks comparable identifiable and consistent character traits and attributes across iterations, thus failing the second prong of the *Towle* test.

[19] Finally, even giving Daniels the benefit of the doubt on *Towle*’s second prong, we conclude that The Moodsters fail the third prong—they are not especially distinctive and do not contain some unique elements of expression. Daniels identifies The Moodsters as unique in that they each represent a single emotion. But this facet is not sufficient to render them especially distinctive, particularly given their otherwise generic attributes and character traits. In contrast, the Batmobile in *Towle* had a unique and highly recognizable name, unlike each Moodster, which had three entirely different names. Developing a character as an anthropomorphized version of a specific emotion is not sufficient, in itself, to establish a copyrightable character. Taken together, The Moodsters are not especially distinctive, and do not meet the third prong of the *Towle* test....

[20] Since the 1950s, we have also extended copyright protection to characters—both literary and graphic—that constitute “the story being told” in a work. *Warner Bros. Pictures v. Columbia Broad. Sys.*, 216 F.2d 945, 950 (9th Cir. 1954). A character is not copyrightable under this test where “the character is only the chessman in the game of telling the story.” This is a high bar, since few characters so dominate the story such that it becomes essentially a character study.

[21] *Warner Brothers* and *Towle* are two different tests for character copyrightability. Thus, we do not embrace the district court’s view that *Towle* represents the exclusive test for copyrightability.

[22] The *Warner Brothers* test is therefore available, but it affords no protection to The Moodsters. Neither the [2005 nor 2007 versions] exhibits any prolonged engagement with character development or a character study of The Moodsters. Although the characters are introduced in the [2005 version], along with short descriptions, these pithy descriptions do not constitute the story being told. The [2007 version] contains even less character development—rather, each of The Moodsters serves primarily as a means by which particular emotions are introduced and explored. The Moodsters are mere chessmen in the game of telling the story.

[23] Daniels’s final argument is that even if the individual Moodsters are not protectable under the *Towle* or “story being told” regimes, the ensemble of five characters *together* meets one or both of those tests. Daniels’s ensemble claim does not change the distinctiveness or degree of delineation of the characters, and so The Moodsters as an ensemble are no more copyrightable than the individual characters.

[24] The district court did not err in dismissing Daniels's claims for copyright infringement....

NOTES

1. Is the three-part test articulated and applied in this case an improvement on the “story being told” test? Is the test specific to the medium in which a character appears?
2. What does it mean for a character to have “physical as well as conceptual qualities”? That criterion was easily satisfied here. But what about characters that are not illustrated? How are they given “physical” qualities? And why is it important that characters be “physical”?

F. Moral Rights

Section 106 of the Copyright Act sets out the exclusive rights of the copyright owner. There is, however, one other set of exclusive rights delineated in another section of the Copyright Act, § 106A. Section 106A provides to authors **rights of attribution and integrity** for a narrow range of works of “visual art.” The rights set out in § 106A are often classified within the category of so-called **moral rights**. Moral rights originated in European law. Most countries provide at least some moral rights, which can include the right of attribution (also known as the right of paternity), the right to publish a work anonymously or pseudonymously, and the right to preserve a work’s integrity (that is, the right to prevent revision, alteration, distortion, or destruction of a work). Moral rights are often distinguished from “economic rights,” of which the exclusive rights contained in § 106 are examples. Article 6bis of the Berne Convention requires signatories to provide certain protections for moral rights:

- (1) *Independently of the author’s economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.*

Article 6bis(2) further provides that the two moral rights specified—attribution and integrity—should last at least as long as the author’s economic rights. However, the provision allows member states to choose to limit moral rights protection to the author’s lifetime.

In contrast to the Berne Convention, the TRIPS Agreement does not require signatories to provide protection for moral rights.

Whether the United States is in compliance with its obligation under the Berne Convention to provide moral rights protections is a matter of considerable debate. The Berne Convention Implementation Act of 1988, Pub. L. No. 100–568, 102 Stat. 2853, contains no provision establishing moral rights protections. Yet § 2(3) of this Act declares that the United States is in compliance: “The amendments made by this Act, together with the law as it exists on the date of the enactment of this Act, satisfy the obligations of the United States in adhering to the Berne Convention and no further rights or interests shall be recognized or created for that purpose.” The legislative history of the Act grounds the statute’s view that the United States is in compliance with its moral rights obligations on “existing U.S. law[, including] various provisions of the Copyright Act and the Lanham Act, various state statutes, and common law principles such as libel, defamation, misrepresentation, and unfair competition.” S. REP. No. 352, 100th Cong., 2d Sess. 9–10 (1988). For analyses of possible gaps between existing U.S. laws and protection of these moral rights, see Roberta Rosenthal Kwall, *Copyright and the Moral Right: Is an American Marriage Possible?*, 38 VAND. L. REV. 1 (1985); John Henry Merryman, *The Refrigerator of Bernard Buffet*, 27 HASTINGS L.J. 1023 (1976).

As you read the next case, consider whether it provides a basis for Congress's view that existing U.S. law is sufficient to put the United States in compliance with its obligation under the Berne Convention to provide protection for moral rights.

Terry Gilliam v. American Broadcasting Companies, Inc.

538 F.2d 14 (2d Cir. 1976)

LUMBARD, J.:

[1] Plaintiffs, a group of British writers and performers known as "Monty Python," appeal from a denial by Judge Lasker in the Southern District of a preliminary injunction to restrain the American Broadcasting Company (ABC) from broadcasting edited versions of three separate programs originally written and performed by Monty Python for broadcast by the British Broadcasting Corporation (BBC). We agree with Judge Lasker that the appellants have demonstrated that the excising done for ABC impairs the integrity of the original work. We further find that the countervailing injuries that Judge Lasker found might have accrued to ABC as a result of an injunction at a prior date no longer exist. We therefore direct the issuance of a preliminary injunction by the district court.

[2] Since its formation in 1969, the Monty Python group has gained popularity primarily through its thirty-minute television programs created for BBC as part of a comedy series entitled "Monty Python's Flying Circus." In accordance with an agreement between Monty Python and BBC, the group writes and delivers to BBC scripts for use in the television series. This scriptwriters' agreement recites in great detail the procedure to be followed when any alterations are to be made in the script prior to recording of the program. The essence of this section of the agreement is that, while BBC retains final authority to make changes, appellants or their representatives exercise optimum control over the scripts consistent with BBC's authority and only minor changes may be made without prior consultation with the writers. Nothing in the scriptwriters' agreement entitles BBC to alter a program once it has been recorded. The agreement further provides that, subject to the terms therein, the group retains all rights in the script.

[3] Under the agreement, BBC may license the transmission of recordings of the television programs in any overseas territory. The series has been broadcast in this country primarily on non-commercial public broadcasting television stations, although several of the programs have been broadcast on commercial stations in Texas and Nevada. In each instance, the thirty-minute programs have been broadcast as originally recorded and broadcast in England in their entirety and without commercial interruption.

[4] In October 1973, Time-Life Films acquired the right to distribute in the United States certain BBC television programs, including the Monty Python series. Time-Life was permitted to edit the programs only "for insertion of commercials, applicable censorship or governmental ... rules and regulations, and National Association of Broadcasters and time segment requirements." No similar clause was included in the scriptwriters' agreement between appellants and BBC. Prior to this time, ABC had sought to acquire the right to broadcast excerpts from various Monty Python programs in the spring of 1975, but the group rejected the proposal for such a disjointed format. Thereafter, in July 1975, ABC agreed with Time-Life to broadcast two ninety-minute specials each comprising three thirty-minute Monty Python programs that had not previously been shown in this country.

[5] Correspondence between representatives of BBC and Monty Python reveals that these parties assumed that ABC would broadcast each of the Monty Python programs "in its entirety." On September 5, 1975, however, the group's British representative inquired of BBC how ABC planned to show the programs in their entirety if

approximately 24 minutes of each 90 minute program were to be devoted to commercials. BBC replied on September 12, “we can only reassure you that ABC have decided to run the programmes ‘back to back,’ and that there is a firm undertaking not to segment them.”

[6] ABC broadcast the first of the specials on October 3, 1975. Appellants did not see a tape of the program until late November and were allegedly “appalled” at the discontinuity and “mutilation” that had resulted from the editing done by Time-Life for ABC. Twenty-four minutes of the original 90 minutes of recording had been omitted. Some of the editing had been done in order to make time for commercials; other material had been edited, according to ABC, because the original programs contained offensive or obscene matter.

[7] In early December, Monty Python learned that ABC planned to broadcast the second special on December 26, 1975. The parties began negotiations concerning editing of that program and a delay of the broadcast until Monty Python could view it. These negotiations were futile, however, and on December 15 the group filed this action to enjoin the broadcast and for damages. Following an evidentiary hearing, Judge Lasker found that “the plaintiffs have established an impairment of the integrity of their work” which “caused the film or program ... to lose its iconoclastic verve.” According to Judge Lasker, “the damage that has been caused to the plaintiffs is irreparable by its nature.” Nevertheless, the judge denied the motion for the preliminary injunction on the grounds that it was unclear who owned the copyright in the programs produced by BBC from the scripts written by Monty Python; that there was a question of whether Time-Life and BBC were indispensable parties to the litigation; that ABC would suffer significant financial loss if it were enjoined a week before the scheduled broadcast; and that Monty Python had displayed a “somewhat disturbing casualness” in their pursuance of the matter.

[8] Judge Lasker granted Monty Python’s request for more limited relief by requiring ABC to broadcast a disclaimer during the December 26 special to the effect that the group dissociated itself from the program because of the editing. A panel of this court, however, granted a stay of that order until this appeal could be heard and permitted ABC to broadcast, at the beginning of the special, only the legend that the program had been edited by ABC. We heard argument on April 13 and, at that time, enjoined ABC from any further broadcast of edited Monty Python programs pending the decision of the court....

[9] We ... reach the question whether there is a likelihood that appellants will succeed on the merits. In concluding that there is a likelihood of infringement here, we rely especially on the fact that the editing was substantial, i.e., approximately 27 per cent of the original program was omitted, and the editing contravened contractual provisions that limited the right to edit Monty Python material....

[10] Judge Lasker denied the preliminary injunction in part because he was unsure of the ownership of the copyright in the recorded program. Appellants first contend that the question of ownership is irrelevant because the recorded program was merely a derivative work taken from the script in which they hold the uncontested copyright. Thus, even if BBC owned the copyright in the recorded program, its use of that work would be limited by the license granted to BBC by Monty Python for use of the underlying script. We agree....

[11] If the proprietor of the derivative work is licensed by the proprietor of the copyright in the underlying work to vend or distribute the derivative work to third parties, those parties will, of course, suffer no liability for their use of the underlying work consistent with the license to the proprietor of the derivative work. Obviously, it was just this type of arrangement that was contemplated in this instance. The scriptwriters’ agreement between Monty Python and BBC specifically permitted the latter to license the transmission of the recordings made by BBC to distributors such as Time-Life for broadcast in overseas territories.

[12] One who obtains permission to use a copyrighted script in the production of a derivative work, however, may not exceed the specific purpose for which permission was granted.... [Appellants] claim that revisions in

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the script, and ultimately in the program, could be made only after consultation with Monty Python, and that ABC's broadcast of a program edited after recording and without consultation with Monty Python exceeded the scope of any license that BBC was entitled to grant.

[13] Whether intended to allow greater economic exploitation of the work ... or to ensure that the copyright proprietor retains a veto power over revisions desired for the derivative work, the ability of the copyright holder to control his work remains paramount in our copyright law. We find, therefore, that unauthorized editing of the underlying work, if proven, would constitute an infringement of the copyright in that work similar to any other use of a work that exceeded the license granted by the proprietor of the copyright.

[14] If the broadcast of an edited version of the Monty Python program infringed the group's copyright in the script, ABC may obtain no solace from the fact that editing was permitted in the agreements between BBC and Time-Life or Time-Life and ABC. BBC was not entitled to make unilateral changes in the script and was not specifically empowered to alter the recordings once made; Monty Python, moreover, had reserved to itself any rights not granted to BBC. Since a grantor may not convey greater rights than it owns, BBC's permission to allow Time-Life, and hence ABC, to edit appears to have been a nullity....

[15] Aside from the question of who owns the relevant copyrights, ABC asserts that the contracts between appellants and BBC permit editing of the programs for commercial television in the United States. ABC argues that the scriptwriters' agreement allows appellants the right to participate in revisions of the script only prior to the recording of the programs, and thus infers that BBC had unrestricted authority to revise after that point. This argument, however, proves too much. A reading of the contract seems to indicate that Monty Python obtained control over editing the script only to ensure control over the program recorded from that script. Since the scriptwriters' agreement explicitly retains for the group all rights not granted by the contract, omission of any terms concerning alterations in the program after recording must be read as reserving to appellants exclusive authority for such revisions.

[16] Finally, ABC contends that appellants must have expected that deletions would be made in the recordings to conform them for use on commercial television in the United States. ABC argues that licensing in the United States implicitly grants a license to insert commercials in a program and to remove offensive or obscene material prior to broadcast. According to the network, appellants should have anticipated that most of the excised material contained scatological references inappropriate for American television and that these scenes would be replaced with commercials, which presumably are more palatable to the American public.

[17] The proof adduced up to this point, however, provides no basis for finding any implied consent to edit. Prior to the ABC broadcasts, Monty Python programs had been broadcast on a regular basis by both commercial and public television stations in this country without interruption or deletion. Indeed, there is no evidence of any prior broadcast of edited Monty Python material in the United States. These facts, combined with the persistent requests for assurances by the group and its representatives that the programs would be shown intact belie the argument that the group knew or should have known that deletions and commercial interruptions were inevitable.

[18] Several of the deletions made for ABC, such as elimination of the words "hell" and "damn," seem inexplicable given today's standard television fare. If, however, ABC honestly determined that the programs were obscene in substantial part, it could have decided not to broadcast the specials at all, or it could have attempted to reconcile its differences with appellants. The network could not, however, free from a claim of infringement, broadcast in a substantially altered form a program incorporating the script over which the group had retained control.

[19] Our resolution of these technical arguments serves to reinforce our initial inclination that the copyright law should be used to recognize the important role of the artist in our society and the need to encourage production and dissemination of artistic works by providing adequate legal protection for one who submits his work to the public. We therefore conclude that there is a substantial likelihood that, after a full trial, appellants will succeed in proving infringement of their copyright by ABC's broadcast of edited versions of Monty Python programs. In reaching this conclusion, however, we need not accept appellants' assertion that any editing whatsoever would constitute infringement. Courts have recognized that licensees are entitled to some small degree of latitude in arranging the licensed work for presentation to the public in a manner consistent with the licensee's style or standards. That privilege, however, does not extend to the degree of editing that occurred here especially in light of contractual provisions that limited the right to edit Monty Python material....

[20] It also seems likely that appellants will succeed on the theory that, regardless of the right ABC had to broadcast an edited program, the cuts made constituted an actionable mutilation of Monty Python's work. This cause of action, which seeks redress for deformation of an artist's work, finds its roots in the continental concept of *droit moral*, or moral right, which may generally be summarized as including the right of the artist to have his work attributed to him in the form in which he created it.

[21] American copyright law, as presently written, does not recognize moral rights or provide a cause of action for their violation, since the law seeks to vindicate the economic, rather than the personal, rights of authors. Nevertheless, the economic incentive for artistic and intellectual creation that serves as the foundation for American copyright law cannot be reconciled with the inability of artists to obtain relief for mutilation or misrepresentation of their work to the public on which the artists are financially dependent. Thus courts have long granted relief for misrepresentation of an artist's work by relying on theories outside the statutory law of copyright, such as contract law, or the tort of unfair competition. Although such decisions are clothed in terms of proprietary right in one's creation, they also properly vindicate the author's personal right to prevent the presentation of his work to the public in a distorted form.

[22] Here, the appellants claim that the editing done for ABC mutilated the original work and that consequently the broadcast of those programs as the creation of Monty Python violated the Lanham Act s 43(a), 15 U.S.C. s 1125(a).¹⁰ This statute, the federal counterpart to state unfair competition laws, has been invoked to prevent misrepresentations that may injure plaintiff's business or personal reputation, even where no registered trademark is concerned. It is sufficient to violate the Act that a representation of a product, although technically true, creates a false impression of the product's origin.

[23] These cases cannot be distinguished from the situation in which a television network broadcasts a program properly designated as having been written and performed by a group, but which has been edited, without the writer's consent, into a form that departs substantially from the original work. To deform his work is to present him to the public as the creator of a work not his own, and thus makes him subject to criticism for work he has not done. In such a case, it is the writer or performer, rather than the network, who suffers the consequences of the mutilation, for the public will have only the final product by which to evaluate the work. Thus, an allegation that a defendant has presented to the public a garbled, distorted version of plaintiff's work seeks to redress the very rights sought to be protected by the Lanham Act, and should be recognized as stating a cause of action under that statute....

¹⁰ That statute provides in part: Any person who shall affix, apply, or annex, or use in connection with any goods or services, ... a false designation of origin, or any false description or representation ... and shall cause such goods or services to enter into commerce ... shall be liable to a civil action by any person ... who believes that he is or is likely to be damaged by the use of any such false description or representation.

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[24] During the hearing on the preliminary injunction, Judge Lasker viewed the edited version of the Monty Python program broadcast on December 26 and the original, unedited version. After hearing argument of this appeal, this panel also viewed and compared the two versions. We find that the truncated version at times omitted the climax of the skits to which appellants' rare brand of humor was leading and at other times deleted essential elements in the schematic development of a story line.¹² We therefore agree with Judge Lasker's conclusion that the edited version broadcast by ABC impaired the integrity of appellants' work and represented to the public as the product of appellants what was actually a mere caricature of their talents. We believe that a valid cause of action for such distortion exists and that therefore a preliminary injunction may issue to prevent repetition of the broadcast prior to final determination of the issues.¹³ ...

For these reasons we direct that the district court issue the preliminary injunction sought by the appellants.

GURFEIN, J. (concurring): ...

[25] The Copyright Act provides no recognition of the so-called *droit moral*, or moral right of authors. Nor are such rights recognized in the field of copyright law in the United States. If a distortion or truncation in connection with a use constitutes an infringement of copyright, there is no need for an additional cause of action beyond copyright infringement. An obligation to mention the name of the author carries the implied duty, however, as a matter of contract, not to make such changes in the work as would render the credit line a false attribution of authorship.

[26] So far as the Lanham Act is concerned, it is not a substitute for *droit moral* which authors in Europe enjoy. If the licensee may, by contract, distort the recorded work, the Lanham Act does not come into play. If the licensee has no such right by contract, there will be a violation in breach of contract. The Lanham Act can hardly apply literally when the credit line correctly states the work to be that of the plaintiffs which, indeed it is, so far as it goes. The vice complained of is that the truncated version is not what the plaintiffs wrote. But the Lanham Act does not deal with artistic integrity. It only goes to misdescription of origin and the like.

[27] The misdescription of origin can be dealt with, as Judge Lasker did below, by devising an appropriate legend to indicate that the plaintiffs had not approved the editing of the ABC version. With such a legend, there is no conceivable violation of the Lanham Act. If plaintiffs complain that their artistic integrity is still compromised by the distorted version, their claim does not lie under the Lanham Act, which does not protect the copyrighted work itself but protects only against the misdescription or mislabelling.

¹² A single example will illustrate the extent of distortion engendered by the editing. In one skit, an upper class English family is engaged in a discussion of the tonal quality of certain words as "woody" or "tinny." The father soon begins to suggest certain words with sexual connotations as either "woody" or "tinny," whereupon the mother fetches a bucket of water and pours it over his head. The skit continues from this point. The ABC edit eliminates this middle sequence so that the father is comfortably dressed at one moment and, in the next moment, is shown in a soaked condition without any explanation for the change in his appearance.

¹³ Judge Gurfein's concurring opinion suggests that since the gravamen of a complaint under the Lanham Act is that the origin of goods has been falsely described, a legend disclaiming Monty Python's approval of the edited version would preclude violation of that Act. We are doubtful that a few words could erase the indelible impression that is made by a television broadcast, especially since the viewer has no means of comparing the truncated version with the complete work in order to determine for himself the talents of plaintiffs. Furthermore, a disclaimer such as the one originally suggested by Judge Lasker in the exigencies of an impending broadcast last December would go unnoticed by viewers who tuned into the broadcast a few minutes after it began.

We therefore conclude that Judge Gurfein's proposal that the district court could find some form of disclaimer would be sufficient might not provide appropriate relief.

[28] So long as it is made clear that the ABC version is not approved by the Monty Python group, there is no misdescription of origin. So far as the content of the broadcast itself is concerned, that is not within the proscription of the Lanham Act when there is no misdescription of the authorship....

NOTES

1. The court finds that ABC breached a condition of the license by editing Monty Python's work without approval, and that the breach constitutes a copyright violation. Is there any reason for the court at this point to speak of moral rights? Is there work left for the Lanham Act to do once the court has found that ABC infringed Monty Python's copyrights?

2. More broadly, do moral rights have a role that cannot be fulfilled by some existing body of law? With respect to attribution, copyright's exclusive rights give copyright owners leverage to negotiate to receive attribution in exchange for permission to use their work. Providing attribution via a moral right switches the default: Instead of the copyright owner having to negotiate for attribution, the copyright owner now has an attribution right ab initio. Which is a better arrangement? For an argument that U.S. copyright law may be more efficient, see Christopher Jon Sprigman, Christopher Buccafusco & Zachary Burns, *What's a Name Worth?: Experimental Tests of the Value of Attribution in Intellectual Property*, 93 B.U. L. REV. 1389 (2013).

3. Is a right of attribution a good idea in the first instance? For an argument that it can provide both pecuniary and expressive benefits—such as bolstering an author's reputation or providing a link between an author and their work—see Jeanne C. Fromer, *Expressive Incentives in Intellectual Property*, 98 VA. L. REV. 1745, 1790-98 (2012). See also Catherine L. Fisk, *Credit Where It's Due: The Law and Norms of Attribution*, 95 GEO. L.J. 49 (2006); Greg Lastowka, *Digital Attribution: Copyright and the Right to Credit*, 87 B.U. L. REV. 41 (2007). For an argument on the other side that an attribution right is impracticable, see Rebecca Tushnet, *Naming Rights: Attribution and Law*, 2007 UTAH L. REV. 789.

4. What about moral rights protections against "distortion, mutilation or other modification of, or other derogatory action in relation to" a work? As with the attribution right, the copyright owner can restrain distortion or mutilation via contract. That is, in fact, what happened in *Gilliam*. But what about where there isn't a contract? What if, for example, a painting is resold? The second owner is not in contractual privity with the copyright owner, and so the copyright owner cannot, via contract, restrain distortion, mutilation, or destruction by the new owner. Is there existing law that gives the copyright owner rights in such an instance? *Gilliam* suggests that the Lanham Act may protect integrity rights in situations in which distortion or mutilation could create a false impression about the origin of the work (or the parts of the work that relate to the distortion or mutilation). But does the Lanham Act have anything to say about destruction?

5. Is a robust moral right of integrity consistent with the First Amendment? For an argument that it "threatens art because it fails to recognize the profound artistic importance of modifying, even destroying, works of art, and of freeing art from the control of the artist," see Amy M. Adler, *Against Moral Rights*, 97 CALIF. L. REV. 263 (2009). Picasso is said to have commented that "[t]he urge to destroy is also a creative urge," an aphorism that U.K.-based street-art phenomenon Banksy appears to have taken literally in an episode in which Banksy secretly built a shredder mechanism into the frame of a painting with the intent that the painting would be destroyed if it were ever auctioned, leading to the painting's destruction after a successful auction at Sotheby's in 2018. Scott Reyburn, *Banksy Painting Self-Destructs After Fetching \$1.4 Million at Sotheby's*, N.Y. TIMES, Oct. 6, 2018, <https://www.nytimes.com/2018/10/06/arts/design/uk-banksy-painting-sothebys.html>. For a different take—one that it is protective of a more traditional conception of authorial dignity—see Roberta Rosenthal Kwall, *Inspiration and Innovation: The Intrinsic Dimension of the Artistic Soul*, 81 NOTRE DAME L. REV. 1945 (2006).

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6. Look at 17 U.S.C. § 1202, enacted in 1998 as part of the Digital Millennium Copyright Act. As discussed further in Chapter IX, § 1202 contains provisions aimed at protecting the integrity of “copyright management information” that is distributed along with copies of a protected work. “Copyright management information” is a category defined to include information such as the title and other information identifying the work (including the information set forth on a notice of copyright); the terms and conditions for use of the work; and the name of, and other identifying information about, the author, the copyright owner, or (with the exception of public performances of works by radio and television broadcast stations) a performer whose performance is fixed in a work other than an audiovisual work, or a writer, performer, or director who is credited in the audiovisual work. This provision, which prohibits the provision of false copyright management information or the removal or alteration of copyright management information without permission by the copyright owner, has been used in a number of cases as a tool to obtain attribution. For example, in *Mango v. Buzzfeed, Inc.*, 356 F. Supp. 3d 368 (S.D.N.Y. 2019), the court held that BuzzFeed, an internet news publisher, violated § 1202 by distributing a photographer’s photograph after removing the photographer’s name that had originally appeared in a gutter credit, a line of text below the photographer’s photograph but above the article text with which it had originally been published. The court reasoned that the gutter credit was “copyright management information.”

As you read the next case, think about whether the holding in *Gilliam* about the viability of Lanham Act claims aimed at preserving the “integrity” of a work survives.

Dastar Corp. v. Twentieth Century Fox Corp.

539 U.S. 23 (2003)

SCALIA, J.:

[1] In this case, we are asked to decide whether § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), prevents the unaccredited copying of a work

[2] In 1948, three and a half years after the German surrender at Reims, General Dwight D. Eisenhower completed *Crusade in Europe*, his written account of the allied campaign in Europe during World War II. Doubleday published the book, registered it with the Copyright Office in 1948, and granted exclusive television rights to an affiliate of respondent Twentieth Century Fox Film Corporation. Fox, in turn, arranged for Time, Inc., to produce a television series, also called *Crusade in Europe*, based on the book, and Time assigned its copyright in the series to Fox.... In 1975, Doubleday renewed the copyright on the book as the “proprietor of copyright in a work made for hire.” Fox, however, did not renew the copyright on the *Crusade* television series, which expired in 1977, leaving the television series in the public domain.

[3] In 1988, Fox reacquired the television rights in General Eisenhower’s book, including the exclusive right to distribute the *Crusade* television series on video and to sublicense others to do so. Respondents SFM Entertainment and New Line Home Video, Inc., in turn, acquired from Fox the exclusive rights to distribute *Crusade* on video. SFM obtained the negatives of the original television series, restored them, and repackaged the series on videotape; New Line distributed the videotapes.

[4] Enter petitioner Dastar. In 1995, Dastar decided to expand its product line from music compact discs to videos. Anticipating renewed interest in World War II on the 50th anniversary of the war’s end, Dastar released a video set entitled *World War II Campaigns in Europe*. To make *Campaigns*, Dastar purchased eight beta cam

tapes of the *original* version of the *Crusade* television series, which is in the public domain, copied them, and then edited the series. Dastar's *Campaigns* series is slightly more than half as long as the original *Crusade* television series. Dastar substituted a new opening sequence, credit page, and final closing for those of the *Crusade* television series; inserted new chapter-title sequences and narrated chapter introductions; moved the "recap" in the *Crusade* television series to the beginning and retitled it as a "preview"; and removed references to and images of the book. Dastar created new packaging for its *Campaigns* series and (as already noted) a new title.

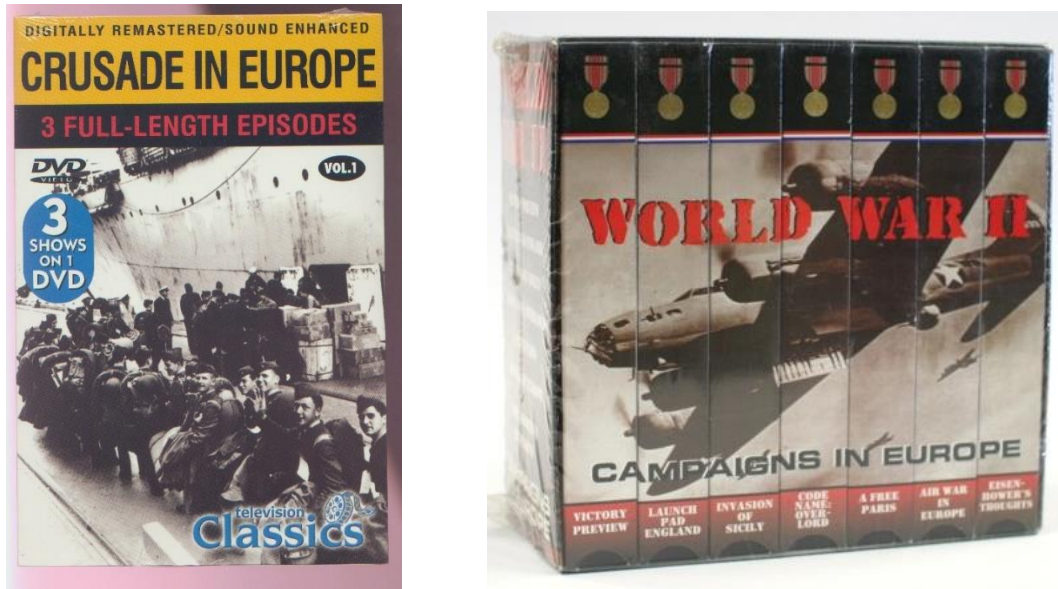


Figure 90: Twentieth Century Fox's *Crusade in Europe* DVD cover (left), and Dastar's *World War II Campaigns in Europe* VCR tapes (right)

[5] Dastar manufactured and sold the *Campaigns* video set as its own product. The advertising states: "Produced and Distributed by: *Entertainment Distributing*" (which is owned by Dastar), and makes no reference to the *Crusade* television series. Similarly, the screen credits state "DASTAR CORP presents" and "an ENTERTAINMENT DISTRIBUTING Production," and list as executive producer, producer, and associate producer employees of Dastar. The *Campaigns* videos themselves also make no reference to the *Crusade* television series, New Line's *Crusade* videotapes, or the book. Dastar sells its *Campaigns* videos to Sam's Club, Costco, Best Buy, and other retailers and mail-order companies for \$25 per set, substantially less than New Line's video set.

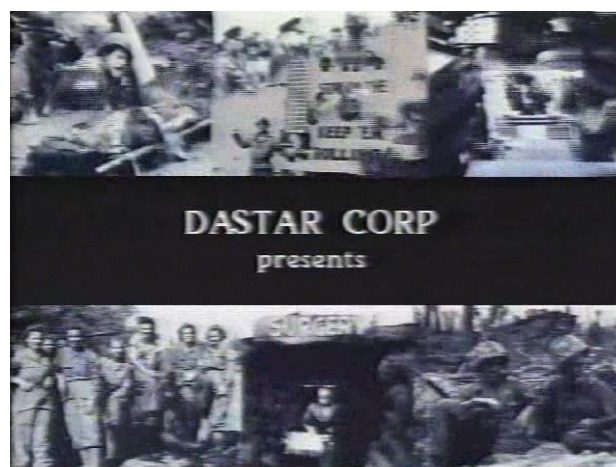


Figure 91: screenshot from Dastar's *World War II Campaigns in Europe*

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[6] In 1998, respondents Fox, SFM, and New Line brought this action alleging that Dastar's sale of its *Campaigns* video set infringes Doubleday's copyright in General Eisenhower's book and, thus, their exclusive television rights in the book. Respondents later amended their complaint to add claims that Dastar's sale of *Campaigns* "without proper credit" to the *Crusade* television series constitutes "reverse passing off"¹ in violation of § 43(a) of the Lanham Act and in violation of state unfair-competition law. On cross-motions for summary judgment, the District Court found for respondents on all three counts, treating its resolution of the Lanham Act claim as controlling on the state-law unfair-competition claim because "the ultimate test under both is whether the public is likely to be deceived or confused." The court awarded Dastar's profits to respondents and doubled them pursuant to § 35 of the Lanham Act to deter future infringing conduct by petitioner.

[7] The Court of Appeals for the Ninth Circuit affirmed the judgment for respondents on the Lanham Act claim, but reversed as to the copyright claim and remanded. With respect to the Lanham Act claim, the Court of Appeals reasoned that "Dastar copied substantially the entire *Crusade in Europe* series created by Twentieth Century Fox, labeled the resulting product with a different name and marketed it without attribution to Fox[, and] therefore committed a 'bodily appropriation' of Fox's series." It concluded that "Dastar's 'bodily appropriation' of Fox's original [television] series is sufficient to establish the reverse passing off."² The court also affirmed the District Court's award under the Lanham Act of twice Dastar's profits. We granted certiorari....

[8] The Lanham Act was intended to make "actionable the deceptive and misleading use of marks," and "to protect persons engaged in ... commerce against unfair competition." While much of the Lanham Act addresses the registration, use, and infringement of trademarks and related marks, § 43(a) is one of the few provisions that goes beyond trademark protection. As originally enacted, § 43(a) created a federal remedy against a person who used in commerce either "a false designation of origin, or any false description or representation" in connection with "any goods or services." As the Second Circuit accurately observed with regard to the original enactment, however—and as remains true after the 1988 revision—§ 43(a) "does not have boundless application as a remedy for unfair trade practices," *Alfred Dunhill, Ltd. v. Interstate Cigar Co.*, 499 F.2d 232, 237 (2d Cir. 1974). Because of its inherently limited wording, § 43(a) can never be a federal codification of the overall law of unfair competition, but can apply only to certain unfair trade practices prohibited by its text....

[9] ... [T]he gravamen of respondents' claim is that, in marketing and selling *Campaigns* as its own product without acknowledging its nearly wholesale reliance on the *Crusade* television series, Dastar has made a "false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which ... is likely to cause confusion ... as to the origin ... of his or her goods." § 43(a). That claim would undoubtedly be sustained if Dastar had bought some of New Line's *Crusade* videotapes and merely repackaged them as its own. Dastar's alleged wrongdoing, however, is vastly different: It took a creative work in the public domain—the *Crusade* television series—copied it, made modifications (arguably minor), and produced its very own series of videotapes. If "origin" refers only to the manufacturer or producer of the physical "goods" that are made available to the public (in this case the videotapes), Dastar was the origin. If, however, "origin" includes the creator of the underlying work that Dastar copied, then someone else (perhaps Fox) was the origin of Dastar's product. At bottom, we must decide what § 43(a)(1)(A) of the Lanham Act means by the "origin" of "goods." ...

¹ Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else's. "Reverse passing off," as its name implies, is the opposite: The producer misrepresents someone else's goods or services as his own.

² As for the copyright claim, the Ninth Circuit held that the tax treatment General Eisenhower sought for his manuscript of the book created a triable issue as to whether he intended the book to be a work for hire, and thus as to whether Doubleday properly renewed the copyright in 1976. The copyright issue is still the subject of litigation, but is not before us. We express no opinion as to whether petitioner's product would infringe a valid copyright in General Eisenhower's book.

[10] The dictionary definition of “origin” is “[t]he fact or process of coming into being from a source,” and “[t]hat from which anything primarily proceeds; source.” WEBSTER’S NEW INTERNATIONAL DICTIONARY 1720–1721 (2d ed.1949). And the dictionary definition of “goods” (as relevant here) is “[w]ares; merchandise.” *Id.* at 1079. We think the most natural understanding of the “origin” of “goods”—the source of wares—is the producer of the tangible product sold in the marketplace, in this case the physical *Campaigns* videotape sold by Dastar. The concept might be stretched ... to include not only the actual producer, but also the trademark owner who commissioned or assumed responsibility for (“stood behind”) production of the physical product. But as used in the Lanham Act, the phrase “origin of goods” is in our view incapable of connoting the person or entity that originated the ideas or communications that “goods” embody or contain. Such an extension would not only stretch the text, but it would be out of accord with the history and purpose of the Lanham Act and inconsistent with precedent.

[11] Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer’s goodwill.... The consumer who buys a branded product does not automatically assume that the brand-name company is the same entity that came up with the idea for the product, or designed the product—and typically does not care whether it is. The words of the Lanham Act should not be stretched to cover matters that are typically of no consequence to purchasers.

[12] It could be argued, perhaps, that the reality of purchaser concern is different for what might be called a communicative product—one that is valued not primarily for its physical qualities, such as a hammer, but for the intellectual content that it conveys, such as a book or, as here, a video. The purchaser of a novel is interested not merely, if at all, in the identity of the producer of the physical tome (the publisher), but also, and indeed primarily, in the identity of the creator of the story it conveys (the author). And the author, of course, has at least as much interest in avoiding passing off (or reverse passing off) of his creation as does the publisher. For such a communicative product (the argument goes) “origin of goods” in § 43(a) must be deemed to include not merely the producer of the physical item (the publishing house Farrar, Straus and Giroux, or the video producer Dastar) but also the creator of the content that the physical item conveys (the author Tom Wolfe, or—assertedly—respondents).

[13] The problem with this argument according special treatment to communicative products is that it causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically. The right to copy, and to copy without attribution, once a copyright has expired, like the right to make an article whose patent has expired—including the right to make it in precisely the shape it carried when patented—passes to the public. In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. The rights of a patentee or copyright holder are part of a carefully crafted bargain, under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution. Thus, in construing the Lanham Act, we have been careful to caution against misuse or over-extension of trademark and related protections into areas traditionally occupied by patent or copyright. The Lanham Act, we have said, does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity. Federal trademark law has no necessary relation to invention or discovery, but rather, by preventing competitors from copying a source-identifying mark, reduces the customer’s costs of shopping and making purchasing decisions, and helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. Assuming for the sake of argument that Dastar’s representation of itself as the “Producer” of its videos amounted to a representation that it originated the creative work conveyed by the videos, allowing a cause of action under § 43(a) for that representation would create a species of mutant copyright law that limits the public’s federal right to copy and to use expired copyrights.

[14] When Congress has wished to create such an addition to the law of copyright, it has done so with much more specificity than the Lanham Act’s ambiguous use of “origin.” The Visual Artists Rights Act of 1990,

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§ 603(a), provides that the author of an artistic work “shall have the right ... to claim authorship of that work.” 17 U.S.C. § 106A(a)(1)(A). That express right of attribution is carefully limited and focused: It attaches only to specified “work[s] of visual art,” § 101, is personal to the artist, and endures only for “the life of the author.” Recognizing in § 43(a) a cause of action for misrepresentation of authorship of noncopyrighted works (visual or otherwise) would render these limitations superfluous. A statutory interpretation that renders another statute superfluous is of course to be avoided.

[15] Reading “origin” in § 43(a) to require attribution of uncopyrighted materials would pose serious practical problems. Without a copyrighted work as the basepoint, the word “origin” has no discernable limits. A video of the MGM film *Carmen Jones*, after its copyright has expired, would presumably require attribution not just to MGM, but to Oscar Hammerstein II (who wrote the musical on which the film was based), to Georges Bizet (who wrote the opera on which the musical was based), and to Prosper Merimee (who wrote the novel on which the opera was based). In many cases, figuring out who is in the line of “origin” would be no simple task. Indeed, in the present case it is far from clear that respondents have that status. Neither SFM nor New Line had anything to do with the production of the *Crusade* television series—they merely were licensed to distribute the video version. While Fox might have a claim to being in the line of origin, its involvement with the creation of the television series was limited at best. Time, Inc., was the principal, if not the exclusive, creator, albeit under arrangement with Fox. And of course it was neither Fox nor Time, Inc., that shot the film used in the *Crusade* television series. Rather, that footage came from the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified “Newsreel Pool Cameramen.” If anyone has a claim to being the *original* creator of the material used in both the *Crusade* television series and the *Campaigns* videotapes, it would be those groups, rather than Fox. We do not think the Lanham Act requires this search for the source of the Nile and all its tributaries.

[16] Another practical difficulty of adopting a special definition of “origin” for communicative products is that it places the manufacturers of those products in a difficult position. On the one hand, they would face Lanham Act liability for *failing* to credit the creator of a work on which their lawful copies are based; and on the other hand they could face Lanham Act liability for *crediting* the creator if that should be regarded as implying the creator’s sponsorship or approval of the copy. In this case, for example, if Dastar had simply copied the television series as *Crusade in Europe* and sold it as *Crusade in Europe*, without changing the title or packaging (including the original credits to Fox), it is hard to have confidence in respondents’ assurance that they “would not be here on a Lanham Act cause of action.”...

[17] In sum, reading the phrase “origin of goods” in the Lanham Act in accordance with the Act’s common-law foundations (which were *not* designed to protect originality or creativity), and in light of the copyright and patent laws (which *were*), we conclude that the phrase refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods. To hold otherwise would be akin to finding that § 43(a) created a species of perpetual patent and copyright, which Congress may not do. See *Eldred v. Ashcroft*, 537 U.S. 186, 208 (2003).

[18] The creative talent of the sort that lay behind the *Campaigns* videos is not left without protection. The original film footage used in the *Crusade* television series could have been copyrighted, as was copyrighted (as a compilation) the *Crusade* television series, even though it included material from the public domain. Had Fox renewed the copyright in the *Crusade* television series, it would have had an easy claim of copyright infringement. And respondents’ contention that *Campaigns* infringes Doubleday’s copyright in General Eisenhower’s book is still a live question on remand. If, moreover, the producer of a video that substantially copied the *Crusade* series were, in advertising or promotion, to give purchasers the impression that the video was quite different from that series, then one or more of the respondents might have a cause of action—not for reverse passing off under the “confusion ... as to the origin” provision of § 43(a)(1)(A), but for misrepresentation

under the “misrepresents the nature, characteristics [or] qualities” provision of § 43(a)(1)(B). For merely saying it is the producer of the video, however, no Lanham Act liability attaches to Dastar....

Justice BREYER took no part in the consideration or decision of this case.

NOTES

1. Does *Dastar* overturn the holding in *Gilliam*? *Dastar* concerns Lanham Act claims in a work in which copyright has expired. *Gilliam* involves a work in which copyright is still in effect. Does *Dastar*’s holding about the permissible scope of Lanham Act claims apply to works that are still protected by copyright? A number of courts have held that it does. See, e.g., *Baden Sports, Inc. v. Molten USA, Inc.*, 556 F.3d 1300, 1306 (Fed. Cir. 2009); *General Universal Sys., Inc. v. Lee*, 379 F.3d 131, 149 (5th Cir. 2004); *Corbis Corp. v. Amazon.com, Inc.*, 351 F. Supp. 2d 1090, 1116–17 (W.D. Wash. 2004). For an argument that *Gilliam* is still good law after *Dastar*, see Justin Hughes, *American Moral Rights and Fixing the Dastar “Gap”*, 2007 UTAH L. REV. 659.

2. Justice Scalia’s opinion in *Dastar* raises questions about the breadth of the Supreme Court’s holding. Is Justice Scalia simply interpreting the scope of the Lanham Act? Or is the Court offering a broader principle about how to interpret federal laws that might touch upon copyrighted works and copyright law? For an argument that *Dastar* stands for a broad principle that non-copyright statutes should be interpreted, where possible, in a way that avoids burdening access to works in the public domain, see Christopher Jon Sprigman, *Indirect Enforcement of the Intellectual Property Clause*, 30 COLUM. J.L. & ARTS 565 (2007). For a more critical take and why trademark law might play a role for works in the public domain under copyright law, see Laura A. Heymann, *The Trademark/Copyright Divide*, 60 SMU L. REV. 55 (2007).

The **Visual Artists Rights Act (VARA)**, which became law in 1990, grants the author of a “work of visual art” a set of limited moral rights, which include:

(1) ... the right—

(A) to claim authorship of that work, and

(B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;

(2) ... the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation; and

(3) subject to the limitations set forth in section 113(d), ... the right—

(A) to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right, and

(B) to prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right.

17 U.S.C. § 106A(a). Section 101 defines “work of visual art” as follows:

A “work of visual art” is—

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(1) a painting, drawing, print or sculpture, existing in a single copy, in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved, or fabricated sculptures of 200 or fewer that are consecutively numbered by the author and bear the signature or other identifying mark of the author; or

(2) a still photographic image produced for exhibition purposes only, existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.

A work of visual art does not include—

(A) (i) any poster, map, globe, chart, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication;

(ii) any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container;

(iii) any portion or part of any item described in clause (i) or (ii);

(B) any work made for hire; or

(C) any work not subject to copyright protection under this title.

VARA's scope is narrowed by the provisions limiting coverage to painting, drawings, prints or sculptures produced in a single copy or in certain "limited editions," and photographs hewing to these limitations and which also are produced for "exhibition purposes only." Note that this limitation means that VARA protections apply only to *originals*, or, at most, to a small number of copies produced in "limited editions." VARA protections do not apply to copies outside this narrow category. Perhaps because of the provision's limited scope, there are few cases interpreting VARA. One court has held that VARA's language limiting coverage for photographs to those "produced for exhibition purposes only" means that only photographs intended for exhibition by the author at the time the photographic print was created qualify for protection. *Lilley v. Stout*, 384 F. Supp. 2d 83 (D.D.C. 2005). VARA's language excluding protection for "any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container" has been enforced with similar stringency. *See, e.g., Pollara v. Seymour*, 344 F.3d 265 (2d Cir. 2003) (rejecting a VARA claim with respect to a large painting meant to promote a political message). Note also that VARA excludes from protection all works made for hire. Why do you think Congress made that choice?

The rights granted by VARA endure for the life of the author (or for the life of the last surviving author in the case of joint works)—or, if the work was created before the effective date of VARA and the rights at that point are still held by the author, duration is co-extensive with the duration of the § 106 rights in the work. VARA rights are not transferable—only the author can exercise these rights even if the author is not the copyright owner. VARA rights are waivable "in a written instrument signed by the author." 17 U.S.C. §§ 106A(d)-(e). Section 113(d) addresses waiver in the context of the removal of works of visual art from buildings, providing that waiver after the effective date of VARA may be accomplished only via a writing explicitly providing for waiver and signed by both the building owner and the author. *Id.* § 113(d). Note also that VARA rights are, like other rights granted by the Copyright Act, subject to limitation by the statute's fair use provision, set out in § 107. *Id.* § 106A(a).

Finally, VARA does not grant certain moral rights recognized in other countries. VARA does not provide a right of disclosure (also known as the right of divulgation), protecting an author's authority to prevent third parties from disclosing their work to the public without the author's consent (or under conditions, such as anonymous or pseudonymous publication, that the author specifies). Nor does VARA provide a moral right of withdrawal, granted in the laws of certain other jurisdictions including France, which empowers an author, upon satisfaction of certain conditions, to withdraw his work from the market.

Maria Castillo v. G&M Realty L.P.

950 F.3d 155 (2d Cir. 2020)

PARKER, J.:

[1] Defendants-Appellants G&M Realty L.P. ... appeal from a judgment of the United States District Court for the Eastern District of New York (Frederic Block, J.). The court concluded that [G&M Realty owner Gerald] Wolkoff violated the Visual Artists Rights Act of 1990 by destroying artwork of Plaintiffs-Appellees, artists who created and displayed their work at the 5Pointz site in Long Island City, New York. We hold that the district court correctly concluded that the artwork created by Appellees was protected by VARA and that Wolkoff's violation of the statute was willful.... Accordingly, we affirm the judgment below.

[2] The facts as found by the district court established that in 2002, Wolkoff undertook to install artwork in a series of dilapidated warehouse buildings that he owned in Long Island City, New York. Wolkoff enlisted Appellee Jonathan Cohen, a distinguished aerosol artist, to turn the warehouses into an exhibition space for artists. Cohen and other artists rented studio spaces in the warehouses and filled the walls with aerosol art, with Cohen serving as curator. Under Cohen's leadership, the site, known as 5Pointz, evolved into a major global center for aerosol art. It attracted thousands of daily visitors, numerous celebrities, and extensive media coverage.

[3] "Creative destruction" was an important feature of the 5Pointz site. Some art at the site achieved permanence, but other art had a short lifespan and was repeatedly painted over. An elaborate system of norms—including Cohen's permission and often consent of the artist whose work was overpainted—governed the painting process. Cohen divided the walls into "short-term rotating walls," where works would generally last for days or weeks, and "longstanding walls," which were more permanent and reserved for the best works at the site. During its lifespan, 5Pointz was home to a total of approximately 10,650 works of art.

[4] In May 2013, Cohen learned that Wolkoff had sought municipal approvals looking to demolish 5Pointz and to build luxury apartments on the site. Seeking to prevent that destruction, Cohen applied to the New York City Landmark Preservation Commission to have 5Pointz designated a site of cultural significance. The application was unsuccessful, as were Cohen's efforts to raise money to purchase the site.

[5] At that point, Cohen, joined by numerous 5Pointz artists, sued under VARA to prevent destruction of the site....

[6] Early in the litigation, Plaintiffs applied for a temporary restraining order to prevent the demolition of the site, which the district court granted. As the TRO expired, Plaintiffs applied for a preliminary injunction. On November 12, 2013, the court denied the application in a minute order but told the parties that a written opinion would soon follow.

[7] That night, Wolkoff began to destroy the artwork. He banned the artists from the site and refused them permission to recover any work that could be removed. Several nights later (and before the district court's

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written opinion could issue), Wolkoff deployed a group of workmen who, at his instruction, whitewashed the art.

“Drunken Bulbs” by Jonathan Cohen (“Meres One”)



“Manga Koi” by Akiko Miyakami (“Shiro”)



“Dream of Oil” by Francisco Fernandez



Figure 92: sample paintings from 5Pointz

[8] On November 20, 2013, the district court issued its opinion denying the preliminary injunction. Judge Block concluded that, although some of the 5Pointz paintings may have achieved recognized stature, resolution of that question was best reserved for trial. The court also decided that, given the transitory nature of much of the work, preliminary injunctive relief was inappropriate and that the monetary damages available under VARA could remediate any injury proved at trial.

[9] Following the destruction of the art, nine additional artists sued Wolkoff. The two lawsuits were consolidated for trial, which would primarily address whether the artwork had achieved recognized stature and, if it had, the value of the art Wolkoff destroyed....

[10] ... [T]he district court issued its findings of fact and conclusions of law. Drawing on a vast record, the court found that 45 of the works had achieved recognized stature, that Wolkoff had violated VARA by destroying them, and that the violation was willful. More specifically, the court observed that the works “reflect[ed] striking technical and artistic mastery and vision worthy of display in prominent museums if not on the walls of 5Pointz.” The findings emphasized Cohen’s prominence in the world of aerosol art, the significance of his process of selecting the artists who could exhibit at 5Pointz, and the fact that, while much of the art was temporary, other works were on display for several years. Judge Block credited the artists’ evidence of outside recognition of the 5Pointz works and expert testimony as to the works’ stature. The court declined to impose liability with respect to the four remaining works because they had not achieved long-term preservation, were insufficiently discussed outside of 5Pointz, and were not modified to the detriment of the artists’ reputations.

[11] Where a violation of VARA is established, the statute permits the injured party to recover either actual damages and profits or statutory damages. The statute fixes statutory damages between \$750 and \$30,000 per work but authorizes damages of up to \$150,000 per work if a litigant proves that a violation was “willful.” Ultimately, the district court concluded that it could not reliably fix the market value of the destroyed paintings and, for that reason, declined to award actual damages....

[12] Nonetheless, the court did award statutory damages.... In addition ..., the court found that Wolkoff had acted willfully. This finding was based on Wolkoff’s awareness of the ongoing VARA litigation and his refusal to afford the artists the 90-day opportunity provided by the statute to salvage their artwork, some of which was removable. Judge Block was unpersuaded by Wolkoff’s assertion that he whitewashed the artwork to prevent the artists from engaging in disruption and disorderly behavior at the site. Instead, he found that Wolkoff acted out of “pure pique and revenge for the nerve of the plaintiffs to sue to attempt to prevent the destruction of their art.” Judge Block awarded the maximum amount of statutory damages: \$150,000 for each of the 45 works, for a total of \$6.75 million....

[13] VARA creates a scheme of moral rights for artists. The right of attribution generally consists of the right of an artist to be recognized by name as the author of his work or to publish anonymously or pseudonymously. It further includes the right to prevent the artist’s work from being attributed to another and to prevent the use of the artist’s name on works created by others. The right of integrity allows the artist to prevent any deforming or mutilating changes to his work, even after title in the work has been transferred.¹

[14] Most importantly for this appeal, VARA gives “the author of a work of visual art” the right “to prevent any destruction of a work of recognized stature” and provides that “any intentional or grossly negligent destruction of that work is a violation of that right.” 17 U.S.C. § 106A(a)(3)(B). VARA further permits the artist “to prevent any intentional distortion, mutilation, or other modification of [his or her work] which would be prejudicial to

¹ The statute recognizes that, unlike novelists or composers, for example, visual artists depend on the integrity of the physical manifestations of their works. Artists’ moral rights spring from a belief that an artist in the process of creation injects his spirit into the work and that the artist’s personality, as well as the integrity of the work, should therefore be protected and preserved.

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his or her honor or reputation,” and provides that “any intentional distortion, mutilation, or modification of that work is a violation of that right.” *Id.* § 106A(a)(3)(A). The latter provision applies regardless of a work’s stature. These rights may not be transferred, but they “may be waived if the author expressly agrees to such waiver in a written instrument signed by the author.” *Id.* § 106A(e)(1).

[15] Additionally, the statute contains specific provisions governing artwork incorporated into a building. If the artwork is incorporated “in such a way that removing the work from the building will cause the destruction, distortion, mutilation, or other modification of the work,” then the artist’s rights may be waived if and only if he “consented to the installation of the work in the building ... in a written instrument.” *Id.* § 113(d)(1). This instrument must be “signed by the owner of the building and the author” and must “specif[y] that the installation of the work may subject the work to destruction, distortion, mutilation, or other modification, by reason of its removal.” *Id.* However, “[i]f the owner of a building wishes to remove a work of visual art which is a part of such building and which can be removed from the building without the destruction, distortion, mutilation, or other modification of the work,” then the artist’s rights prevail unless one of two things has occurred. *Id.* § 113(d)(2). First, the building’s owner “has made a diligent, good faith attempt without success to notify the author of the owner’s intended action affecting the work of visual art.” *Id.* Or second, the owner has “provide[d] such notice in writing and the person so notified failed, within 90 days after receiving such notice, either to remove the work or to pay for its removal.” *Id.* ...

[16] The crux of the parties’ dispute on this appeal is whether the works at 5Pointz were works of “recognized stature,” thereby protected from destruction under § 106A(a)(3)(B). We conclude that a work is of recognized stature when it is one of high quality, status, or caliber that has been acknowledged as such by a relevant community....

[17] The most important component of stature will generally be artistic quality. The relevant community will typically be the artistic community, comprising art historians, art critics, museum curators, gallerists, prominent artists, and other experts. Since recognized stature is necessarily a fluid concept, we can conceive of circumstances under which, for example, a “poor” work by an otherwise highly regarded artist nonetheless merits protection from destruction under VARA. This approach helps to ensure that VARA protects the public interest in preserving the nation’s culture. This approach also ensures that the personal judgment of the court is not the determinative factor in the court’s analysis.

[18] After all, we are mindful of Justice Holmes’s cautionary observation that “[i]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [visual art],” *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903). For that reason, aside from the rare case where an artist or work is of such prominence that the issue of recognized stature need not be tried, expert testimony or substantial evidence of non-expert recognition will generally be required to establish recognized stature....

[19] Accordingly, to establish a violation of VARA in this case, the artists were required to demonstrate that their work had achieved recognized stature. Judge Block found that they did so. He concluded that “the plaintiffs adduced such a plethora of exhibits and credible testimony, including the testimony of a highly regarded expert, that even under the most restrictive of evidentiary standards almost all of the plaintiffs’ works easily qualify as works of recognized stature.” These findings of fact are reviewable only for clear error. Appellants do not hurdle this high bar....

[20] Initially, Wolkoff contends that the great majority of the works in question were temporary ones which, for that reason, could not meet the recognized stature requirement. We disagree. We see nothing in VARA that excludes temporary artwork from attaining recognized stature....

[21] Congress adopted a highly specific definition of visual art. See 17 U.S.C. § 101. In light of this specificity, we see no justification for adopting an additional requirement not included by Congress, even if that requirement is styled as a component of recognized stature. To do so would be to upset the balance achieved by the legislature.

[22] Additionally, at least as recently as 2005, New York City saw a clear instance where temporary artwork achieved recognized stature. That winter, artists Christo Vladimirov Javacheff and Jeanne-Claude Denat, known collectively as “Christo,” installed 7,503 orange draped gates in Central Park. This work, known as “The Gates,” lasted only two weeks but was the subject of significant critical acclaim and attention, not just from the art world but also from the general public.

[23] In recent years, “street art,” much of which is “temporary,” has emerged as a major category of contemporary art.... For example, noted street artist Banksy has appeared alongside President Barack Obama and Apple founder Steve Jobs on Time magazine’s list of the world’s 100 most influential people. Though often painted on building walls where it may be subject to overpainting, Banksy’s work is nonetheless acknowledged, both by the art community and the general public, as of significant artistic merit and cultural importance. Famously, Banksy’s *Girl with a Balloon* self-destructed after selling for \$1.4 million at Sotheby’s, but, as with Banksy’s street art, the temporary quality of this work has only added to its recognition....

[24] The district court correctly observed that when Congress wanted to impose durational limits on work subject to VARA, it knew how to do so. For example, the statute provides that “[t]he modification of a work of visual art which is a result of the passage of time or the inherent nature of the materials is not a distortion, mutilation, or other modification described in subsection (a)(3)(A).” 17 U.S.C. § 106A(c)(1). For that reason, the gradual erosion of outdoor artwork exposed to the elements or the melting of an ice sculpture does not threaten liability. Congress also imposed a durational limit insofar as the statute protects only works that are “fixed”—“sufficiently permanent ... to be perceived ... for a period of more than transitory duration.” *Id.* §§ 101, 102(a). We have held that a work that exists for only 1.2 seconds is of merely transitory duration but have noted with approval cases holding that a work “embodied ... for at least several minutes” is of more than transitory duration. *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d 121, 127-28 (2d Cir. 2008). It is undisputed that the 5Pointz works survived far longer than this and therefore satisfied the statute’s minimal durational requirement.

[25] As a variation on the theme that temporary artwork does not merit VARA protection, Wolkoff contends that because the artists were aware that the 5Pointz buildings might eventually be torn down, they should have expected their work to be destroyed. The district court correctly observed, however, that VARA accounts for this possibility. Under § 113(d), if the art at 5Pointz was incorporated into the site such that it could not be removed without being destroyed, then Wolkoff was required to obtain “a written instrument ... that [was] signed by the owner of the building and the [artist] and that specifie[d] that installation of the work may subject the work to destruction, distortion, mutilation, or other modification, by reason of its removal.” 17 U.S.C. § 113(d)(1)(B). It is undisputed that no such instrument was executed. If, on the other hand, the 5Pointz art could have been safely removed, then Wolkoff was required to provide written notice of the planned demolition and to allow the artists 90 days to remove the work or to pay for its removal. See *id.* § 113(d)(2)(B). Again, it is undisputed that Wolkoff did none of this....

[26] In addition to his contention that temporary artwork cannot achieve recognized stature, Wolkoff argues that the district court erred in several other respects. He contends that the court erroneously focused on recognized quality, rather than recognized stature, and that, contrary to the approach allegedly taken by the district court, recognized stature must be assessed at the time of a work’s destruction, not at the time of trial.... Finally, Wolkoff objects to the district court’s reliance on Jonathan Cohen’s testimony about his curation of the artwork, as well as its consideration of the overall quality of 5Pointz as a site.

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[27] None of these contentions, considered separately or in the aggregate, convinces us that any of Judge Block's findings were clearly erroneous. There is no merit to Wolkoff's contention that the court improperly focused on recognized quality as opposed to recognized stature. The court's detailed findings are dispositive on this point. Nor are we persuaded that the district court evaluated the works' recognition at the time of trial, since it explicitly stated that the "focus of [its] decision was the recognition the works achieved prior to the whitewash." In any event, the quality of a work, assessed by an expert after it has been destroyed, can be probative of its pre-destruction quality, status, or caliber....

[28] ... Appellants object to the district court's reliance on Jonathan Cohen's testimony about his curation of the artwork. The district court reasoned that Cohen's selection process, which involved review of a portfolio of an artist's work and a plan for his or her 5Pointz project, screened for works of stature. Appellants, however, contend that this determination was irrelevant because Cohen made his evaluation before the artists painted their 5Pointz works. Nonetheless, the district court cogently reasoned that a respected aerosol artist's determination that another aerosol artist's work is worthy of display is appropriate evidence of stature. An artist whose merit has been recognized by another prominent artist, museum curator, or art critic is more likely to create work of recognized stature than an artist who has not been screened. This inference is even stronger where, as here, Cohen reviewed a plan for the subject work before allowing it to be painted.⁷ Accepting and crediting such testimony easily falls within a district court's trial management responsibilities and in this instance involved no abuse of discretion or clear error.

[29] Finally, Wolkoff contends that the district court erroneously focused on the stature of the 5Pointz site rather than the individual 5Pointz works. Yet again we see no error. The district court did not focus exclusively on the stature of the site. The court considered the individual works at the site and determined that some were not of recognized stature. Setting that aside, we easily conclude that the site of a work is relevant to its recognition and stature and may, in certain cases, render the recognition and stature of a work beyond question. Appearance at a major site—e.g., the Louvre or the Prado—ensures that a work will be recognized, that is, seen and appreciated by the public and the art community. The appearance of a work of art at a curated site such as a museum or 5Pointz means that the work has been deemed meritorious by the curator and therefore is evidence of stature. When the curator is distinguished, his selection of the work is especially probative. Consequently, we see no error when the district court considered the 5Pointz site itself as some evidence of the works' recognized stature....

[30] Appellants next challenge the district court's award of damages....

[31] We review the district court's finding of willfulness for clear error, and we see none. As Judge Block found, Wolkoff admitted his awareness, prior to destroying 5Pointz, that the artists were pressing VARA claims. Additionally, VARA contains provisions limiting artists' rights vis-à-vis building owners when owners give them 90 days' notice and the opportunity to remove their artwork, 17 U.S.C. § 113(d)(2), but Wolkoff testified that, although he was advised by counsel both before and after the destruction, he chose "to hire people to whitewash[] it in one shot instead of waiting for three months." The district court found that this testimony evinced a deliberate choice to violate VARA rather than to follow the statutory notice procedures. Wolkoff did not help his cause when he later reminded the district court that he "would make the same decision today." ... {The Second Circuit also rejected Wolkoff's challenge to the amount of statutory damages awarded. You will study statutory damages and willful infringement in Chapter VIII.}

⁷ The House Judiciary Committee Report on VARA confirms our conclusion that an artist's "pre-existing standing in the artistic community" is relevant to "recognized stature." H.R. REP. NO. 101-514 (1990). Indeed, several courts have recognized the possibility that, in extreme cases, an artist's prominence might render all of his work of "recognized stature," even if particular works are unknown to the public.

NOTES

1. Section 501 of the Copyright Act extends copyright's damages provisions to at least certain violations of VARA rights. See 17 U.S.C. § 501(a). But at least one court has held that damages may not be available for all violations of VARA rights. In *Massachusetts Museum of Contemporary Art Foundation, Inc. v. Büchel*, 593 F.3d 38 (1st Cir. 2010), an art museum had a series of disputes with an artist over the construction of a large and complex art installation. The artist alleged that the museum made some modifications to the installation during its construction that were contrary to his instructions. Eventually, the conflict worsened to the point that the museum canceled the project. The museum nonetheless chose to mount an exhibition of the partially-completed work, and filed a declaratory judgment action seeking a declaration that it was entitled to present the partial construction to the public. The artist counterclaimed, seeking, among other things, damages and injunctive relief under VARA. The district court granted summary judgment in favor of the museum, after which the museum dismantled the work. On appeal, the First Circuit affirmed the district court's opinion dismissing the artist's attribution claim, but reversed in part, holding that the artist could proceed to trial on his integrity claims. The First Circuit made several important holdings interpreting VARA. In particular, the court held that remedies for successful VARA attribution claim did not include damages. The First Circuit reasoned that the statutory language giving the author the right "to prevent" attribution violations suggested that remedies were limited to injunctions. Do you agree with that interpretation of the statutory language?

2. VARA permits artists to waive their attribution and integrity rights. Moral rights protections in some other countries prohibit waiver. Which position makes more sense, from either an artists'-rights or utilitarian perspective?

3. In *Kelley v. Chicago Park District*, 635 F.3d 290 (7th Cir. 2011), which you read in Chapter III, the Seventh Circuit held that a work cannot be protected by VARA unless it meets the standards for copyright protection, including fixation and originality. That is, as the court explains, VARA "supplements general copyright protection"; it is not a freestanding right.

4. Think back to the cases you read on the right to prepare derivative works—*RDR*, *Mirage*, *Lee*, and *Galoob*. Assuming there is any harm in these scenarios, is having your fictional world summarized, your game play altered, or your artwork laminated on a tile also a "moral" harm? More broadly, do you think there is a good reason that VARA is limited to certain works of visual art rather than encompassing all copyrightable works?

5. A dispute involving two outdoor sculptures in New York City raises an interesting issue about the scope of VARA. The dispute involves *Charging Bull*, a large sculpture that artist Arturo Di Modica placed—without permission—on Wall Street following the 1987 stock market crash.

According to Di Modica, *Charging Bull* was meant to express his sense of confidence in the American economy, and eventually the New York City government found a spot for it in a small plaza in nearby Bowling Green, as shown in Figure 93. The dispute began in 2017, when, on the eve of International Women's Day, *Fearless Girl*, a sculpture by Kristen Visbal intended to speak to the dearth of female executives in New York's financial services industry and shown in Figure 94, was placed across from *Charging Bull*.

Di Modica objected, stating that the placement of *Fearless Girl*, and its visual interaction with *Charging Bull*, changed the meaning of his sculpture. Judge for yourself based on the photograph in Figure 95.

Does *Fearless Girl* distort, mutilate, or modify *Charging Bull* in a way that would be actionable under VARA? The statute does not define those terms. If they are construed to include changes to the area around a work that change the "message" of a work, rather than being limited to changes in the work itself, what sorts of claims

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might that permit? Would museums face potential liability for their decisions to exhibit an artist's work close to the work of other artists in a manner that artist feels may distort the message of their work?



Figure 93: *Charging Bull* sculpture



Figure 94: *Fearless Girl* sculpture



Figure 95: *Charging Bull* and *Fearless Girl* sculptures

6. A recent case, *Kerson v. Vermont Law School*, No. 5:20-cv-00202-gwc, 2021 WL 4142268 (D. Vt. Mar. 10, 2021), raises some questions about the scope of VARA's integrity right. In that case, an artist challenged Vermont Law School's plan to conceal two murals (via permanent installation of a wooden frame with acoustic panels that would surround the murals without damaging them) he had previously been commissioned to paint and install at the law school. According to the school, students had begun to complain about what some perceived as cartoonish, crude depictions in the murals of enslaved Black people. The district court ruled that concealment is not an actionable distortion, mutilation, or modification of a work, and that "the language of the VARA does not include a protection against concealment or removal from display of artworks by the owner." The Second Circuit affirmed. *Kerson v. Vt. Law Sch.*, 79 F.4th 257 (2023) ("[H]iding the Murals behind a barrier neither modifies nor destroys them and, therefore, does not violate VARA."). For a critique of the district court decision, see Richard Chused, *Mural Controversy*, 47 VT. L. REV. 535 (2023).

G. The Rights of Public Performance and Public Display

Section 106(4) of the Copyright Act grants an exclusive right "to perform the copyrighted work publicly" to copyright owners of "literary, musical, dramatic and choreographic works, pantomimes, and motion pictures and other audiovisual works." The Copyright Act separately provides the copyright owners of sound recordings with a narrower public performance right, limited to public performances made "by means of a digital audio transmission," 17 U.S.C. § 106(6), which we discuss below in section H.

Section 106(5) of the Copyright Act grants an exclusive right "to display the copyrighted work publicly" to copyright owners of "literary, musical, dramatic and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work."

Section 101 defines both "perform" and "display":

To "perform" a work means to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.

To "display" a work means to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process or, in the case of a motion picture or other audiovisual work, to show individual images nonsequentially.

Note that the statute gives to copyright owners exclusive rights only with respect to *public* performances or displays. That formulation means that there is a category of *private* performances and displays over which the statute gives a copyright owner no control. How to differentiate performances and displays that are "public" from those that are "private"? Section 101 provides a relevant definition:

To perform or display a work "publicly" means—

(1) to perform or display it 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; or

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*(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.**

The next three cases you read will concern some of the issues raised by the Copyright Act's definition of what it means to perform or display a work "publicly." Before you read this next case, review the first clause of that definition carefully.

Columbia Pictures Industries, Inc. v. Redd Horne, Inc.

749 F.2d 154 (3d Cir. 1984)

RE, C.J.:

[1] In this copyright infringement case, defendants appeal from an order of the United States District Court for the Western District of Pennsylvania which granted the plaintiffs' motion for summary judgment, and enjoined defendants from exhibiting plaintiffs' copyrighted motion pictures. The defendants, Redd Horne, Inc., Maxwell's Video Showcase, Ltd., Glenn W. Zeny and Robert Zeny, also appeal from the ... award of damages against them in the amount of \$44,750.00....

[2] Maxwell's Video Showcase, Ltd., operates two stores in Erie, Pennsylvania.... The copyright infringement issue in this case arises from defendants' *exhibition* of video cassettes of the plaintiffs' films, or what defendants euphemistically refer to as their "showcasing" or "in-store rental" concept.

[3] Each store contains a small showroom area in the front of the store, and a "showcase" or exhibition area in the rear. The front showroom contains video equipment and materials for sale or rent, as well as dispensing machines for popcorn and carbonated beverages. Movie posters are also displayed in this front area. In the rear "showcase" area, patrons may view any of an assortment of video cassettes in small, private booths with space for two to four people. There are a total of eighty-five booths in the two stores. Each booth or room is approximately four feet by six feet and is carpeted on the floor and walls. In the front there is a nineteen inch color television and an upholstered bench in the back.

[4] The procedure followed by a patron wishing to utilize one of the viewing booths or rooms is the same at both facilities. The customer selects a film from a catalogue which contains the titles of available films. The fee charged by Maxwell's depends on the number of people in the viewing room, and the time of day. The price is \$5.00 for one or two people before 6 p.m., and \$6.00 for two people after 6 p.m. There is at all times a \$1.00 surcharge for the third and fourth person. The fee also entitles patrons to help themselves to popcorn and soft drinks before entering their assigned rooms. Closing the door of the viewing room activates a signal in the counter area at the front of the store. An employee of Maxwell's then places the cassette of the motion picture chosen by the viewer into one of the video cassette machines in the front of the store and the picture is transmitted to the patron's viewing room....

* Section 101 further defines "transmit": "To 'transmit' a performance or display is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent."

[5] Access to each room is limited to the individuals who rent it as a group. Although no restriction is placed on the composition of a group, strangers are not grouped in order to fill a particular room to capacity. Maxwell's is open to any member of the public who wishes to utilize its facilities or services....



"To introduce you to the enjoyment of home video movies, Maxwell's would like you to try a showcase promotional screening. Come to Maxwell's and rent any of the 21 private showcase rooms, which hold 2 people comfortably. You pay only for the rental of the showcase room. You have free use of Maxwell's entire library of video films.... See as much as you like—segments of several films or watch a full length movie.... If you already own a video unit and buy a tape from Maxwell's your showcase rental fee is deducted from the price of the tape.... Free popcorn and assorted soft drinks are provided for your pleasure while visiting Maxwell's!"

Figure 96: Maxwell's video screening advertisement

[6] The plaintiffs' complaint is based on their contention that the exhibition or showing of the video cassettes in the private booths on defendants' premises constitutes an unauthorized public performance in violation of plaintiffs' exclusive rights under the federal copyright laws....

[7] It is undisputed that the defendants were licensed to exercise the right of distribution. A copyright owner, however, may dispose of a copy of his work while retaining all underlying copyrights which are not expressly or impliedly disposed of with that copy. Thus, it is clear that the plaintiffs have retained their interest in the other ... enumerated rights.... In essence, therefore, the fundamental question is whether the defendants' activities constitute a public performance of the plaintiffs' motion pictures. We agree with the conclusion of the district court that these activities constitute a public performance, and are an infringement.

[8] "To perform a work means ... in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible." 17 U.S.C. § 101. Clearly, playing a video cassette results in a sequential showing of a motion picture's images and in making the sounds accompanying it audible. Thus, Maxwell's activities constitute a performance under section 101.

[9] The remaining question is whether these performances are public. Section 101 also states that to perform a work "publicly" means "[t]o perform ... it 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." The statute is written in the disjunctive, and thus two categories of places can satisfy the definition of "to perform a work publicly." The first category is self-evident; it is "a place open to the public." The second category, commonly referred to as a semi-public place, is determined by the size and composition of the audience.

[10] The legislative history indicates that this second category was added to expand the concept of public performance by including those places that, although not open to the public at large, are accessible to a

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significant number of people. Clearly, if a place is public, the size and composition of the audience are irrelevant. However, if the place is not public, the size and composition of the audience will be determinative.

[11] We find it unnecessary to examine the second part of the statutory definition because we agree with the district court's conclusion that Maxwell's was open to the public. On the composition of the audience, the district court noted that "the showcasing operation is not distinguishable in any significant manner from the exhibition of films at a conventional movie theater." Any member of the public can view a motion picture by paying the appropriate fee. The services provided by Maxwell's are essentially the same as a movie theatre, with the additional feature of privacy. The relevant "place" within the meaning of section 101 is each of Maxwell's two stores, not each individual booth within each store. Simply because the cassettes can be viewed in private does not mitigate the essential fact that Maxwell's is unquestionably open to the public.

[12] The conclusion that Maxwell's activities constitute public performances is fully supported by subsection (2) of the statutory definition of public performance:

(2) to transmit or otherwise communicate a performance ... of the work to a place specified by clause (1) or to the public, 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.

17 U.S.C. § 101. As explained in the House Report which accompanies the Copyright Revision Act of 1976, "a performance made available by transmission to the public at large is 'public' even though the recipients are not gathered in a single place.... The same principles apply whenever the potential recipients of the transmission represent a limited segment of the public, such as the occupants of hotel rooms" Thus, the transmission of a performance to members of the public, even in private settings such as hotel rooms or Maxwell's viewing rooms, constitutes a public performance. As the statutory language and legislative history clearly indicate, the fact that members of the public view the performance at different times does not alter this legal consequence.

[13] Professor Nimmer's examination of this definition is particularly pertinent: "*if the same copy ... of a given work is repeatedly played (i.e., 'performed') by different members of the public, albeit at different times, this constitutes a 'public' performance.*" Although Maxwell's has only one copy of each film, it shows each copy repeatedly to different members of the public. This constitutes a public performance....

[14] The defendants also contend that their activities are protected by the first sale doctrine. The first sale doctrine is codified in section 109(a) of Title 17. This section provides:

Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.

.... The first sale doctrine prevents the copyright owner from controlling the future transfer of a particular copy once its material ownership has been transferred. The transfer of the video cassettes to the defendants, however, did not result in the forfeiture or waiver of all of the exclusive rights found in section 106. The copyright owner's exclusive right "to perform the copyrighted work publicly" has not been affected; only its distribution right as to the transferred copy has been circumscribed.

[15] In essence, the defendants' "first sale" argument is merely another aspect of their argument that their activities are not public performances. For the defendants' argument to succeed, we would have to adopt their characterization of the "showcasing" transaction or activity as an "in-store rental." The facts do not permit such a finding or conclusion. The record clearly demonstrates that showcasing a video cassette at Maxwell's is a

significantly different transaction than leasing a tape for home use. Maxwell's never disposed of the tapes in its showcasing operations, nor did the tapes ever leave the store. At all times, Maxwell's maintained physical dominion and control over the tapes. Its employees actually played the cassettes on its machines. The charges or fees received for viewing the cassettes at Maxwell's facilities are analytically indistinguishable from admission fees paid by patrons to gain admission to any public theater. Plainly, in their showcasing operation, the appellants do not sell, rent, or otherwise dispose of the video cassette. On the facts presented, Maxwell's "showcasing" operation is a public performance, which, as a matter of law, constitutes a copyright infringement....

NOTES

1. A performance or display of a copyrighted work is "public" if it occurs at a place "open to the public." *Redd Horne* holds that because the video store is a place "open to the public," the performance of a motion picture inside the video store is a public performance. But why is the video store as a whole the relevant "place"? Why isn't the private room inside the video store—the room where the motion picture is actually performed—the relevant "place"? Does the court give a coherent explanation for why the store, and not the viewing room, is the relevant "place"?
2. Suppose for a moment that the relevant "place" is the screening room, and not the store as a whole. What result then?
3. The court seeks to buttress its holding by arguing that the same facts would lead to a finding that a public performance had taken place under the second part of the statutory definition—the so-called "transmit clause." Do you agree with this? Can you think of a modification to the services provided by Maxwell's video store that would eliminate the prospect of liability under the transmit clause?
4. What if the facts in *Redd Horne* were varied so that instead, a customer would rent a videotape from the store and take it himself or herself to one of the individual viewing booths in the store, where the customer would place the tape in a VCR and play the tape under the customer's own control? The Third Circuit, in a subsequent case, held that these performances of a motion picture inside the video store are also public. *Columbia Pictures Indus., Inc. v. Aveco, Inc.*, 800 F.2d 59 (3d Cir. 1986). The court reasoned:

The Copyright Act speaks of performances at a place open to the public. It does not require that the public place be actually crowded with people. A telephone booth, a taxi cab, and even a pay toilet are commonly regarded as "open to the public," even though they are usually occupied only by one party at a time. Our opinion in Redd Horne turned not on the precise whereabouts of the video cassette players, but on the nature of Maxwell's stores. Maxwell's, like [this store], was willing to make a viewing room and video cassette available to any member of the public with the inclination to avail himself of this service. It is this availability that made Maxwell's stores public places, not the coincidence that the video cassette players were situated in the lobby. Because we find Redd Horne indistinguishable from the case at bar, we find that [this store's] operations constituted an authorization of public performances of [the plaintiffs'] copyrighted works.

5. Based on *Redd Horne* and *Aveco*, would it be a public performance for a store to rent videotapes for customers to take home to watch? Why or why not?
6. What if Maxwell's was a hotel instead of a video store? That is, what result if hotel guests rent a DVD from the hotel and play the DVD in an in-room player? The Ninth Circuit held that this situation does not constitute a public performance of the movie. *Columbia Pictures Indus., Inc. v. Prof. Real Estate Investors, Inc.*, 866 F.2d

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278 (9th Cir. 1991). In doing so, it didn't disagree with the Third Circuit but found the facts to be distinguishable. How might a hotel and a video store be different?

The next case, which you first encountered in Chapter II, interprets the second part of the statute's language defining when a performance or display is "public." That second part of the definition is often referred to as the "transmit clause." As you read the case, ask yourself whether the court's holding is guided by the statute's text, or whether the statute leaves the court essentially without guidance.

Cartoon Network LP v. CSC Holdings, Inc.

536 F.3d 121 (2d Cir. 2008)

WALKER, J.:

{Recall the facts of this case from Chapter II.} ...

[1] In the district court, plaintiffs successfully argued that Cablevision's proposed system would directly infringe their copyrights in three ways. First, by briefly storing data in the primary ingest buffer and other data buffers integral to the function of the RS-DVR, Cablevision would make copies of protected works and thereby directly infringe plaintiffs' exclusive right of reproduction under the Copyright Act. Second, by copying programs onto the Arroyo Server hard disks (the "playback copies"), Cablevision would again directly infringe the reproduction right. And third, by transmitting the data from the Arroyo Server hard disks to its RS-DVR customers in response to a "playback" request, Cablevision would directly infringe plaintiffs' exclusive right of public performance. Agreeing with all three arguments, the district court awarded summary declaratory judgment to plaintiffs and enjoined Cablevision from operating the RS-DVR system without obtaining licenses from the plaintiff copyright holders....

[2] ... [A]s to the public performance right, Cablevision conceded that, during the playback, "the streaming of recorded programming in response to a customer's request is a performance." Cablevision contended, however, that the work was performed not by Cablevision, but by the customer, an argument the district court rejected "for the same reasons that [it] reject[ed] the argument that the customer is 'doing' the copying involved in the RS-DVR." Cablevision also argued that such a playback transmission was not "to the public," and therefore not a public performance as defined in the Copyright Act, because it "emanates from a distinct copy of a program uniquely associated with one customer's set-top box and intended for that customer's exclusive viewing in his or her home." The district court disagreed, noting that "Cablevision would transmit *the same program* to members of the public, who may receive the performance at different times, depending on whether they view the program in real time or at a later time as an RS-DVR playback." ...

[3] We review a district court's grant of summary judgment de novo....

[4] Plaintiffs' ... theory is that Cablevision will violate the Copyright Act by engaging in unauthorized public performances of their works through the playback of the RS-DVR copies. The Act grants a copyright owner the exclusive right, "in the case of ... motion pictures and other audiovisual works, to perform the copyrighted work publicly." 17 U.S.C. § 106(4). Section 101, the definitional section of the Act, explains that

[t]o perform or display a work "publicly" means (1) to perform or display it 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; or (2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

[5] The parties agree that this case does not implicate clause (1). Accordingly, we ask whether these facts satisfy the second, “transmit clause” of the public performance definition: Does Cablevision “transmit ... a performance ... of the work ... to the public”? No one disputes that the RS-DVR playback results in the transmission of a performance of a work—the transmission from the Arroyo Server to the customer’s television set. Cablevision contends that ... the transmission is not “to the public” under the transmit clause....

[6] The statute itself does not expressly define the term “performance” or the phrase “to the public.” It does explain that a transmission may be “to the public ... 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.” This plain language instructs us that, in determining whether a transmission is “to the public,” it is of no moment that the potential recipients of the transmission are in different places, or that they may receive the transmission at different times. The implication from this same language, however, is that it is relevant, in determining whether a transmission is made to the public, to discern who is “capable of receiving” the performance being transmitted. The fact that the statute says “capable of receiving the performance,” instead of “capable of receiving the transmission,” underscores the fact that a transmission of a performance is itself a performance....

[7] ... [I]t is evident that the transmit clause directs us to examine who precisely is “capable of receiving” a particular transmission of a performance. Cablevision argues that, because each RS-DVR transmission is made using a single unique copy of a work, made by an individual subscriber, one that can be decoded exclusively by that subscriber’s cable box, only one subscriber is capable of receiving any given RS-DVR transmission. This argument accords with the language of the transmit clause, which, as described above, directs us to consider the potential audience of a given transmission. We are unpersuaded by the district court’s reasoning and the plaintiffs’ arguments that we should consider a larger potential audience in determining whether a transmission is “to the public.”

[8] The district court, in deciding whether the RS-DVR playback of a program to a particular customer is “to the public,” apparently considered all of Cablevision’s customers who subscribe to the channel airing that program and all of Cablevision’s RS-DVR subscribers who request a copy of that program. Thus, it concluded that the RS-DVR playbacks constituted public performances because “Cablevision would transmit the *same program* to members of the public, who may receive the performance at different times, depending on whether they view the program in real time or at a later time as an RS-DVR playback.” In essence, the district court suggested that, in considering whether a transmission is “to the public,” we consider not the potential audience of a particular transmission, but the potential audience of the underlying work (i.e., “the program”) whose content is being transmitted.

[9] We cannot reconcile the district court’s approach with the language of the transmit clause. That clause speaks of people capable of receiving a particular “transmission” or “performance,” and not of the potential audience of a particular “work.” Indeed, such an approach would render the “to the public” language surplusage. Doubtless the *potential* audience for every copyrighted audiovisual work is the general public. As a result, any transmission of the content of a copyrighted work would constitute a public performance under the district court’s interpretation. But the transmit clause obviously contemplates the existence of non-public transmissions; if it did not, Congress would have stopped drafting that clause after “performance.”

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[10] On appeal, plaintiffs offer a slight variation of this interpretation. They argue that both in its real-time cablecast and via the RS-DVR playback, Cablevision is in fact transmitting the “same performance” of a given work: the performance of the work that occurs when the programming service supplying Cablevision’s content transmits that content to Cablevision and the service’s other licensees.

[11] Thus, according to plaintiffs, when Congress says that to perform a work publicly means to transmit ... a performance ... to the public, they really meant “transmit ... the ‘original performance’ ... to the public.” The implication of this theory is that to determine whether a given transmission of a performance is “to the public,” we would consider not only the potential audience of that transmission, but also the potential audience of any transmission of the same underlying “original” performance.

[12] Like the district court’s interpretation, this view obviates any possibility of a purely private transmission. Furthermore, it makes Cablevision’s liability depend, in part, on the actions of legal strangers. Assume that HBO transmits a copyrighted work to both Cablevision and Comcast. Cablevision merely retransmits the work from one Cablevision facility to another, while Comcast retransmits the program to its subscribers. Under plaintiffs’ interpretation, Cablevision would still be transmitting the performance to the public, solely because Comcast has transmitted the same underlying performance to the public. Similarly, a hapless customer who records a program in his den and later transmits the recording to a television in his bedroom would be liable for publicly performing the work simply because some other party had once transmitted the same underlying performance to the public.

[13] We do not believe Congress intended such odd results. Although the transmit clause is not a model of clarity, we believe that when Congress speaks of transmitting a performance to the public, it refers to the performance created by the act of transmission. Thus, HBO transmits its own performance of a work when it transmits to Cablevision, and Cablevision transmits its own performance of the same work when it retransmits the feed from HBO....

[14] In sum, none of the arguments advanced by plaintiffs or the district court alters our conclusion that, under the transmit clause, we must examine the potential audience of a given transmission by an alleged infringer to determine whether that transmission is “to the public.” And because the RS-DVR system, as designed, only makes transmissions to one subscriber using a copy made by that subscriber, we believe that the universe of people capable of receiving an RS-DVR transmission is the single subscriber whose self-made copy is used to create that transmission.

[15] Plaintiffs contend that it is “wholly irrelevant, in determining the existence of a public performance, whether ‘unique’ *copies* of the same work are used to make the transmissions.” But plaintiffs cite no authority for this contention. And our analysis of the transmit clause suggests that, in general, any factor that limits the *potential* audience of a transmission is relevant.

[16] Furthermore, no transmission of an audiovisual work can be made, we assume, without using a copy of that work: to transmit a performance of a movie, for example, the transmitter generally must obtain a copy of that movie. As a result, in the context of movies, television programs, and other audiovisual works, the right of reproduction can reinforce and protect the right of public performance. If the owner of a copyright believes he is injured by a particular transmission of a performance of his work, he may be able to seek redress not only for the infringing transmission, but also for the underlying copying that facilitated the transmission. Given this interplay between the various rights in this context, it seems quite consistent with the Act to treat a transmission made using Copy A as distinct from one made using Copy B, just as we would treat a transmission made by Cablevision as distinct from an otherwise identical transmission made by Comcast. Both factors—the identity of the transmitter and the source material of the transmission—limit the potential audience of a

transmission in this case and are therefore germane in determining whether that transmission is made “to the public.”

[17] Indeed, we believe that *Columbia Pictures Industries, Inc. v. Redd Horne, Inc.*, 749 F.2d 154 (3d Cir. 1984), relied on by both plaintiffs and the district court, supports our decision to accord significance to the existence and use of distinct copies in our transmit clause analysis....

[18] The Third Circuit found that defendants’ conduct constituted a public performance under both clauses of the statutory definition. In concluding that Maxwell’s violated the transmit clause, that court explicitly relied on the fact that defendants showed the same copy of a work seriatim to its clientele, and it quoted a treatise emphasizing the same fact:

Professor Nimmer’s examination of this definition is particularly pertinent: “if the same copy ... of a given work is repeatedly played (i.e., ‘performed’) by different members of the public, albeit at different times, this constitutes a ‘public’ performance.” 2 M. NIMMER, § 8.14[C][3], at 8–142 (emphasis in original).... Although Maxwell’s has only one copy of each film, it shows each copy repeatedly to different members of the public. This constitutes a public performance.

[19] Unfortunately, neither the *Redd Horne* court nor Prof. Nimmer explicitly explains *why* the use of a distinct copy affects the transmit clause inquiry. But our independent analysis confirms the soundness of their intuition: the use of a unique copy may limit the potential audience of a transmission and is therefore relevant to whether that transmission is made “to the public.” Plaintiffs’ unsupported arguments to the contrary are unavailing....

[20] In sum, we find that the transmit clause directs us to identify the potential audience of a given transmission, i.e., the persons “capable of receiving” it, to determine whether that transmission is made “to the public.” Because each RS-DVR playback transmission is made to a single subscriber using a single unique copy produced by that subscriber, we conclude that such transmissions are not performances “to the public,” and therefore do not infringe any exclusive right of public performance. We base this decision on the application of undisputed facts; thus, Cablevision is entitled to summary judgment on this point.

[21] This holding, we must emphasize, does not generally permit content delivery networks to avoid all copyright liability by making copies of each item of content and associating one unique copy with each subscriber to the network, or by giving their subscribers the capacity to make their own individual copies. We do not address whether such a network operator would be able to escape any other form of copyright liability, such as liability for unauthorized reproductions or liability for contributory infringement....

NOTES

1. Why do you think the network plaintiffs brought this claim against Cablevision? What do you think was the basis of the plaintiffs’ objection to the Cablevision remote DVR technology?
2. Why do you think Cablevision chose to offer remote DVR technology to its subscribers rather than conventional “customer premises” DVR technology?
3. If a television network transmits a television program but no one ends up watching it, is the transmission a public performance? Compare that result to whether the performance of a work in someone’s home to one other person living in that home is public. Do these results juxtaposed together make sense? In *Bell v. Wilmott Storage Services*, 12 F.4th 1065 (9th Cir. 2021), the Ninth Circuit considered whether the defendant had publicly displayed the plaintiff’s copyrighted photograph even though a member of the public could not access the photograph simply by visiting the defendant’s website, but would rather need to have the “pinpoint address”—

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that is, the specific URL pointing to the page where the defendant had saved the photo. The court held that the defendant had nonetheless made a public display:

Although a member of the public could not access the photo by simply visiting Wilmott's website ..., Wilmott's server was continuously transmitting the image to those who used the specific pinpoint address or were conducting reverse image searches using the same or similar photo. If any user had visited the pinpoint address for the ... photo, under either of its file names, Wilmott's server—where it is undisputed the photos were stored—would transmit that photo to the user, where the photo would fill [the user's] computer screen with a copy of the [photo] fixed in the computer's memory.

As you read the next opinion, consider whether the Second Circuit's decision in *Cartoon Network* is still good law. Also, do you find the majority or dissent's understanding of "perform" more convincing?

American Broadcasting Companies, Inc. v. Aereo, Inc.

573 U.S. 431 (2014)

BREYER, J.:

[1] The Copyright Act of 1976 gives a copyright owner the "exclusive righ[t]" to "perform the copyrighted work publicly." 17 U.S.C. § 106(4). The Act's Transmit Clause defines that exclusive right as including the right to

"transmit or otherwise communicate a performance ... of the [copyrighted] work ... to the public, 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." § 101.

[2] We must decide whether respondent Aereo, Inc., infringes this exclusive right by selling its subscribers a technologically complex service that allows them to watch television programs over the Internet at about the same time as the programs are broadcast over the air. We conclude that it does....

[3] For a monthly fee, Aereo offers subscribers broadcast television programming over the Internet, virtually as the programming is being broadcast. Much of this programming is made up of copyrighted works. Aereo neither owns the copyright in those works nor holds a license from the copyright owners to perform those works publicly.

[4] Aereo's system is made up of servers, transcoders, and thousands of dime-sized antennas housed in a central warehouse. It works roughly as follows: First, when a subscriber wants to watch a show that is currently being broadcast, he visits Aereo's website and selects, from a list of the local programming, the show he wishes to see.

[5] Second, one of Aereo's servers selects an antenna, which it dedicates to the use of that subscriber (and that subscriber alone) for the duration of the selected show. A server then tunes the antenna to the over-the-air broadcast carrying the show. The antenna begins to receive the broadcast, and an Aereo transcoder translates the signals received into data that can be transmitted over the Internet.

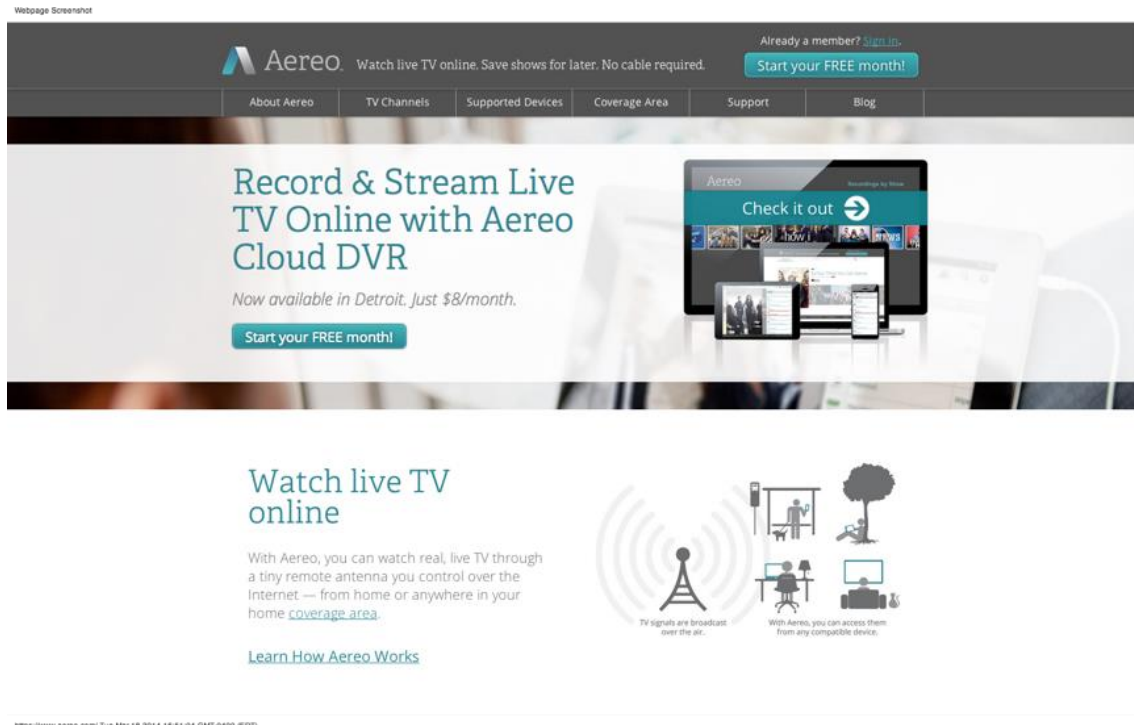


Figure 97: Aereo advertisement

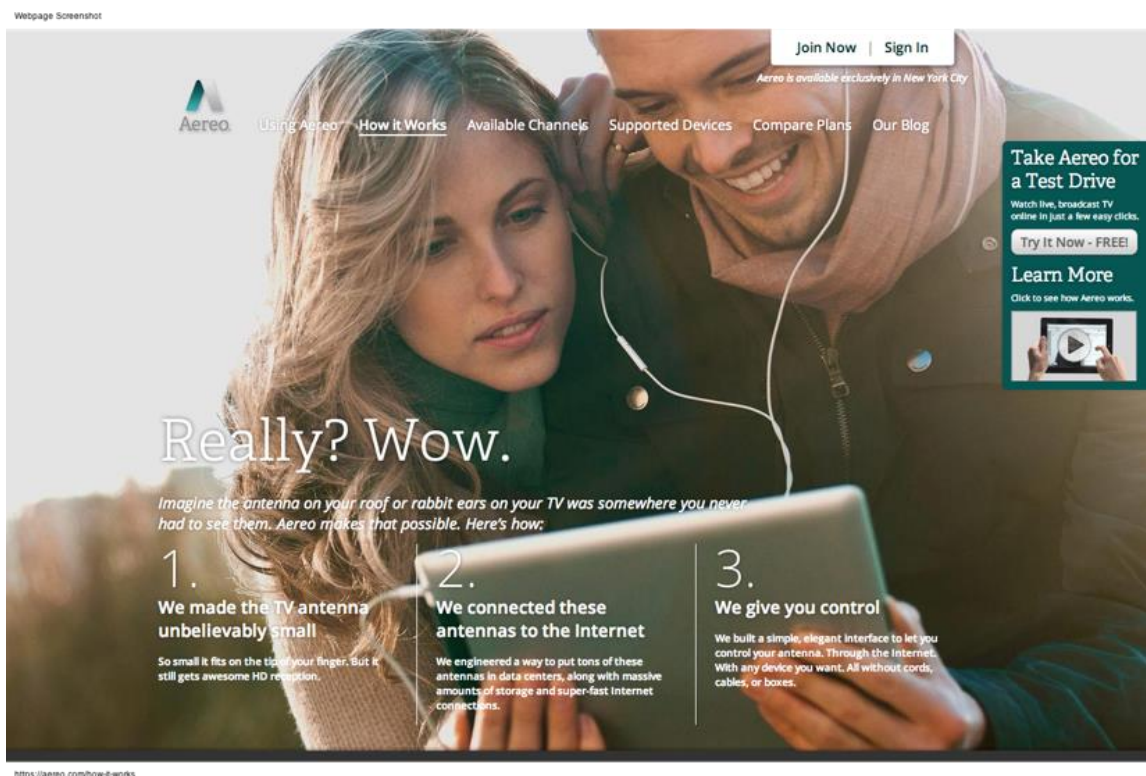


Figure 98: Aereo advertisement

[6] Third, rather than directly send the data to the subscriber, a server saves the data in a subscriber-specific folder on Aereo's hard drive. In other words, Aereo's system creates a subscriber-specific copy—that is, a "personal" copy—of the subscriber's program of choice.

[7] Fourth, once several seconds of programming have been saved, Aereo's server begins to stream the saved copy of the show to the subscriber over the Internet. (The subscriber may instead direct Aereo to stream the

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program at a later time, but that aspect of Aereo’s service is not before us.) The subscriber can watch the streamed program on the screen of his personal computer, tablet, smart phone, Internet-connected television, or other Internet-connected device. The streaming continues, a mere few seconds behind the over-the-air broadcast, until the subscriber has received the entire show.

[8] Aereo emphasizes that the data that its system streams to each subscriber are the data from his own personal copy, made from the broadcast signals received by the particular antenna allotted to him. Its system does not transmit data saved in one subscriber’s folder to any other subscriber. When two subscribers wish to watch the same program, Aereo’s system activates two separate antennas and saves two separate copies of the program in two separate folders. It then streams the show to the subscribers through two separate transmissions—each from the subscriber’s personal copy....

[9] Petitioners are television producers, marketers, distributors, and broadcasters who own the copyrights in many of the programs that Aereo’s system streams to its subscribers. They brought suit against Aereo for copyright infringement in Federal District Court. They sought a preliminary injunction, arguing that Aereo was infringing their right to “perform” their works “publicly,” as the Transmit Clause defines those terms.

[10] The District Court denied the preliminary injunction. Relying on prior Circuit precedent [*Cartoon Network*], a divided panel of the Second Circuit affirmed. In the Second Circuit’s view, Aereo does not perform publicly within the meaning of the Transmit Clause because it does not transmit “to the public.” Rather, each time Aereo streams a program to a subscriber, it sends a *private* transmission that is available only to that subscriber.... We granted certiorari.

[11] This case requires us to answer two questions: First, in operating in the manner described above, does Aereo “perform” at all? And second, if so, does Aereo do so “publicly”? We address these distinct questions in turn.

[12] Does Aereo “perform”? Phrased another way, does Aereo “transmit ... a performance” when a subscriber watches a show using Aereo’s system, or is it only the subscriber who transmits? In Aereo’s view, it does not perform. It does no more than supply equipment that “emulate[s] the operation of a home antenna and [digital video recorder (DVR)].” Like a home antenna and DVR, Aereo’s equipment simply responds to its subscribers’ directives. So it is only the subscribers who “perform” when they use Aereo’s equipment to stream television programs to themselves.

[13] Considered alone, the language of the Act does not clearly indicate when an entity “perform[s]” (or “transmit[s]”) and when it merely supplies equipment that allows others to do so. But when read in light of its purpose, the Act is unmistakable: An entity that engages in activities like Aereo’s performs....

[14] History makes plain that one of Congress’ primary purposes in amending the Copyright Act in 1976 was to overturn this Court’s determination that community antenna television (CATV) systems (the precursors of modern cable systems) fell outside the Act’s scope. In *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390 (1968), the Court considered a CATV system that carried local television broadcasting, much of which was copyrighted, to its subscribers in two cities. The CATV provider placed antennas on hills above the cities and used coaxial cables to carry the signals received by the antennas to the home television sets of its subscribers. The system amplified and modulated the signals in order to improve their strength and efficiently transmit them to subscribers. A subscriber could choose any of the programs he wished to view by simply turning the knob on his own television set. The CATV provider neither edited the programs received nor originated any programs of its own.

[15] Asked to decide whether the CATV provider infringed copyright holders' exclusive right to perform their works publicly, the Court held that the provider did not "perform" at all. The Court drew a line: "Broadcasters perform. Viewers do not perform." And a CATV provider "falls on the viewer's side of the line."

[16] The Court reasoned that CATV providers were unlike broadcasters:

"Broadcasters select the programs to be viewed; CATV systems simply carry, without editing, whatever programs they receive. Broadcasters procure programs and propagate them to the public; CATV systems receive programs that have been released to the public and carry them by private channels to additional viewers."

[17] Instead, CATV providers were more like viewers, for "the basic function [their] equipment serves is little different from that served by the equipment generally furnished by" viewers. "Essentially," the Court said, "a CATV system no more than enhances the viewer's capacity to receive the broadcaster's signals [by] provid[ing] a well-located antenna with an efficient connection to the viewer's television set." ...

{Discussion of similar *Teleprompter* case omitted} ...

[18] In 1976 Congress amended the Copyright Act in large part to reject the Court's holdings in *Fortnightly* and *Teleprompter*. Congress enacted new language that erased the Court's line between broadcaster and viewer, in respect to "perform[ing]" a work. The amended statute clarifies that to "perform" an audiovisual work means "to show its images in any sequence or to make the sounds accompanying it audible." § 101; *see ibid.* (defining "[a]udiovisual works" as "works that consist of a series of related images which are intrinsically intended to be shown by the use of machines ..., together with accompanying sounds"). Under this new language, *both* the broadcaster *and* the viewer of a television program "perform," because they both show the program's images and make audible the program's sounds.

[19] Congress also enacted the Transmit Clause, which specifies that an entity performs publicly when it "transmit[s] ... a performance ... to the public." § 101; *see ibid.* (defining "[t]o 'transmit' a performance" as "to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent"). Cable system activities, like those of the CATV systems in *Fortnightly* and *Teleprompter*, lie at the heart of the activities that Congress intended this language to cover. The Clause thus makes clear that an entity that acts like a CATV system itself performs, even if when doing so, it simply enhances viewers' ability to receive broadcast television signals....

[20] This history makes clear that Aereo is not simply an equipment provider. Rather, Aereo, and not just its subscribers, "perform[s]" (or "transmit[s]"). Aereo's activities are substantially similar to those of the CATV companies that Congress amended the Act to reach....

[21] Aereo's equipment may serve a "viewer function"; it may enhance the viewer's ability to receive a broadcaster's programs. It may even emulate equipment a viewer could use at home. But the same was true of the equipment that was before the Court, and ultimately before Congress, in *Fortnightly* and *Teleprompter*.

[22] We recognize, and Aereo and the dissent emphasize, one particular difference between Aereo's system and the cable systems at issue in *Fortnightly* and *Teleprompter*. The systems in those cases transmitted constantly; they sent continuous programming to each subscriber's television set. In contrast, Aereo's system remains inert until a subscriber indicates that she wants to watch a program. Only at that moment, in automatic response to the subscriber's request, does Aereo's system activate an antenna and begin to transmit the requested program.

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[23] This is a critical difference, says the dissent. It means that Aereo's subscribers, not Aereo, "selec[t] the copyrighted content" that is "perform[ed]," and for that reason they, not Aereo, "transmit" the performance....

[24] In our view, however, ... [g]iven Aereo's overwhelming likeness to the cable companies targeted by the 1976 amendments, this sole technological difference between Aereo and traditional cable companies does not make a critical difference here. The subscribers of the *Fortnightly* and *Teleprompter* cable systems also selected what programs to display on their receiving sets. Indeed, as we explained in *Fortnightly*, such a subscriber "could choose any of the ... programs he wished to view by simply turning the knob on his own television set." The same is true of an Aereo subscriber. Of course, in *Fortnightly* the television signals, in a sense, lurked behind the screen, ready to emerge when the subscriber turned the knob. Here the signals pursue their ordinary course of travel through the universe until today's "turn of the knob"—a click on a website—activates machinery that intercepts and reroutes them to Aereo's subscribers over the Internet. But this difference means nothing to the subscriber. It means nothing to the broadcaster. We do not see how this single difference, invisible to subscriber and broadcaster alike, could transform a system that is for all practical purposes a traditional cable system into [something else].

[25] In other cases involving different kinds of service or technology providers, a user's involvement in the operation of the provider's equipment and selection of the content transmitted may well bear on whether the provider performs within the meaning of the Act. But the many similarities between Aereo and cable companies, considered in light of Congress' basic purposes in amending the Copyright Act, convince us that this difference is not critical here. We conclude that Aereo is not just an equipment supplier and that Aereo "perform[s]." ...

[26] Next, we must consider whether Aereo performs petitioners' works "publicly," within the meaning of the Transmit Clause. Under the Clause, an entity performs a work publicly when it "transmit[s] ... a performance ... of the work ... to the public." § 101. Aereo denies that it satisfies this definition. It reasons as follows: First, the "performance" it "transmit[s]" is the performance created by its act of transmitting. And second, because each of these performances is capable of being received by one and only one subscriber, Aereo transmits privately, not publicly. Even assuming Aereo's first argument is correct, its second does not follow.

[27] We begin with Aereo's first argument. What performance does Aereo transmit? Under the Act, "[t]o 'transmit' a performance ... is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent." And "[t]o 'perform'" an audiovisual work means "to show its images in any sequence or to make the sounds accompanying it audible."

[28] Petitioners say Aereo transmits a *prior* performance of their works. Thus when Aereo retransmits a network's prior broadcast, the underlying broadcast (itself a performance) is the performance that Aereo transmits. Aereo, as discussed above, says the performance it transmits is the *new* performance created by its act of transmitting. That performance comes into existence when Aereo streams the sounds and images of a broadcast program to a subscriber's screen.

[29] We assume *arguendo* that Aereo's first argument is correct. Thus, for present purposes, to transmit a performance of (at least) an audiovisual work means to communicate contemporaneously visible images and contemporaneously audible sounds of the work. When an Aereo subscriber selects a program to watch, Aereo streams the program over the Internet to that subscriber. Aereo thereby "communicate[s]" to the subscriber, by means of a "device or process," the work's images and sounds. And those images and sounds are contemporaneously visible and audible on the subscriber's computer (or other Internet-connected device). So under our assumed definition, Aereo transmits a performance whenever its subscribers watch a program.

[30] But what about the Clause's further requirement that Aereo transmit a performance "to the public"? As we have said, an Aereo subscriber receives broadcast television signals with an antenna dedicated to him alone. Aereo's system makes from those signals a personal copy of the selected program. It streams the content of the copy to the same subscriber and to no one else. One and only one subscriber has the ability to see and hear each Aereo transmission. The fact that each transmission is to only one subscriber, in Aereo's view, means that it does not transmit a performance "to the public."

[31] In terms of the Act's purposes, these differences do not distinguish Aereo's system from cable systems, which do perform "publicly." Viewed in terms of Congress' regulatory objectives, why should any of these technological differences matter? They concern the behind-the-scenes way in which Aereo delivers television programming to its viewers' screens. They do not render Aereo's commercial objective any different from that of cable companies. Nor do they significantly alter the viewing experience of Aereo's subscribers. Why would a subscriber who wishes to watch a television show care much whether images and sounds are delivered to his screen via a large multisubscriber antenna or one small dedicated antenna, whether they arrive instantaneously or after a few seconds' delay, or whether they are transmitted directly or after a personal copy is made? And why, if Aereo is right, could not modern CATV systems simply continue the same commercial and consumer-oriented activities, free of copyright restrictions, provided they substitute such new technologies for old? Congress would as much have intended to protect a copyright holder from the unlicensed activities of Aereo as from those of cable companies.

[32] The text of the Clause effectuates Congress' intent. Aereo's argument to the contrary relies on the premise that "to transmit ... a performance" means to make a single transmission. But the Clause suggests that an entity may transmit a performance through multiple, discrete transmissions. That is because one can "transmit" or "communicate" something through a set of actions. Thus one can transmit a message to one's friends, irrespective of whether one sends separate identical e-mails to each friend or a single e-mail to all at once....

[33] The fact that a singular noun ("a performance") follows the words "to transmit" does not suggest the contrary. One can sing a song to his family, whether he sings the same song one-on-one or in front of all together. Similarly, one's colleagues may watch a performance of a particular play—say, this season's modern-dress version of "Measure for Measure"—whether they do so at separate or at the same showings. By the same principle, an entity may transmit a performance through one or several transmissions, where the performance is of the same work.

[34] The Transmit Clause must permit this interpretation, for it provides that one may transmit a performance to the public "whether the members of the public capable of receiving the performance ... receive it ... at the same time or at different times." Were the words "to transmit ... a performance" limited to a single act of communication, members of the public could not receive the performance communicated "at different times." Therefore, in light of the purpose and text of the Clause, we conclude that when an entity communicates the same contemporaneously perceptible images and sounds to multiple people, it transmits a performance to them regardless of the number of discrete communications it makes.

[35] We do not see how the fact that Aereo transmits via personal copies of programs could make a difference. The Act applies to transmissions "by means of any device or process." And retransmitting a television program using user-specific copies is a "process" of transmitting a performance. A "cop[y]" of a work is simply a "material objec[t] ... in which a work is fixed ... and from which the work can be perceived, reproduced, or otherwise communicated." So whether Aereo transmits from the same or separate copies, it performs the same work; it shows the same images and makes audible the same sounds. Therefore, when Aereo streams the same television program to multiple subscribers, it "transmit[s] ... a performance" to all of them.

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[36] Moreover, the subscribers to whom Aereo transmits television programs constitute “the public.” Aereo communicates the same contemporaneously perceptible images and sounds to a large number of people who are unrelated and unknown to each other. This matters because, although the Act does not define “the public,” it specifies that an entity performs publicly when it performs at “any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered.” The Act thereby suggests that “the public” consists of a large group of people outside of a family and friends...

[37] Finally, we note that Aereo’s subscribers may receive the same programs at different times and locations. This fact does not help Aereo, however, for the Transmit Clause expressly provides that an entity may perform publicly “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.” In other words, “the public” need not be situated together, spatially or temporally. For these reasons, we conclude that Aereo transmits a performance of petitioners’ copyrighted works to the public, within the meaning of the Transmit Clause....

[38] Aereo and many of its supporting *amici* argue that to apply the Transmit Clause to Aereo’s conduct will impose copyright liability on other technologies, including new technologies, that Congress could not possibly have wanted to reach. We agree that Congress, while intending the Transmit Clause to apply broadly to cable companies and their equivalents, did not intend to discourage or to control the emergence or use of different kinds of technologies. But we do not believe that our limited holding today will have that effect.

[39] For one thing, the history of cable broadcast transmissions that led to the enactment of the Transmit Clause informs our conclusion that Aereo “perform[s],” but it does not determine whether different kinds of providers in different contexts also “perform.” For another, an entity only transmits a performance when it communicates contemporaneously perceptible images and sounds of a work.

[40] Further, we have interpreted the term “the public” to apply to a group of individuals acting as ordinary members of the public who pay primarily to watch broadcast television programs, many of which are copyrighted.... [I]t does not extend to those who act as owners or possessors of the relevant product. And we have not considered whether the public performance right is infringed when the user of a service pays primarily for something other than the transmission of copyrighted works, such as the remote storage of content. In addition, an entity does not transmit to the public if it does not transmit to a substantial number of people outside of a family and its social circle.

[41] We also note that courts often apply a statute’s highly general language in light of the statute’s basic purposes. Finally, the doctrine of “fair use” can help to prevent inappropriate or inequitable applications of the Clause.

[42] We cannot now answer more precisely how the Transmit Clause or other provisions of the Copyright Act will apply to technologies not before us. We agree with the Solicitor General that “[q]uestions involving cloud computing, [remote storage] DVRs, and other novel issues not before the Court, as to which ‘Congress has not plainly marked [the] course,’ should await a case in which they are squarely presented.” And we note that, to the extent commercial actors or other interested entities may be concerned with the relationship between the development and use of such technologies and the Copyright Act, they are of course free to seek action from Congress....

[43] For these reasons, we conclude that Aereo “perform[s]” petitioners’ copyrighted works “publicly,” as those terms are defined by the Transmit Clause. We therefore reverse the contrary judgment of the Court of Appeals, and we remand the case for further proceedings consistent with this opinion....

SCALIA, J., dissenting.

[44] The Networks sued Aereo for several forms of copyright infringement, but we are here concerned with a single claim: that Aereo violates the Networks’ “exclusive righ[t]” to “perform” their programs “publicly.” That claim fails at the very outset because Aereo does not “perform” at all. The Court manages to reach the opposite conclusion only by disregarding widely accepted rules for service-provider liability and adopting in their place an improvised standard (“looks-like-cable-TV”) that will sow confusion for years to come....

[45] There are two types of liability for copyright infringement: direct and secondary. As its name suggests, the former applies when an actor personally engages in infringing conduct. Secondary liability, by contrast, is a means of holding defendants responsible for infringement by third parties, even when the defendants have not themselves engaged in the infringing activity. It applies when a defendant intentionally induces or encourages infringing acts by others or profits from such acts while declining to exercise a right to stop or limit them]. {You will learn about direct and secondary liability in detail in Chapter VII.} ...

[46] The Networks claim that Aereo *directly* infringes their public-performance right. Accordingly, the Networks must prove that Aereo “perform[s]” copyrighted works when its subscribers log in, select a channel, and push the “watch” button. That process undoubtedly results in a performance; the question is *who* does the performing. If Aereo’s subscribers perform but Aereo does not, the claim necessarily fails.

{The dissent goes on to make the case that Aereo’s subscribers perform but Aereo does not (because Aereo does not choose the content), so Aereo cannot be held liable for directly infringing the public-performance right.} ...

[47] Making matters worse, the Court provides no criteria for determining when its cable-TV-lookalike rule applies. Must a defendant offer access to live television to qualify? If similarity to cable-television service is the measure, then the answer must be yes. But consider the implications of that answer: Aereo would be free to do exactly what it is doing right now so long as it built mandatory time shifting into its “watch” function.⁶ ... Assuming the Court does not intend to adopt such a do-nothing rule (though it very well may), there must be some other means of identifying who is and is not subject to its guilt-by-resemblance regime.

[48] Two other criteria come to mind. One would cover any automated service that captures and stores live television broadcasts at a user’s direction. That can’t be right, since it is exactly what remote storage digital video recorders (RS-DVRs) do, and the Court insists that its “limited holding” does not decide the fate of those devices. The other potential benchmark is the one offered by the Government: The cable-TV-lookalike rule embraces any entity that “operates an integrated system, substantially dependent on physical equipment that is used in common by [its] subscribers.” The Court sensibly avoids that approach because it would sweep in Internet service providers and a host of other entities that quite obviously do not perform.

[49] That leaves as the criterion of cable-TV-resemblance nothing but th’ol’ totality-of-the-circumstances test (which is not a test at all but merely assertion of an intent to perform test-free, ad hoc, case-by-case evaluation). It will take years, perhaps decades, to determine which automated systems now in existence are governed by the traditional volitional-conduct test and which get the Aereo treatment. (And automated systems now in contemplation will have to take their chances.) The Court vows that its ruling will not affect cloud-storage providers and cable-television systems, but it cannot deliver on that promise given the imprecision of its result-driven rule....

⁶ Broadcasts accessible through the “watch” function are technically not live because Aereo’s servers take anywhere from a few seconds to a few minutes to begin transmitting data to a subscriber’s device. But the resulting delay is so brief that it cannot reasonably be classified as time shifting.

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[50] I share the Court's evident feeling that what Aereo is doing (or enabling to be done) to the Networks' copyrighted programming ought not to be allowed. But perhaps we need not distort the Copyright Act to forbid it. As discussed at the outset, Aereo's secondary liability for performance infringement is yet to be determined, as is its primary and secondary liability for reproduction infringement. If that does not suffice, then (assuming one shares the majority's estimation of right and wrong) what we have before us must be considered a "loophole" in the law. It is not the role of this Court to identify and plug loopholes. It is the role of good lawyers to identify and exploit them, and the role of Congress to eliminate them if it wishes. Congress can do that, I may add, in a much more targeted, better informed, and less disruptive fashion than the crude "looks-like-cable-TV" solution the Court invents today.

[51] We came within one vote of declaring the VCR contraband 30 years ago in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984). {You will read this case in both Chapters VI and VII.} The dissent in that case was driven in part by the plaintiffs' prediction that VCR technology would wreak all manner of havoc in the television and movie industries.

[52] The Networks make similarly dire predictions about Aereo. We are told that nothing less than "the very existence of broadcast television as we know it" is at stake. Aereo and its *amici* dispute those forecasts and make a few of their own, suggesting that a decision in the Networks' favor will stifle technological innovation and imperil billions of dollars of investments in cloud-storage services. We are in no position to judge the validity of those self-interested claims or to foresee the path of future technological development. Hence, the proper course is not to bend and twist the Act's terms in an effort to produce a just outcome, but to apply the law as it stands and leave to Congress the task of deciding whether the Copyright Act needs an upgrade. I conclude, as the Court concluded in *Sony*: "It may well be that Congress will take a fresh look at this new technology, just as it so often has examined other innovations in the past. But it is not our job to apply laws that have not yet been written. Applying the copyright statute, as it now reads, to the facts as they have been developed in this case, the judgment of the Court of Appeals must be [affirmed]."

[53] I respectfully dissent.

NOTES

1. Consider the same question about the plaintiffs' motivations in *Aereo* that was raised above about *Cartoon Network*: What is it about the Aereo service that led the plaintiffs to file a copyright lawsuit? Does the Aereo service threaten the plaintiffs' business model?
2. Does the holding in *Cartoon Network* survive *Aereo*? The majority opinion in *Aereo* does not deal with *Cartoon Network* explicitly. For what it's worth, neither Westlaw nor LEXIS treat *Cartoon Network* as having been overruled. Is this right? If *Cartoon Network* has not been overruled, then what is the holding of *Aereo*?
3. Do you side with the majority or with Justice Scalia regarding whether Aereo "performs" plaintiffs' copyrighted works? What do you think of Justice Scalia's critique of the majority's opinion as "guilt by resemblance"?
4. Justice Scalia also lambastes the majority for departing from copyright precedent regarding "volition"—that is, regarding who is responsible for the creation of the potentially infringing public performances. In Justice Scalia's view, it is Aereo's *customers*, and not Aereo itself, who have exercised the volition that results in the performances that plaintiffs claim infringe. That fact is significant because volition separates *direct* infringers from those who may be *secondarily* liable. As you shall see in Chapter VII, the grounds upon which one may be found secondarily liable for copyright infringement are narrower than the grounds for direct liability.

5. One solution to the concerns posed by new technologies is compulsory licensing. As discussed below in this section, § 111 of the Copyright Act provides compulsory licensing for certain cable retransmissions of broadcast television signals, with the licensing fee set by a statutory formula. Section 119 does the same for satellite retransmissions of local broadcasts. Would a compulsory license be a helpful outcome for Aereo?

The next case concerns public performance/display liability for placing copyrighted material (without authorization) on a publicly-available website. As you likely recall, such unauthorized use may implicate the reproduction, distribution, and derivative-work rights. Here, the court examines potential liability under the public-display right. As you read the case, consider what this case tells you about the likely success of infringement claims against online intermediaries, like search engines or social media platforms, based on claims of unauthorized public display.

Perfect 10, Inc. v. Amazon.com, Inc.

508 F.3d 1146 (9th Cir. 2007)

IKUTA, J.:

[1] In this appeal, we consider a copyright owner's efforts to stop an Internet search engine from facilitating access to infringing images. Perfect 10, Inc. sued Google Inc., for infringing Perfect 10's copyrighted photographs of nude models, among other claims. Perfect 10 brought a similar action against Amazon.com The district court preliminarily enjoined Google from creating and publicly displaying thumbnail versions of Perfect 10's images, but did not enjoin Google from linking to third-party websites that display infringing full-size versions of Perfect 10's images. Nor did the district court preliminarily enjoin Amazon.com from giving users access to information provided by Google. Perfect 10 and Google both appeal the district court's order....

[2] The Google search engine that provides responses in the form of images is called "Google Image Search." In response to a search query, Google Image Search identifies text in its database responsive to the query and then communicates to users the images associated with the relevant text. Google's software cannot recognize and index the images themselves. Google Image Search provides search results as a webpage of small images called "thumbnails," which are stored in Google's servers. The thumbnail images are reduced, lower-resolution versions of full-sized images stored on third-party computers.

[3] When a user clicks on a thumbnail image, the user's browser program interprets HTML instructions on Google's webpage. These HTML instructions direct the user's browser to cause a rectangular area (a "window") to appear on the user's computer screen. The window has two separate areas of information. The browser fills the top section of the screen with information from the Google webpage, including the thumbnail image and text. The HTML instructions also give the user's browser the address of the website publisher's computer that stores the full-size version of the thumbnail. By following the HTML instructions to access the third-party webpage, the user's browser connects to the website publisher's computer, downloads the full-size image, and makes the image appear at the bottom of the window on the user's screen. Google does not store the images that fill this lower part of the window and does not communicate the images to the user; Google simply provides HTML instructions directing a user's browser to access a third-party website. However, the top part of the window (containing the information from the Google webpage) appears to frame and comment on the bottom part of the window. Thus, the user's window appears to be filled with a single integrated presentation of the full-size image, but it is actually an image from a third-party website framed by information from Google's

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website. The process by which the webpage directs a user's browser to incorporate content from different computers into a single window is referred to as "in-line linking." The term "framing" refers to the process by which information from one computer appears to frame and annotate the in-line linked content from another computer.

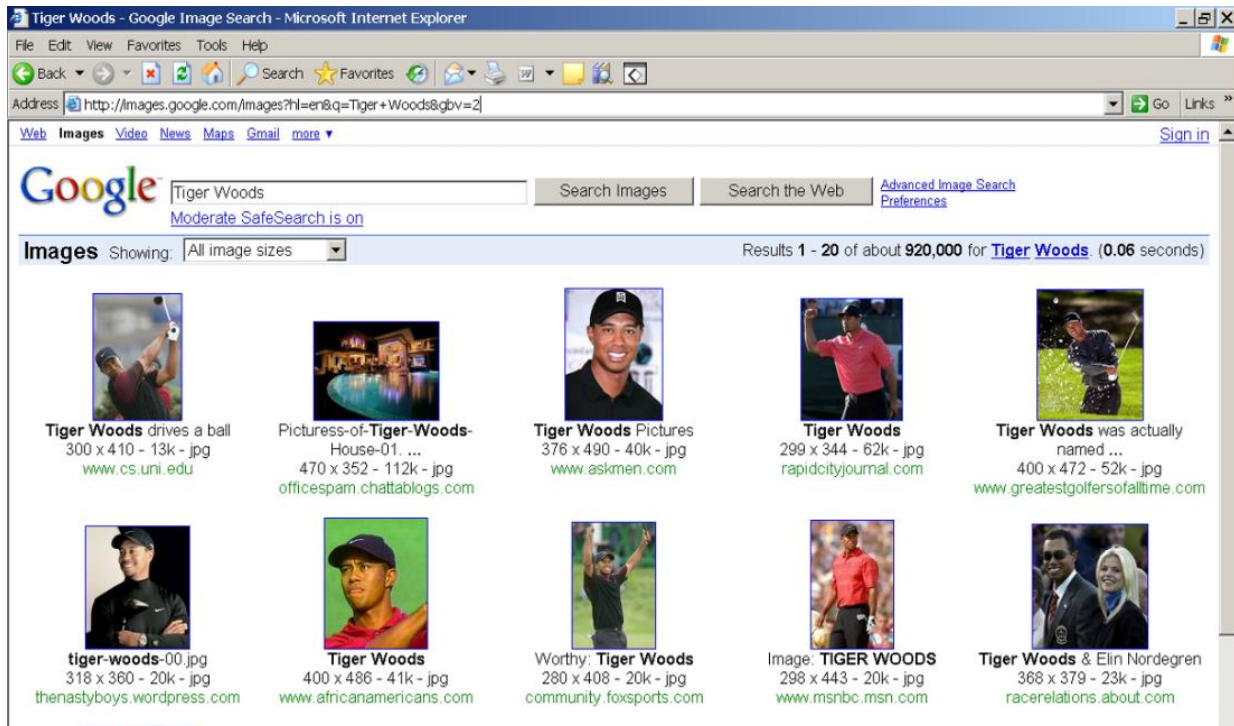


Figure 99: Google Image Search (as it looked during *Perfect 10* litigation)

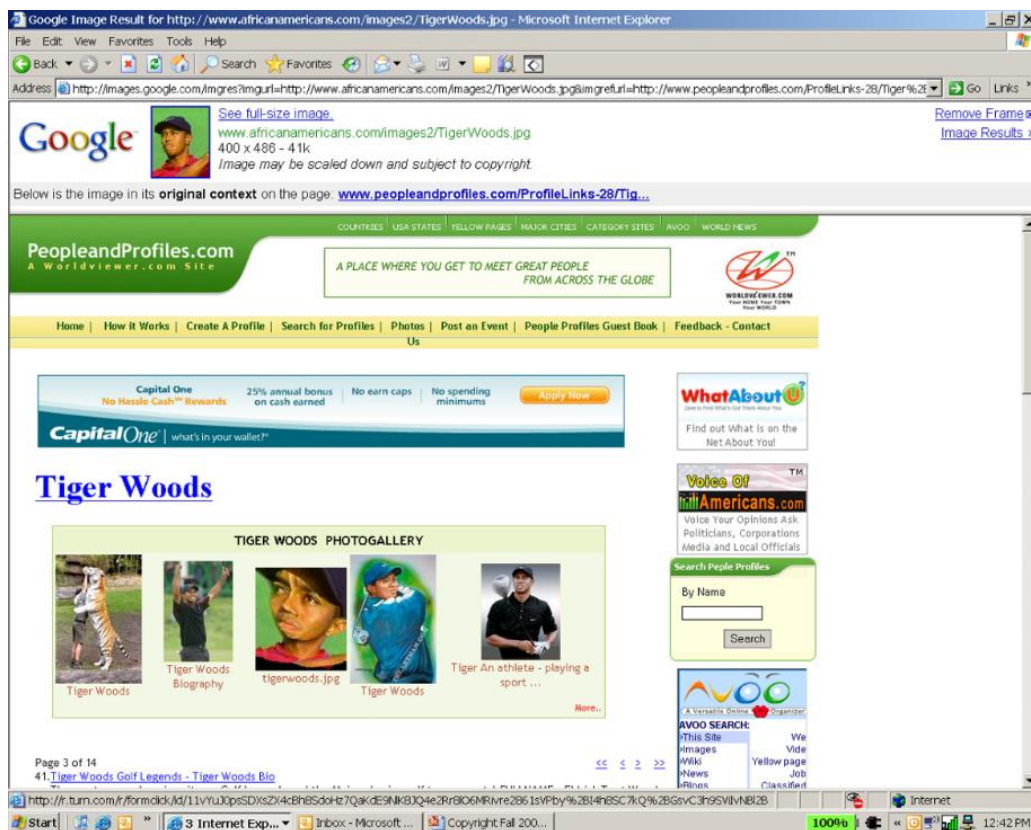


Figure 100: Google Image Search (as it looked during *Perfect 10* litigation)

[4] Google also stores webpage content in its cache. For each cached webpage, Google's cache contains the text of the webpage as it appeared at the time Google indexed the page, but does not store images from the webpage....

[5] Perfect 10 markets and sells copyrighted images of nude models. Among other enterprises, it operates a subscription website on the Internet. Subscribers pay a monthly fee to view Perfect 10 images in a "members' area" of the site. Subscribers must use a password to log into the members' area. Google does not include these password-protected images from the members' area in Google's index or database. Perfect 10 has also licensed Fonestarz Media Limited to sell and distribute Perfect 10's reduced-size copyrighted images for download and use on cell phones.

[6] Some website publishers republish Perfect 10's images on the Internet without authorization. Once this occurs, Google's search engine may automatically index the webpages containing these images and provide thumbnail versions of images in response to user inquiries. When a user clicks on the thumbnail image returned by Google's search engine, the user's browser accesses the third-party webpage and in-line links to the full-sized infringing image stored on the website publisher's computer. This image appears, in its original context, on the lower portion of the window on the user's computer screen framed by information from Google's webpage....

[7] Perfect 10 claims that Google's search engine program directly infringes two exclusive rights granted to copyright holders: its display rights and its distribution rights....

[8] The district court held that Perfect 10 was likely to prevail in its claim that Google violated Perfect 10's display right with respect to the infringing thumbnails. However, the district court concluded that Perfect 10 was not likely to prevail on its claim that Google violated either Perfect 10's display or distribution right with respect to its full-size infringing images. We review these rulings for an abuse of discretion....

[9] In considering whether Perfect 10 made a prima facie case of violation of its display right, the district court reasoned that a computer owner that stores an image as electronic information and serves that electronic information directly to the user ... is displaying the electronic information in violation of a copyright holder's exclusive display right. Conversely, the owner of a computer that does not store and serve the electronic information to a user is not displaying that information, even if such owner in-line links to or frames the electronic information. The district court referred to this test as the "server test."

[10] Applying the server test, the district court concluded that Perfect 10 was likely to succeed in its claim that Google's thumbnails constituted direct infringement but was unlikely to succeed in its claim that Google's in-line linking to full-size infringing images constituted a direct infringement. As explained below, because this analysis comports with the language of the Copyright Act, we agree with the district court's resolution of both these issues.

[11] We have not previously addressed the question when a computer displays a copyrighted work for purposes of section 106(5). Section 106(5) states that a copyright owner has the exclusive right "to display the copyrighted work publicly." The Copyright Act explains that "display" means "to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process...." 17 U.S.C. § 101. Section 101 defines "copies" as "material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." Finally, the Copyright Act provides that "[a] work is 'fixed' in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration."

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[12] We must now apply these definitions to the facts of this case. A photographic image is a work that is “‘fixed’ in a tangible medium of expression,” for purposes of the Copyright Act, when embodied (i.e., stored) in a computer’s server (or hard disk, or other storage device). The image stored in the computer is the “copy” of the work for purposes of copyright law. The computer owner shows a copy “by means of a ... device or process” when the owner uses the computer to fill the computer screen with the photographic image stored on that computer, or by communicating the stored image electronically to another person’s computer. In sum, based on the plain language of the statute, a person displays a photographic image by using a computer to fill a computer screen with a copy of the photographic image fixed in the computer’s memory. There is no dispute that Google’s computers store thumbnail versions of Perfect 10’s copyrighted images and communicate copies of those thumbnails to Google’s users.⁶ Therefore, Perfect 10 has made a prima facie case that Google’s communication of its stored thumbnail images directly infringes Perfect 10’s display right.

[13] Google does not, however, display a copy of full-size infringing photographic images for purposes of the Copyright Act when Google frames in-line linked images that appear on a user’s computer screen. Because Google’s computers do not store the photographic images, Google does not have a copy of the images for purposes of the Copyright Act. In other words, Google does not have any “material objects ... in which a work is fixed ... and from which the work can be perceived, reproduced, or otherwise communicated” and thus cannot communicate a copy.

[14] Instead of communicating a copy of the image, Google provides HTML instructions that direct a user’s browser to a website publisher’s computer that stores the full-size photographic image. Providing these HTML instructions is not equivalent to showing a copy. First, the HTML instructions are lines of text, not a photographic image. Second, HTML instructions do not themselves cause infringing images to appear on the user’s computer screen. The HTML merely gives the address of the image to the user’s browser. The browser then interacts with the computer that stores the infringing image. It is this interaction that causes an infringing image to appear on the user’s computer screen. Google may facilitate the user’s access to infringing images. However, such assistance raises only contributory liability issues and does not constitute direct infringement of the copyright owner’s display rights.

[15] Perfect 10 argues that Google displays a copy of the full-size images by framing the full-size images, which gives the impression that Google is showing the image within a single Google webpage. While in-line linking and framing may cause some computer users to believe they are viewing a single Google webpage, the Copyright Act, unlike the Trademark Act, does not protect a copyright holder against acts that cause consumer confusion....

[16] Because Google’s cache merely stores the text of webpages, our analysis of whether Google’s search engine program potentially infringes Perfect 10’s display and distribution rights is equally applicable to Google’s cache. Perfect 10 is not likely to succeed in showing that a cached webpage that in-line links to full-size infringing images violates such rights. For purposes of this analysis, it is irrelevant whether cache copies direct a user’s browser to third-party images that are no longer available on the third party’s website, because it is the website publisher’s computer, rather than Google’s computer, that stores and displays the infringing image....

⁶ Because Google initiates and controls the storage and communication of these thumbnail images, we do not address whether an entity that merely passively owns and manages an Internet bulletin board or similar system violates a copyright owner’s display and distribution rights when the users of the bulletin board or similar system post infringing works.

NOTES

1. The court held that under the Copyright Act's plain language, Google does not display full-sized "copies" of plaintiff's images because Google does not *store* full-sized copies of those images; it merely causes a copy stored elsewhere to be displayed on the user's screen. Do you agree with this reading of the statutory text?
2. The Ninth Circuit effectively adopts a "server test"—public display by entity *X* of content stored on entity *Y*'s server is not a public display of a "copy" for which entity *X* can be held liable. (The Ninth Circuit recently reaffirmed its adherence to the server test in *Hunley v. Instagram, LLC*, 73 F.4th 1060 (9th Cir. 2023).) If you don't believe that approach is mandated by the text of the Copyright Act (see question 1 above), do you believe the approach is good policy? Should it matter whether the user perceives entity *X* as presenting the display regardless of where the copy is located?
3. Decisions from the U.S. District Court for the Southern District of New York reject the server test, holding instead that the public-display right is violated whenever a defendant "incorporates" a copyrighted image into a public display, even if the image is stored elsewhere. See *Goldman v. Breitbart News Network, LLC*, 302 F. Supp. 3d 585 (S.D.N.Y. 2018); *Nicklen v. Sinclair Broad. Grp.*, 551 F. Supp. 3d 188 (S.D.N.Y. 2021). In *Goldman*, a tweet containing a copyrighted photo was embedded in news stories on the defendants' websites. The court rejected the server test, holding that "the plain language of the Copyright Act, the legislative history undergirding its enactment, and subsequent Supreme Court jurisprudence provide no basis for a rule that allows the physical location or possession of an image to determine who may or may not have 'displayed' a work within the meaning of the Copyright Act." The court also invoked *Aereo*, stating that "[a]t heart, the Court's holding eschewed the notion that Aereo should be absolved of liability based upon purely technical distinctions," and characterizing the "server test" as itself a purely technical distinction. Do you agree with the *Goldman* court's decision? What are its potential practical implications?

In addition to the generally-applicable fair use limitation contained in § 107 that you will learn about in Chapter VI, the Copyright Act contains several specific statutory limitations to the scope of the public-performance and display rights. These are set out in §§ 109(c), 110, 111(d), and 119.

Section 109(c) limits the public-display right as follows:

Notwithstanding the provisions of section 106(5), the owner of a particular copy lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to display that copy publicly, either directly or by the projection of no more than one image at a time, to viewers present at the place where the copy is located.

Note that § 109(c) limits the copyright owner's public-display right, but only with respect to displays made by an *owner* of a *lawful* copy of the work, or by those *authorized by such an owner*. One merely in possession of a copy or one who does not have permission from an owner of a lawful copy to display it is not protected by § 109(c). Nor is an owner of a lawful copy permitted to transmit an image of the copy to another location for display. Section 109(c) is essentially a variation on the first-sale doctrine's limitation on the distribution right, but for the public-display right. Because of this limitation, there are few cases alleging infringement of the public-display right.

Section 110's limitations on the public-performance and display rights stem from the history of these rights. The 1909 Copyright Act granted public-performance rights, but only for dramatic and musical compositions, and limited the scope of the right to public performances "for profit." Act of Mar. 4, 1909, ch. 320, § 1. Courts were called upon to answer difficult line-drawing questions about which performances were for profit. Notably,

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the Supreme Court held that background music played in a restaurant is “for profit” for purposes of the Act. *Herbert v. Shanley Co.*, 242 U.S. 591 (1917). The Court reasoned that even if customers don’t pay admission to the restaurant or pay directly for the music, they are paying for the total experience at the restaurant rather than just the food, which can likely be had more cheaply elsewhere. Why do you think the law distinguished between performances for profit and those that were not?

The 1976 Copyright Act removed the “for profit” requirement out of the concern that it was too difficult to determine which performances are for profit. H.R. REP. NO. 1476, 94th Cong., 2d Sess. 47, at 62-63 (1976). As you saw above from your study of the public-performance right as set out in § 106(4), Congress broadened liability under the right. Additionally, Congress opted to provide specific exemptions for performances (and displays) that were customarily regarded as lawful, typically because they were viewed as not being done for profit.

In that vein, § 110 provides a series of exceptions to the public-performance and display rights for certain not-for-profit uses. Perhaps the most consequential of these are the so-called “homestyle” exception contained in § 110(5)(A) and the exception for small commercial establishments contained in § 110(5)(B).

The “homestyle” exception set out in § 110(5)(A) exempts from the public-performance and display rights “communication of a transmission embodying a performance or display of a work by the public reception of the transmission *on a single receiving apparatus of a kind commonly used in private homes*, unless—

- (i) a direct charge is made to see or hear the transmission; or
- (ii) the transmission thus received is further transmitted to the public.”

(emphasis added). There has been some litigation over what sort of equipment qualifies as the “kind commonly used in private homes.” In *NFL v. McBee & Bruno’s, Inc.*, 792 F.2d 726 (8th Cir. 1986), the Eighth Circuit held that bars using a type of satellite reception equipment most commonly used in commercial settings to provide public performances of copyrighted NFL broadcasts were not entitled to claim the shelter of the homestyle provision.

The exception for small commercial establishments set out in § 110(5)(B) provides an exception to the public-performance and display rights limited to “nondramatic musical work[s] intended to be received by the general public, originated by a radio or television broadcast station licensed as such by the Federal Communications Commission, or, if an audiovisual transmission, by a cable system or satellite carrier,” if certain conditions are met regarding the total square footage of the establishment’s premises and the type of equipment used. Please review § 110(5)(B) for details.

Section 110 also contains other exceptions to the public-performance and display rights, including but not limited to the following:

- Section 110(1): “performance or display of a work by instructors or pupils in the course of face-to-face teaching activities of a nonprofit educational institution, in a classroom or similar place devoted to instruction, unless, in the case of a motion picture or other audiovisual work, the performance, or the display of individual images, is given by means of a copy that was not lawfully made under this title, and that the person responsible for the performance knew or had reason to believe was not lawfully made”;
- Section 110(2): performance or display, with certain restrictions, of a work used as part of a governmental or non-profit distance education program;

- Section 110(3): “performance of a nondramatic literary or musical work or of a dramatico-musical work of a religious nature, or display of a work, in the course of services at a place of worship or other religious assembly”;
- Section 110(4): performance, without a direct or indirect admission charge and subject to additional conditions, of a nondramatic literary or musical work otherwise than in a transmission to the public, without any purpose of direct or indirect commercial advantage and without payment of any fee or other compensation for the performance to any of its performers, promoters, or organizers;
- Section 110(6): “performance of a nondramatic musical work by a governmental body or a nonprofit agricultural or horticultural organization, in the course of an annual agricultural or horticultural fair or exhibition conducted by such body or organization”
- Section 110(8): “performance of a nondramatic literary work, by or in the course of a transmission specifically designed for and primarily directed to blind or other handicapped persons who are unable to read normal printed material as a result of their handicap, or deaf or other handicapped persons who are unable to hear the aural signals accompanying a transmission of visual signals, if the performance is made without any purpose of direct or indirect commercial advantage and its transmission is made through the facilities of: (i) a governmental body; or (ii) a noncommercial educational broadcast station ...; or (iii) a radio subcarrier authorization ...; or (iv) a cable system”;
- Section 110(10): “performance of a nondramatic literary or musical work in the course of a social function which is organized and promoted by a nonprofit veterans’ organization or a nonprofit fraternal organization to which the general public is not invited, but not including the invitees of the organizations, if the proceeds from the performance, after deducting the reasonable costs of producing the performance, are used exclusively for charitable purposes and not for financial gain”

Is there any thread that ties these exceptions together coherently? Or are these a hodgepodge of special indulgences that are the product of interest group lobbying?

Section 111 limits public-performance and display rights by subjecting to a compulsory license the retransmission by cable systems of certain distant, non-network broadcast television signals. Section 111 establishes a compulsory license fee, which is calculated according to a formula set out in the statute, and payable by cable operators to the Copyright Office (revenues collected are later divided among broadcasters, professional sports leagues, and individual copyright claimants). Section 119 provides a broadly similar compulsory-license scheme that applies to satellite systems meant for home viewing.

Note that the Second Circuit has held that the § 111 license is not available to internet services that capture broadcast signals and retransmit them to subscribers, because such services do not qualify as “cable system[s]” entitled to access the compulsory license. Section 111(f)(3) defines a “cable system” as:

a facility, located in any State, territory, trust territory, or possession of the United States, that in whole or in part receives signals transmitted or programs broadcast by one or more television broadcast stations licensed by the Federal Communications Commission, and makes secondary transmissions of such signals or programs by wires, cables, microwave, or other communications channels to subscribing members of the public who pay for such service.

The Second Circuit held, in *WPIX, Inc. v. ivi, Inc.*, 691 F.3d 275 (2d Cir. 2012), that an internet-based service that retransmits broadcast signals does not fall within this definition:

The legislative history indicates that Congress enacted § 111 with the intent to address the issue of poor television reception, or, more specifically, to mitigate the difficulties that certain

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communities and households faced in receiving over-the-air broadcast signals by enabling the expansion of cable systems.

Through § 111's compulsory license scheme, Congress intended to support localized—rather than nationwide—systems that use cable or optical fibers to transmit signals through a physical, point-to-point connection between a transmission facility and the television sets of individual subscribers.

Congress did not, however, intend for § 111's compulsory license to extend to Internet transmissions. Indeed, the legislative history indicates that if Congress had intended to extend § 111's compulsory license to Internet retransmissions, it would have done so expressly—either through the language of § 111 as it did for microwave retransmissions or by codifying a separate statutory provision as it did for satellite carriers.

Extending § 111's compulsory license to Internet retransmissions, moreover, would not fulfill or further Congress's statutory purpose. Internet retransmission services are not seeking to address issues of reception and remote access to over-the-air television signals. They provide not a local but a nationwide (arguably international) service.

H. Music Industry

No area of copyright law is more complex than the tangle of copyright rules and industry practices that govern the music industry. In this section, we will discuss the provisions of the Copyright Act that bear on the music industry. Just as importantly, we will discuss the institutions that have sprung up within the music industry to facilitate interactions between rightsholders and those who wish to license rights.

Copyright in Musical Compositions Versus Copyright in Sound Recordings

If there is one basic fact that must be absorbed to understand the complex workings of copyright in the music industry, it is the distinction between musical compositions and sound recordings.

One might think of musical compositions—or what people in the industry refer to as “musical works” or “songs”—as the sheet music or the instructions for performing the song.

The sound recording, on the other hand, is a fixation in a phonorecord of a specific performance of a song. Section 101 of the Copyright Act defines “phonorecords” as

material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

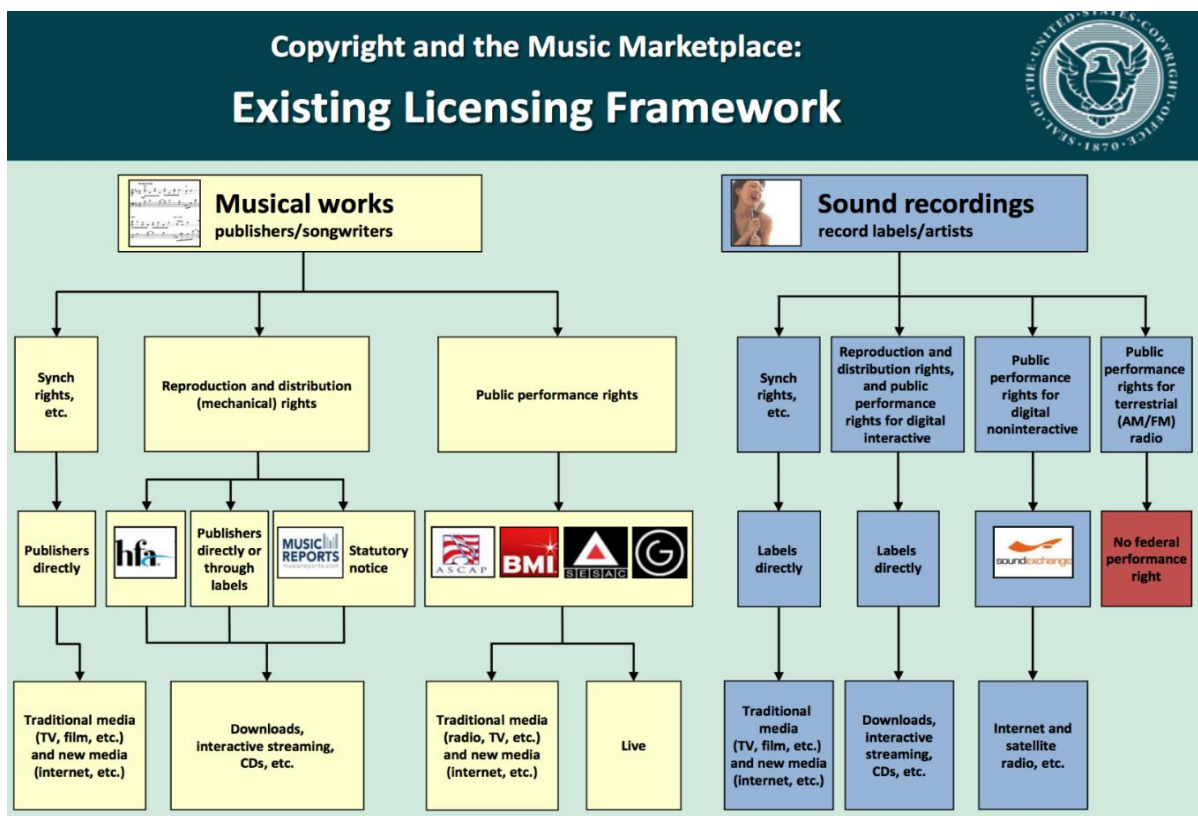
Interestingly, sound recordings were not protected at all by federal copyright law until 1972. Before that date, sound recordings were protected, if at all, only by state law, and pre-1972 sound recordings remained protected only by state law until the 2018 passage of the Music Modernization Act (“MMA”), which, as we shall see, establishes a limited *sui generis* right in pre-1972 sound recordings.

Sound recordings “embody” musical compositions. There can be (and often is) more than one sound recording of a particular musical composition. Indeed, for popular compositions, there may be hundreds or even thousands of sound recordings that “embody” that musical composition.

Here's an example. In 1999, Tom Waits and Kathleen Brennan wrote the song "Georgia Lee." Waits and Brennan co-own the copyright in the musical composition (or at least they co-owned that copyright initially and then assigned it to a music publishing company, but more on that shortly). Tom Waits also recorded "Georgia Lee"; it is a track on his 1999 album, *Mule Variations*. Tom Waits owns the copyright in that sound recording (or at least he owned that copyright initially and then assigned it to a record label, but more on that shortly as well).

In 2019, Phoebe Bridgers also recorded a version of "Georgia Lee" (it is a track on the 2019 album, *Come On Up to the House: Women Sing Waits*). Phoebe Bridgers owns the copyright in her sound recording of "Georgia Lee" (or at least she did initially). As you shall see, under the Copyright Act, Bridgers is entitled, once certain conditions are satisfied, to record her own version of the Waits/Brennan musical composition. She need not ask permission of the copyright owners in the Waits/Brennan composition.

This may all be a bit clearer with more detail regarding (1) the rights given to the owners of musical compositions and sound recordings, and (2) the way in which these rights are licensed in the music industry. Take a good look at this chart, which comes from the U.S. Copyright Office, and which sets out, in broad strokes, the licensing structure in the music industry.



Musical Compositions

Ownership

Initial ownership of copyrights in musical compositions typically vests in the songwriter (or songwriters) as author (or authors) of those works. Sometimes, musical compositions are created as works made for hire by an employee acting within the scope of their employment. In such an instance, the author and initial owner is the songwriter's employer.

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Traditionally, songwriters have relied on **music publishing companies** to manage the exploitation of their musical compositions. In the past, songwriters typically transferred ownership of their musical compositions to a music publishing company in exchange for 50% of all licensing royalties. More recently, some songwriters have begun to explore other options, such as the use of publishing “administrators” who handle licensing negotiations, recordkeeping, and collection, but who do not take ownership of the songwriter’s copyright.

Statutory Rights of the Copyright Owners in Musical Compositions

The owners of copyrights in musical compositions enjoy all the rights granted in §§ 106(1)-(5)—the exclusive rights to make or authorize reproduction, derivative works, distribution of copies, public performances, and public displays.

Reproduction and Distribution, and the § 115 Compulsory License

The reproduction and distribution rights of copyright owners in *non-dramatic* musical compositions are subject to the **§ 115 compulsory license**. Section 115 does not apply to *dramatic* musical compositions, like operas, in which the main motivation is the telling of a story, and the music serves to enhance the plot. You should review the statutory text of § 115 carefully.

Under the terms of § 115, anyone who wishes to make a **mechanical reproduction** of a copyrighted musical composition—that is, to fix that composition in a phonorecord—is entitled to do so in exchange for payment of a statutory fee. Note that “mechanical reproduction” is a term of art that refers to fixation of a musical composition in any form of phonorecord, whether that phonorecord is made in the form of a CD, a vinyl record, or a download (which § 115 refers to as a “digital phonorecord delivery” or “DPD”).

There are two basic scenarios in which mechanical reproductions are made under the terms of the § 115 license. First is when a composition is fixed in a new recording by a recording artist who does not own the copyright in that composition. This is referred to, colloquially, as a **cover**. Second is when an existing recording is reproduced and distributed in the form of a phonorecord by an entity—such as a music download service—that lacks some other form of agreement (such as a direct license from the music publisher that owns the relevant composition copyright) that authorizes this reproduction and distribution.

A § 115 compulsory license for a particular musical composition is available only after that composition has been fixed in a phonorecord created under the authority of the owner of the copyright in the musical composition, and copies of that authorized phonorecord have been distributed to the public. *See* 17 U.S.C. § 115(a)(1).

Once that happens, anyone who wishes to make a sound recording that embodies a copyrighted musical composition—that is, to fix a recording that performs that composition—is entitled to do so without the need to obtain permission from the owner of the copyright in the musical composition. Note that the sound recording made under the authority of the § 115 compulsory license must not “change the basic melody or fundamental character” of the composition it embodies, although the compulsory license “includes the privilege of making a musical arrangement of the work to the extent necessary to conform it to the style or manner of interpretation of the performance involved.” *Id.* § 115(a)(2). Note also that any arrangement of the composition made under the authority of § 115 cannot be copyrighted as a derivative work without the consent of the copyright owner in the original composition. *Id.*

The § 115 compulsory license may be obtained by service of a “notice of intention”—often referred to as an NOI—on the owner of the copyright in the musical composition, or, if the owner is unknown, on the Copyright Office. *Id.* § 115(b)(1). Section 115 also provides a set of procedures for paying compulsory license fees to copyright owners. *See Id.* §§ 115(c)(5)-(6). It is important to understand, however, that the specific procedures

for obtaining the compulsory license that are set forth in § 115 are *not mandatory*. Section 115 makes clear that copyright owners in nondramatic musical compositions and those who wish to obtain a compulsory license to embody that composition in a phonorecord “may negotiate and agree upon the terms and rates of royalty payments under this section.” *Id.* § 115(c)(3)(B). And, as you shall soon see, in practice copyright owners and the recipients of compulsory licenses often do vary those terms and rates.

The statutory fee under § 115 is set currently at 12.7 cents per copy for physical copies of the sound recording embodying the musical composition or 2.45 cents per minute of playing time (or fraction thereof), whichever is greater. The royalty for streaming is set at a rate that will slowly rise from 15.25% of a streaming service’s U.S. revenue in 2025 for mechanicals associated with streaming to 15.35% in 2027. Rates are subject to revision from time to time by Copyright Royalty Judges.

Intermediaries Aiding in Administration of the § 115 Compulsory License

Some licensees use the statutory NOI process to obtain the § 115 compulsory license, either issuing NOIs themselves or using an agent like Music Reports, Inc. to do so. But most licensees do not obtain the § 115 compulsory license through the NOI process. Instead, they have historically contracted with the Harry Fox Agency, a New York City-based firm, founded in 1927, which has long acted as a middleman between a large number of “affiliated” owners of copyrighted musical compositions and those seeking compulsory licenses. (Note, however, that with the advent of the Music Modernization Act, discussed below, that Harry Fox’s role is shrinking.)

Harry Fox offers § 115 compulsory licenses according to terms and rates that differ from the § 115 terms and rates. (Recall that § 115 specifically permits the parties to a compulsory license to negotiate terms and rates that are different from the defaults set out in § 115.) In particular, § 115 compulsory licenses granted through the Harry Fox “affiliate” licensing process do not adhere to the detailed payment and accounting rules set out in § 115. Rather, Harry Fox administers affiliate licenses according to a relatively streamlined payment and accounting process. Additionally, Harry Fox affiliate licenses are often issued at a rate substantially *below* the statutory rate. (Note that for music publishers who are not affiliates, Harry Fox also obtains compulsory licenses for clients using the NOI process, although according to terms that, again, differ in some respects from the statutory default.)

NOTES

1. The Copyright Act provides copyright owners with exclusive rights that are structured as what economists refer to as *property rules*—rules that exclude others from uses that implicate the copyright owner’s exclusive rights unless the copyright owner grants permission. That permission is likely to be granted only when the parties agree on a mutually-acceptable licensing fee. On the other hand, the § 115 compulsory license sets up what economists refer to as a *liability rule*—the compulsory license allows use of copyrighted musical compositions without the need to obtain the copyright owner’s permission and in exchange for a fee that is set according to a statutory formula. Seen in this perspective, the § 115 license appears anomalous. So why does copyright law have it?

The history behind the compulsory license started in the 1890s, with, of all things, the appearance of the player piano rolls that you read about in Chapter II with regard to fixation. The player piano was the first device for mechanically reproducing music to gain wide distribution in the United States. It is difficult to overstate just how transformative the player piano, and shortly thereafter, the phonograph, were. Before these devices appeared at the end of the nineteenth century, the only way that people ever experienced music was to hear it performed live. And because live performance was so important, there was a thriving business in sheet music—the human-readable instructions for performing musical compositions—to enable those performances.

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Recall from Chapter II that player pianos employed a machine-readable form of sheet music, the player piano roll (a scroll of paper with holes punched in it in a sequence that instructed the piano (essentially a mechanical computer) how to perform the musical composition). Recall also that the makers of player pianos refused, for the most part, to pay licensing fees to the owners of copyrights in musical compositions for the reproduction of those compositions in the form of player piano rolls, arguing that the rolls were not “copies” of copyrighted musical compositions because people could not decipher them. The Supreme Court agreed with the player piano manufacturers. See *White-Smith Publishing Co. v. Apollo Co.*, 209 U.S. 1 (1908).

Congress overturned the specific result in *White-Smith* within a year. The Copyright Act of 1909 extended the law to cover all “mechanical” reproductions of songs, whether read by people or machines. At the same time, however, Congress mandated that all musical compositions would be subject to a compulsory license allowing anyone to copy the composition without asking permission, so long as they paid a low standardized fee to the songwriter (two cents per copy, originally, and quite a bit *lower*, adjusted for inflation, today). So why did Congress enact the compulsory license? As Kal Raustiala and Christopher Sprigman explain:

Because it was afraid of one company—Aeolian [then the dominant player piano manufacturer]. That firm is long gone. But in the early part of the 20th century, Congress viewed Aeolian as something like the Microsoft or Google of the nascent player piano market.

Anticipating that Congress would overturn White-Smith Publishing, Aeolian swiftly bought up song rights from musicians and publishing companies so it could copy them onto player piano rolls. Aeolian’s weaker competitors complained to Congress about this attempt to corner the music market.

So to keep the Aeolian Co. from having a monopoly on the then-crucial player piano roll market, Congress allowed anyone to make a mechanical reproduction of someone else’s song. And that doesn’t just mean that Aeolian’s competitors could make their own piano rolls of popular tunes. Congress’s compulsory licensing scheme legalized the cover song—anyone can make their own recording of someone else’s song, just so long as a recording of that song has previously been released, and the cover artist pays the required fee.... And the freedom to cover others’ songs gave birth to a vibrant culture of continuous musical revival, remaking and reinterpretation, all of which allows good songs to become great and, sometimes, we must admit, classics to be butchered.

It’s all in the eye (or ear) of the beholder. But the important point is that because of Aeolian’s dominance of a now-defunct technology, we have a musical culture in America in which musicians are free to tweak songs they like—and they do so with great enthusiasm.

Kal Raustiala & Christopher Jon Sprigman, *Scales of Justice: How a Terrible Supreme Court Decision About Player Pianos Made the Cover Song What It Is Today*, SLATE, May 12, 2014, http://www.slate.com/articles/technology/history_of_innovation/2014/05/white_smith_music_case_a_terrible_1908_supreme_court_decision_on_player.html.

2. For an analysis of statutory licenses in the music industry as penalty default licenses that “can encourage more efficient licensing among otherwise divergent parties,” see Kristelia A. García, *Penalty Default Licenses: A Case for Uncertainty*, 89 N.Y.U. L. REV. 1117 (2014). For a different take, arguing that these statutory licenses can ensure access to copyrighted works while still protecting copyright owners’ financial incentives, see Jacob Victor, *Reconceptualizing Compulsory Copyright Licenses*, 72 STAN. L. REV. 915 (2020).

3. As noted above, the compulsory license for musical compositions has led to the growth of a musical culture that tolerates and even celebrates a large measure of appropriation and re-working. Indeed, some the greatest achievements of pop music, jazz, and other music genres are covers (think of Jimi Hendrix's cover of Bob Dylan's "All Along the Watchtower," Patti Smith's take on Van Morrison's "Gloria," Aretha Franklin's version of Otis Redding's "Respect," Aerosmith's cover of The Beatles' "Come Together," Johnny Cash's take on Nine Inch Nails' "Hurt," or John Coltrane's reconceptualization of the Rogers and Hammerstein standard "My Favorite Things"). But the compulsory license also permits the use of copyrighted musical compositions in ways that the copyright owner may never have been willing to approve. (For an example, Google "Paul Anka Smells Like Teen Spirit.") Do you think, on balance, that the compulsory license has been good for musical creativity?

4. Robert Brauneis has argued that the permissive rules governing "cover" recordings of copyrighted musical compositions have disadvantaged black artists, whose work was reproduced in "mirror" versions by white performers for sale to largely white audiences. See Robert Brauneis, *Copyright, Music, and Race: The Case of Mirror Cover Recordings*, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3591113. That said, it is also true that some black artists have benefited from the freedom to cover compositions written by white artists.

5. Does it seem strange that the Copyright Act sets up a compulsory license for the use of *entire* musical compositions, but sets up no compulsory license for the use of *parts* of musical compositions? For that reason, a song that uses a musical theme from a previously-existing copyright composition, but then surrounds that theme with new material, is infringing unless the limited use is licensed or otherwise allowed.

Public Performance of Copyrighted Musical Compositions, and the "Performance Rights Organizations" (PROs)

Unlike with respect to the § 115 compulsory license for mechanical reproductions of nondramatic musical compositions, which applies to the reproduction and distribution rights, there is no compulsory license provision in the Copyright Act that applies to the copyright owner's § 106(4) right to make or authorize public performances of the work. Every time a sound recording embodying a copyrighted musical composition is played in public, or every time a band performs a copyrighted musical composition in public, that amounts to a public performance of the musical composition. That means that every radio broadcast of a song involves a public performance of the underlying musical composition. And every band performing cover songs in a bar involves a public performance of a musical composition. This creates a need to license the public performance of musical compositions on a very wide scale, and intermediaries—called **performing rights organizations**, or PROs—have arisen to facilitate that form of licensing.

The major performing rights organizations are ASCAP (the American Society of Composers, Authors and Publishers), BMI (Broadcast Music, Inc.), SESAC (originally, Society of European Stage Authors and Composers), and GMR (Global Music Rights). Each of these PROs offers licenses to public-performance rights for a large portfolio of musical compositions that music publishing companies have authorized the PRO to license on their behalf. Crucially, each of the PROs offers licenses on a "blanket" basis. That is, licensees (such as radio stations, concert halls, stadiums, bars, and other venues that play live or recorded music) that pay for a blanket license gain the right to publicly perform every musical composition in the particular PRO's catalog.

Fees for blanket licenses are determined according to complex (and secret) formulas that take into account the expected amount of the licensee's music usage and the size of the audience the licensee is expected to reach. The process for dividing the revenues collected among copyright owners is based on surveys of usage and is similarly shrouded in secrecy.

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The two biggest PROs, ASCAP and BMI, operate under antitrust consent decrees with the U.S. Department of Justice Antitrust Division. These consent decrees stem from cases filed by the Antitrust Division in the 1940s and which challenged ASCAP and BMI blanket licenses as unlawful price fixing. The consent decrees are the agreements which arose out of settlement of those cases.

The consent decrees are complex, but their overall aim is to prevent abuse by the two largest PROs of the considerable market power that they possess as a consequence of their exclusive right to license large portfolios of compositions for public performance. Perhaps the most important provision aimed at constraining that market power is the agreement by the PROs that in the event they cannot agree with any particular licensor on the rate for a blanket license, that licensor can go to federal district court (in the Southern District of New York) and have a judge make a binding determination of a reasonable license fee.

The PROs have for more than a half-century been the indispensable intermediaries organizing the market for licensing performance rights of musical compositions. With the explosive growth of digital distribution, however, that market is now shifting, and ASCAP and BMI increasingly are chafing at certain of the provisions of the consent decrees. In the past decade, major music publishers threatened to withdraw *digital* public performance rights from ASCAP and BMI, claiming that they would prefer to license those directly, but that threat was preempted by a ruling, issued by Judge Cote of the Southern District of New York in a case involving ASCAP, that the consent decrees do not permit the withdrawal by the publishers from ASCAP licensing of only digital public performance rights. See *In re Pandora Media, Inc.*, 6 F. Supp. 3d 317 (S.D.N.Y. 2014). That is, the publishers must withdraw all public performance rights or none. In the wake of Judge Cote's ruling, the music publishers asked the Antitrust Division to modify the consent decrees to permit partial withdrawals. In 2016, the DOJ rejected that request. See Statement of the Department of Justice on the Closing of the Antitrust Division's Review of the ASCAP and BMI Consent Decrees (Aug. 4, 2016), <https://www.justice.gov/atr/file/882101/download>.

In the wake of Judge Cote's decision in *Pandora*, ASCAP and BMI petitioned the Antitrust Division seeking termination of the consent decrees or modification of the existing decrees to allow publishers to partially withdraw works from PROs. Authorizing partial withdrawal would mean that music publishers could direct PROs not to license their compositions to digital music users such as Spotify or Apple Music. In place of the blanket license, publishers would license their catalogs directly to the streaming services, but continue to use the PROs to license traditional venues. In the process of reviewing public comments, the Antitrust Division determined that it needed to better understand how the PROs treated licenses for musical compositions with more than one owner. Specifically, the DOJ heard conflicting views about whether the consent decrees permitted PROs to offer "fractional" licenses. A fractional license grants licensees the right to play multi-owner works only if all the owners or artists are represented by the PRO, meaning licensees might need licenses from multiple PROs for some multi-owner works. During its initial inquiry, the DOJ heard from many music users who claimed that PROs always offered "full-work" (aka "100%") licenses to perform all works in their repertoires. The PROs disagreed with that view. At the end of its investigation, the DOJ concluded that the consent decrees require ASCAP and BMI to offer full-work licenses, rather than fractional licenses. But the DOJ's interpretation of the decrees was rejected by the Second Circuit (*United States v. Broad. Music, Inc.*, 720 Fed. App'x 14 (2d Cir. 2017), *aff'g*, 207 F. Supp. 3d 374 (S.D.N.Y. 2016)). Those courts held that the decrees did not address fractional licensing one way or the other and that restrictions on the PROs' conduct that were not explicitly provided in those decrees would not be inferred. Following those decisions, the DOJ determined that it would reject the PROs' request to terminate or modify the consent decrees, which remain in place. See U.S. DEP'T OF JUSTICE, ANTITRUST CONSENT DECREE REVIEW—ASCAP AND BMI 2019, <https://www.justice.gov/atr/antitrust-consent-decree-review-ascap-and-bmi-2019>. For a review of this episode, and a prediction that the current consent decrees may produce future antitrust attack on the PROs' business model, see Christopher Jon Sprigman, *What Does Antitrust's Revival Mean for Copyright?*, 68 J. COPYRIGHT SOC'Y U.S.A. 401 (2021).

“Sync” Rights

Finally, there is no specific provision of the Copyright Act that establishes so-called **sync rights**, but within the music industry the term is used to describe the “syncing” of music with an audiovisual work. The process of syncing may implicate the reproduction, distribution, derivative-works, and public-performance rights for both musical compositions and sound recordings. For both compositions and recordings, sync licenses are privately negotiated between music publishers and the television, motion picture, and media users that typically seek licenses for sync rights.

The Music Modernization Act

Passed into law in late 2018, the Music Modernization Act, Public Law 115-264, 132 Stat. 3676, is a collection of three separate reform provisions that together make significant changes to the long-standing rules governing music copyrights. Title I of the MMA, entitled the Musical Works Modernization Act (“MWMA”), makes some changes to the § 115 compulsory license for non-dramatic musical works and establishes a new “mechanical licensing collective” to administer the revised license. Title II of the MMA, the Classics Protection and Access Act (“CPAA”), establishes a new federal *sui generis* system of protection for pre-1972 sound recordings. We will detail the CPAA below when we talk about copyright protection for sound recordings. Title III of the MMA, the Allocation for Music Producers Act (“AMP Act”), revises the compulsory license for non-interactive digital transmissions of sound recordings to direct a small share of compulsory licensing revenues to the producers, mixers, and engineers of sound recordings. In this section, we’ll focus on the MWMA, and its revision of the § 115 compulsory license.

The Musical Works Modernization Act

The key provisions of the MWMA provide a “blanket license,” similar in concept to the blanket public performance licenses offered by ASCAP, BMI, and other PROs, but which (unlike a PRO license) is granted on a *compulsory* basis. Under 17 U.S.C. § 115(d)(1) as revised by the MWMA, a digital music provider can obtain a compulsory license for “covered activities,” which is defined as “making a digital phonorecord delivery of a musical work, including in the form of a permanent download, limited download, or interactive stream.” 17 U.S.C. § 115(e)(7). The blanket license came into effect on January 1, 2021. Since then, a compulsory license for mechanical reproduction of a musical composition may be obtained through the same method as before that date—that is, issuance of an NOI. Or, one wishing to make mechanical reproductions may obtain a blanket compulsory license through the new procedures in § 115(d)(2) as revised.

The Blanket License

Under § 115(d) as revised, “[a] digital music provider ... may ... obtain a blanket license from copyright owners through the mechanical licensing collective to make and distribute digital phonorecord deliveries of musical works through one or more covered activities.”* 17 U.S.C. §115(d)(1)(A). Except as provided in subsection

* Each of the terms employed in this provision is defined in § 115(e). A “digital music provider” is a person who provides a service engaging in “covered activities,” and “has a direct contractual, subscription, or other economic relationship with end users of the service” or “exercises direct control over the provision of the service to end users”; “is able to fully report on any revenues and consideration generated by the service”; and “is able to fully report on usage of sound recordings of musical works by the service.” 17 U.S.C. § 115(e)(8). A “blanket license” is “a compulsory license to engage in covered activities.” Id. § 115(e)(5). The “mechanical licensing collective” is an entity designated by the Register of Copyrights to administer the blanket license. Id. § 115(e)(18). “Digital phonorecord delivery” means “each individual delivery of a phonorecord by digital transmission of a sound recording that results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording, regardless of whether the digital transmission is also a

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(d)(1)(C), the blanket license “(i) covers all musical works ... available for compulsory licensing under this section for purposes of engaging in covered activities,” and “(ii) includes the making and distribution of server, intermediate, archival, and incidental reproductions of musical works that are reasonable and necessary for the digital music provider to engage in covered activities.” *Id.* § 115(d)(1)(B). Note that the blanket license applies solely to the reproduction and distribution of musical works; it covers neither the right of public performance, which must be licensed separately from one or more performance rights organizations, nor synch rights, which must be licensed from the musical composition copyright owner.

A digital music provider that obtains and complies with the terms of a valid blanket license is not subject to actions for infringement of the reproduction and distribution rights for the use of a musical work “to engage in covered activities authorized by such license.” *Id.* § 115(d)(1)(D). Failure to follow the procedures for obtaining a blanket license bars the applicant from obtaining a blanket license for a period of three years. *Id.* § 115(b)(4).

The MWMA directs the Copyright Office to establish a new Mechanical Licensing Collective (“MLC”) to administer the new blanket license, a task which includes the establishment and maintenance of a musical works database “containing information relating to musical works (and shares of such works) and, to the extent known, the identity and location of the copyright owners of such works (and shares thereof) and the sound recordings in which the musical works are embodied.” *Id.* § 115(d)(3)(E)(i). “[T]o the extent practicable,” musical work copyright owners have an obligation to “engage in commercially reasonable efforts” to supply such information to the MLC. *Id.* § 115(d)(3)(E)(iv). Congress’s goal in establishing the musical works database was to facilitate the matching of sound recordings to musical compositions and buttress the MLC’s ability to identify copyright owners so that payment can be made.

To obtain a blanket license, a digital music provider must “submit[] a notice of license to the MLC that specifies the particular covered activities in which the digital music provider seeks to engage.” *Id.* § 115(d)(2)(A). Unless the MLC rejects the notice in writing within 30 days, the blanket license will be effective as of the date the notice was sent (but not earlier than January 1, 2021). *Id.* § 115(d)(2)(A)(ii), (d)(2)(B). The MLC may reject a notice only if it fails to meet certain statutory or regulatory requirements, or if the applicant had a blanket license terminated for a default within three years before the MLC receives the notice. *Id.* § 115(d)(2)(A)(iii). If a notice is rejected for the former reason, the MLC must specify the grounds for rejection, and the applicant has 30 calendar days following rejection to submit an amended notice that cures the deficiency. *Id.* § 115(d)(2)(A)(iv). Judicial review of MLC rejections of applications for blanket licenses is available in U.S. District Court. *Id.* § 115(d)(2)(A)(v).

Negotiated Licenses

Subsection (d)(1)(C) allows for negotiated “voluntary” licenses in lieu of the blanket license: “A voluntary license for covered activities entered into by or under the authority of 1 or more copyright owners and 1 or more digital music providers, or authority to make and distribute permanent downloads of a musical work obtained by a digital music provider from a sound recording copyright owner pursuant to an individual download license, shall be given effect in lieu of a blanket license ... with respect to the musical works ... covered by such voluntary license or individual download authority.” *Id.* § 115(d)(1)(C).

“Willing Buyer/Willing Seller”

For compulsory licenses (whether obtained via the current procedures or via the new procedures for blanket licensing), § 115, as amended, specifies that the Copyright Royalty Board “shall establish rates and terms that

public performance of the sound recording or any musical work embodied therein, and includes a permanent download, a limited download, or an interactive stream.” *Id.* § 115(e)(10).

most clearly represent the rates and terms that would have been negotiated in the marketplace between a willing buyer and a willing seller.” *Id.* § 115(c)(1)(F). This is a change in language; before the MWMA, § 810(b) of the statute set out a range of considerations relevant to rate-setting, including maximizing the availability of creative works to the public, providing the copyright owner a fair return, reflecting the relative roles of the copyright owner and the copyright user in making the product available to the public, and minimizing disruptive impact on the industries involved. The new “willing buyer/willing seller” standard was widely expected to result in somewhat higher rates for the compulsory license, but no one knew how much higher. And in the first rate-setting to use the new standard, it appears to have done little to push up rates. In the so-called “Phonorecords IV” proceeding, the Copyright Royalty Board approved a rate which increased slightly from 15.1% of a streaming service’s total revenues in 2023 to 15.35% in 2027. Compare this with the much larger increase in the previous Phonorecords III proceeding, which set rates for 2018-22 that increased from 11.4% of a streaming service’s total revenues to 15.1% in the span of five years.

Sound Recordings

Ownership

Initial ownership of copyrights in a sound recording typically vests in the recording artist (or artists) who create the sound recording, who are the author (or authors) of that work. Sometimes, sound recordings are created as works made for hire by employees acting with the scope of employment. In such an instance, the author and initial owner is the performer’s employer.

Traditionally, recording artists have relied on record companies (also known as record labels) to manage the exploitation of their copyrighted sound recordings. In the past, recording artists typically transferred ownership of their sound recordings to a record company, in exchange for an advance as well as a percentage of sales of copies of the sound recording and other royalties (such as royalties for samples and sync rights). Record companies also provided marketing and promotion services. More recently, some recording artists have begun to explore other options, such as the use of intermediaries, like CD Baby, which take on many of the tasks of a record company (aside from marketing and promotion), but which do not take copyright ownership of the recording artist’s sound recording.

Exclusive Rights—Limitations on the Scope of Exclusive Rights in Sound Recordings

As with musical compositions, the Copyright Act’s treatment of sound recordings is distinctive. In particular, the owners of copyrights in sound recordings have, in general, narrower rights versus the owners of most other forms of copyrighted work.

For one thing, federal copyright rights in sound recordings are of relatively recent vintage. Musical compositions have been protected by federal copyright law since 1831, but sound recordings were not protected by federal copyright law until 1972. In 1971, Congress amended the copyright law to provide federal copyright protection for sound recordings fixed and first published with a statutory copyright notice on or after February 15, 1972. All sound recordings fixed in a phonorecord on or after January 1, 1978, are automatically protected by copyright.

Until Congress’s passage in 2018 of the CPAA, sound recordings fixed before February 15, 1972, were protected only by *state* law. In those states that had addressed the issue, copyright owners generally had a right to prevent the reproduction and distribution of such pre-1972 sound recordings. But owners of copyrights in sound recordings had *no general right of public performance* under either state or federal law. With respect to the federal law, the right of public performance set out in § 106(4) applies to “literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works,” but not to sound

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recordings. (Remember that the term “musical” works refers to musical compositions, as distinguished from sound recordings.) The absence of a general right of public performance for sound recordings means that there is no license required from the sound recording copyright owner when a broadcast radio station plays a recording (although a public performance license for the underlying musical composition is required, and is obtained typically via a blanket license from one or more PROs, as you saw above). As you shall see, however, § 106(6) of the Copyright Act does grant sound recording copyright owners a limited public-performance right that covers public performances made via a “digital audio transmission.” We’ll discuss that right, and the limited compulsory license that applies to it below. The CPAA extends that right to pre-1972 sound recordings, and it also extends to pre-1972 recordings the other rights in § 106 of the Copyright Act that apply to post-1972 sound recordings. (See Chapter IV for a discussion of the term of protection the CPAA provides to pre-1972 sound recordings.)

Section 114 of the Copyright Act contains some additional limitations on the scope of copyright in sound recordings. Section 114(b) provides that the reproduction right “is limited to the right to duplicate the sound recording in the form of phonorecords or copies that directly or indirectly recapture the actual sounds fixed in the recording.” 17 U.S.C. § 114(b). This limitation is very important. Its effect is that **sound-alikes** (also known as covers) do not infringe the sound recording copyright owner’s reproduction right. The only use of the sound recording that can violate that right is straight-up copying of the actual sounds in the recording—i.e., piracy—or copying of the actual sounds from a discrete piece of the sound recording—i.e., sampling. Section 114(b) applies the same rule to limit the sound recording copyright owner’s right to prepare derivative works. Liability for the unauthorized creation of a derivative work is limited to situations in which “the actual sounds fixed in the sound recording are rearranged, remixed, or otherwise altered in sequence or quality.” *Id.* § 114(b). In a bid to drive the point home, § 114(b) makes clear that neither the reproduction right nor the derivative-work right “extends to the making of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording.” *Id.*

The next case involves the practice of **sampling**—copying and remixing sounds from previous sound recordings, and using those (often significantly altered) sounds in new recordings. Sampling implicates the rights of both musical-composition and sound recording copyright owners. In cases like *Newton v. Diamond*, 388 F.3d 1189 (9th Cir. 2004), courts have made clear that samples that appropriate de minimis segments of protected material from copyrighted musical compositions are not actionable. But courts have disagreed over whether the de minimis limitation applies to infringement claims involving samples that are brought by the owners of sound recordings.

As you read the next case, consider carefully whether the Copyright Act’s substantial limitations on the scope of sound recording copyright owners’ exclusive rights suggests that the usual “de minimis” requirement of the copyright infringement standard should not apply.

VMG Salsoul, LLC v. Madonna Louise Ciccone

824 F.3d 871 (9th Cir. 2016)

GRABER, J.:

[1] In the early 1990s, pop star Madonna Louise Ciccone, commonly known by her first name only, released the song *Vogue* to great commercial success. In this copyright infringement action, Plaintiff VMG Salsoul, LLC, alleges that the producer of *Vogue*, Shep Pettibone, copied a 0.23-second segment of horns from an earlier

song, known as *Love Break*, and used a modified version of that snippet when recording *Vogue*. Plaintiff asserts that Defendants Madonna, Pettibone, and others thereby violated Plaintiff's copyrights to *Love Break*. The district court applied the longstanding legal rule that "de minimis" copying does not constitute infringement and held that, even if Plaintiff proved its allegations of actual copying, the claim failed because the copying (if it occurred) was trivial. The district court granted summary judgment to Defendants Plaintiff timely appeals.

[2] Reviewing the summary judgment de novo, we agree with the district court that, as a matter of law, a general audience would not recognize the brief snippet in *Vogue* as originating from *Love Break*. We also reject Plaintiff's argument that Congress eliminated the "de minimis" exception to claims alleging infringement of a sound recording. We recognize that the Sixth Circuit held to the contrary in *Bridgeport Music, Inc. v. Dimension Films*, 410 F.3d 792 (6th Cir. 2005), but—like the leading copyright treatise and several district courts—we find *Bridgeport's* reasoning unpersuasive. We hold that the "de minimis" exception applies to infringement actions concerning copyrighted sound recordings, just as it applies to all other copyright infringement actions. Accordingly, we affirm the summary judgment in favor of Defendants....

[3] Because this case comes to us on appeal from a grant of summary judgment to Defendants, we recount the facts in the light most favorable to Plaintiff.

[4] In the early 1980s, Pettibone recorded the song *Ooh I Love It (Love Break)*, which we refer to as *Love Break*. In 1990, Madonna and Pettibone recorded the song *Vogue*, which would become a mega-hit dance song after its release on Madonna's albums. Plaintiff alleges that, when recording *Vogue*, Pettibone "sampled" certain sounds from the recording of *Love Break* and added those sounds to *Vogue*. "Sampling" in this context means the actual physical copying of sounds from an existing recording for use in a new recording, even if accomplished with slight modifications such as changes to pitch or tempo. See *Newton v. Diamond*, 388 F.3d 1189, 1192 (9th Cir. 2004) (discussing the term "sampling").

[5] Plaintiff asserts that it holds copyrights to the composition and to the sound recording of *Love Break*. Plaintiff argues that, because *Vogue* contains sampled material from *Love Break*, Defendants have violated both copyrights. Although Plaintiff originally asserted improper sampling of strings, vocals, congas, "vibraslap," and horns from *Love Break* as well as another song, Plaintiff now asserts a sole theory of infringement: When creating two commercial versions of *Vogue*, Pettibone sampled a "horn hit"¹ from *Love Break*, violating Plaintiff's copyrights to both the composition and the sound recording of *Love Break*.

[6] The horn hit appears in *Love Break* in two forms. A "single" horn hit in *Love Break* consists of a quarter-note chord comprised of four notes—E-flat, A, D, and F—in the key of B-flat. The single horn hit lasts for 0.23 seconds. A "double" horn hit in *Love Break* consists of an eighth-note chord of those same notes, followed immediately by a quarter-note chord of the same notes. Plaintiff's expert identified the instruments as "predominantly" trombones and trumpets.

[7] The alleged source of the sampling is the "instrumental" version of *Love Break*,² which lasts 7 minutes and 46 seconds. The single horn hit occurs 27 times, and the double horn hit occurs 23 times. The horn hits occur at intervals of approximately 2 to 4 seconds in two different segments: between 3:11 and 4:38, and from 7:01 to the end, at 7:46. The general pattern is single-double repeated, double-single repeated, single-single-double repeated, and double-single repeated. Many other instruments are playing at the same time as the horns.

¹ Plaintiff prefers the label "horn part," but the label has no effect on the legal analysis. For simplicity, we follow the district court's convention.

² The label "instrumental" is misleading: The recording contains many vocals. But again we adopt the terminology used by the district court.

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[8] The horn hit in *Vogue* appears in the same two forms as in *Love Break*: single and double. A “single” horn hit in *Vogue* consists of a quarter-note chord comprised of four notes—E, A-sharp, D-sharp, and F-sharp—in the key of B-natural.³ A double horn hit in *Vogue* consists of an eighth-note chord of those same notes, followed immediately by a quarter-note chord of the same notes.

[9] The two commercial versions of *Vogue* that Plaintiff challenges are known as the “radio edit” version and the “compilation” version. The radio edit version of *Vogue* lasts 4 minutes and 53 seconds. The single horn hit occurs once, the double horn hit occurs three times, and a “breakdown” version of the horn hit occurs once.⁴ They occur at 0:56, 1:02, 3:41, 4:05, and 4:18. The pattern is single-double-double-double-breakdown. As with *Love Break*, many other instruments are playing at the same time as the horns.

[10] The compilation version of *Vogue* lasts 5 minutes and 17 seconds. The single horn hit occurs once, and the double horn hit occurs five times. They occur at 1:14, 1:20, 3:59, 4:24, 4:40, and 4:57. The pattern is single-double-double-double-double-double. Again, many other instruments are playing as well.

[11] One of Plaintiff’s experts transcribed the composition of the horn hits in the two songs as follows.

Love Break’s single horn hit:



Vogue’s single horn hit:



Love Break’s double horn hit:



Vogue’s double horn hit:



[12] In a written order, the district court granted summary judgment to Defendants on two alternative grounds. First, neither the composition nor the sound recording of the horn hit was “original” for purposes of copyright law. Second, the court ruled that, even if the horn hit was original, any sampling of the horn hit was “de minimis or trivial.” ...

[13] Plaintiff has submitted evidence of actual copying. In particular, Tony Shimkin has sworn that he, as Pettibone’s personal assistant, helped with the creation of *Vogue* and that, in Shimkin’s presence, Pettibone directed an engineer to introduce sounds from *Love Break* into the recording of *Vogue*. Additionally, Plaintiff submitted reports from music experts who concluded that the horn hits in *Vogue* were sampled from *Love*

³ In musical terms, assuming that the composition was copied, Pettibone “transposed” the horn hit in *Love Break* by one-half step, resulting in notes that are half a step higher in *Vogue*.

⁴ The record does not appear to disclose the meaning of a “breakdown” version of the horn hit, and neither party attributes any significance to this form of the horn hit.

Break. Defendants do not concede that sampling occurred, and they have introduced much evidence to the contrary.⁵ But for purposes of summary judgment, Plaintiff has introduced sufficient evidence (including direct evidence) to create a genuine issue of material fact as to whether copying in fact occurred. Taking the facts in the light most favorable to Plaintiff, Plaintiff has demonstrated actual copying. Accordingly, our analysis proceeds to the next step.

[14] Our leading authority on actual copying is *Newton*, 388 F.3d 1189. We explained in *Newton* that proof of actual copying is insufficient to establish copyright infringement:

For an unauthorized use of a copyrighted work to be actionable, the use must be significant enough to constitute infringement. This means that even where the fact of copying is conceded, no legal consequences will follow from that fact unless the copying is substantial. The principle that trivial copying does not constitute actionable infringement has long been a part of copyright law. Indeed, as [a judge] observed over 80 years ago: "Even where there is some copying, that fact is not conclusive of infringement. Some copying is permitted. In addition to copying, it must be shown that this has been done to an unfair extent." West Publ'g Co. v. Edward Thompson Co., 169 F. 833, 861 (E.D.N.Y. 1909). This principle reflects the legal maxim, de minimis non curatlex (often rendered as, "the law does not concern itself with trifles").

In other words, to establish its infringement claim, Plaintiff must show that the copying was greater than de minimis.

[15] Plaintiff's claim encompasses two distinct alleged infringements: infringement of the copyright to the *composition* of *Love Break* and infringement of the copyright to the *sound recording* of *Love Break*. We squarely held in *Newton* that the de minimis exception applies to claims of infringement of a copyrighted composition. But it is an open question in this circuit whether the exception applies to claims of infringement of a copyrighted sound recording....

[16] A use is de minimis only if the average audience would not recognize the appropriation. Accordingly, we must determine whether a reasonable juror could conclude that the average audience would recognize the appropriation. We will consider the composition and the sound recording copyrights in turn.

1. Alleged Infringement of the Composition Copyright

[17] When considering an infringement claim of a copyrighted musical composition, what matters is not how the musicians actually played the notes but, rather, a "generic rendition of the composition." *Newton*, 388 F.3d at 1194; *see id.* at 1193 (holding that, when considering infringement of the composition copyright, one "must remove from consideration all the elements unique to [the musician's] performance"). That is, we must compare the written compositions of the two pieces.

[18] Viewing the evidence in the light most favorable to Plaintiff, Defendants copied two distinct passages in the horn part of the score for *Love Break*. First, Defendants copied the quarter-note single horn hit. But no additional part of the score concerning the single horn hit is the same, because the single horn hit appears at a different place in the measure. In *Love Break*, the notes for the measure are: half-note rest, quarter-note rest, single horn hit. In *Vogue*, however, the notes for the measure are: half-note rest, eighth-note rest, single horn hit, eighth-note rest. Second, Defendants copied a full measure that contains the double horn hit. In both songs, the notes for the measure are: half-note rest, eighth-note rest, eighth-note horn hit, quarter-note horn hit. In

⁵ For example, Plaintiff hired Shimkin and then brought this action, raising doubts about Shimkin's credibility; Pettibone and others testified that Shimkin was not present during the creation of *Vogue* and was not even employed by Pettibone at that time; and Defendants' experts dispute the analysis and conclusions of Plaintiff's experts.

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sum, Defendants copied, at most, a quarter-note single horn hit and a full measure containing rests and a double horn hit.

[19] After listening to the recordings, we conclude that a reasonable jury could *not* conclude that an average audience would recognize the appropriation of the composition. Our decision in *Newton* is instructive. That case involved a copyrighted composition of “a piece for flute and voice.” The defendants used a six-second sample that “consist[ed] of three notes, C—D flat—C, sung over a background C note played on the flute.” The composition also “require[d] overblowing the background C note that is played on the flute.” The defendants repeated a six-second sample “throughout [the song], so that it appears over forty times in various renditions of the song.” After listening to the recordings, we affirmed the grant of summary judgment because “an average audience would not discern [the composer’s] hand as a composer.”

[20] The snippets of the composition that were (as we must assume) taken here are much smaller than the sample at issue in *Newton*. The copied elements from the *Love Break* composition are very short, much shorter than the six-second sample in *Newton*. The single horn hit lasts less than a quarter-second, and the double horn hit lasts—even counting the rests at the beginning of the measure—less than a second. Similarly, the horn hits appear only five or six times in *Vogue*, rather than the dozens of times that the sampled material in *Newton* occurred in the challenged song in that case. Moreover, unlike in *Newton*, in which the challenged song copied *the entire composition* of the original work for the given temporal segment, the sampling at issue here involves only *one instrument group* out of many. As noted above, listening to the audio recordings confirms what the foregoing analysis of the composition strongly suggests: A reasonable jury could not conclude that an average audience would recognize an appropriation of the *Love Break* composition.

2. Alleged Infringement of the Sound Recording Copyright

[21] When considering a claimed infringement of a copyrighted sound recording, what matters is how the musicians *played* the notes, that is, how their rendition distinguishes the recording from a generic rendition of the same composition. Viewing the evidence in the light most favorable to Plaintiff, by accepting its experts’ reports, Pettibone sampled one single horn hit, which occurred at 3:35 in *Love Break*. Pettibone then used that sampled single horn hit to create the double horn hit used in *Vogue*.

[22] The horn hit itself was not copied precisely. According to Plaintiff’s expert, the chord “was modified by transposing it upward, cleaning up the attack slightly in order to make it punchier [by truncating the horn hit] and overlaying it with other sounds and effects. One such effect mimicked the reverse cymbal crash.... The reverb/delay ‘tail’ ... was prolonged and heightened.” Moreover, as with the composition, the horn hits are not isolated sounds. Many other instruments are playing at the same time in both *Love Break* and *Vogue*.

[23] In sum, viewing the evidence in the light most favorable to Plaintiff, Pettibone copied one quarter-note of a four-note chord, lasting 0.23 seconds; he isolated the horns by filtering out the other instruments playing at the same time; he transposed it to a different key; he truncated it; and he added effects and other sounds to the chord itself. For the double horn hit, he used the same process, except that he duplicated the single horn hit and shortened one of the duplicates to create the eighth-note chord from the quarter-note chord. Finally, he overlaid the resulting horn hits with sounds from many other instruments to create the song *Vogue*.

[24] After listening to the audio recordings submitted by the parties, we conclude that a reasonable juror could *not* conclude that an average audience would recognize the appropriation of the horn hit. That common-sense conclusion is borne out by dry analysis. The horn hit is very short—less than a second. The horn hit occurs only a few times in *Vogue*. Without careful attention, the horn hits are easy to miss. Moreover, the horn hits in *Vogue* do not sound identical to the horn hits from *Love Break*. As noted above, assuming that the sampling occurred, Pettibone truncated the horn hit, transposed it to a different key, and added other sounds and effects to the

horn hit itself. The horn hit *then* was added to *Vogue* along with many other instrument tracks. Even if one grants the dubious proposition that a listener recognized some similarities between the horn hits in the two songs, it is hard to imagine that he or she would conclude that sampling had occurred.

[25] A quirk in the procedural history of this case is illuminating on this point. Plaintiff's primary expert originally *misidentified* the source of the sampled double horn hit. In his original report, the expert concluded that both a single horn hit *and a double horn hit* were sampled from *Love Break*. The parties later discovered the original tracks to *Vogue* and were able to listen to the horn hits without interference from the many other instruments. After listening to those tracks, the expert decided that he had erred in opining that a double horn hit was sampled. He concluded instead that only a single horn hit was sampled, which was used to create the double horn hit in *Vogue*. In other words, a highly qualified and trained musician listened to the recordings with the express aim of discerning which parts of the song had been copied, and he could not do so accurately. An average audience would not do a better job.

[26] In sum, the district court correctly held that summary judgment to Defendants was appropriate on the issue of de minimis copying....

[27] Plaintiff argues, in the alternative, that even if the copying here is trivial, that fact is irrelevant because the de minimis exception does not apply to infringements of copyrighted sound recordings. Plaintiff urges us to follow the Sixth Circuit's decision in *Bridgeport Music, Inc. v. Dimension Films*, 410 F.3d 792 (6th Cir. 2005), which adopted a bright-line rule: For copyrighted sound recordings, any unauthorized copying—no matter how trivial—constitutes infringement.

[28] The rule that infringement occurs only when a substantial portion is copied is firmly established in the law. The leading copyright treatise traces the rule to the mid-1800s. 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.03[A][2][a], at 13-56 to 13-57, 13-57 n.102 (2013). We recognized the rule as early as 1977: "If copying is established, then only does there arise the second issue, that of illicit copying (unlawful appropriation). On that issue the test is the response of the ordinary lay hearer...." *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977). The reason for the rule is that the plaintiff's legally protected interest is the potential financial return from his compositions which derive from the lay public's approbation of his efforts. If the public does not recognize the appropriation, then the copier has not benefitted from the original artist's expressive content. Accordingly, there is no infringement.

[29] Other than *Bridgeport* and the district courts following that decision, we are aware of no case that has held that the de minimis doctrine does not apply in a copyright infringement case. Instead, courts consistently have applied the rule in *all* cases alleging copyright infringement. Indeed, we stated in dictum in *Newton* that the rule "applies *throughout the law of copyright*, including cases of music sampling." (emphasis added).

[30] Plaintiff nevertheless argues that Congress intended to create a special rule for copyrighted sound recordings, eliminating the de minimis exception. We begin our analysis with the statutory text.

[31] Title 17 U.S.C. § 102, titled "Subject matter of copyright: In general," states, in relevant part:

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;

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- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works;
- (7) *sound recordings*; and
- (8) architectural works.

(Emphasis added). That provision treats sound recordings identically to all other types of protected works; nothing in the text suggests differential treatment, for any purpose, of sound recordings compared to, say, literary works. Similarly, nothing in the neutrally worded statutory definition of “sound recordings” suggests that Congress intended to eliminate the de minimis exception. *See id.* § 101 (“‘Sound recordings’ are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied.”).

[32] Title 17 U.S.C. § 106, titled “Exclusive rights in copyrighted works,” states:

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;*
- (2) to prepare derivative works based upon the copyrighted work;*
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;*
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;*
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and*
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.*

[33] Again, nothing in that provision suggests differential treatment of de minimis copying of sound recordings compared to, say, sculptures. Although subsection (6) deals exclusively with sound recordings, that subsection concerns public performances; nothing in its text bears on de minimis copying.

[34] Instead, Plaintiff’s statutory argument hinges on the third sentence of 17 U.S.C. § 114(b), which states:

The exclusive rights of the owner of copyright in a sound recording under clauses (1) and (2) of section 106 do not extend to the making or duplication of another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording.

[35] Like all the other sentences in § 114(b), the third sentence imposes an express *limitation* on the rights of a copyright holder: “The exclusive rights of the owner of a copyright in a sound recording ... *do not extend* to the making or duplication of another sound recording [with certain qualities].” *Id.* (emphasis added); *see id.* (first sentence: “exclusive rights ... do not extend” to certain circumstances; second sentence: “exclusive rights ... do not extend” to certain circumstances; fourth sentence: “exclusive rights ... do not apply” in certain circumstances). We ordinarily would hesitate to read an *implicit expansion* of rights into Congress’ statement of an *express limitation* on rights. Given the considerable background of consistent application of the de minimis

exception across centuries of jurisprudence, we are particularly hesitant to read the statutory text as an unstated, implicit elimination of that steadfast rule.

[36] A straightforward reading of the third sentence in § 114(b) reveals Congress' intended limitation on the rights of a sound recording copyright holder: A new recording that mimics the copyrighted recording is not an infringement, even if the mimicking is very well done, so long as there was no actual copying. That is, if a band played and recorded its own version of *Love Break* in a way that sounded very similar to the copyrighted recording of *Love Break*, then there would be no infringement so long as there was no actual copying of the recorded *Love Break*. But the quoted passage does not speak to the question that we face: whether Congress intended to eliminate the longstanding de minimis exception for sound recordings in all circumstances even where, as here, the new sound recording as a whole sounds nothing like the original.

[37] Even if there were some ambiguity as to congressional intent with respect to § 114(b), the legislative history clearly confirms our analysis on each of the above points. Congress intended § 114 to limit, not to expand, the rights of copyright holders: "The approach of the bill is to set forth the copyright owner's exclusive rights in broad terms in section 106, and then to provide various limitations, qualifications, or exemptions in the 12 sections that follow. Thus, everything in section 106 is made 'subject to sections 107 through 118,' and must be read in conjunction with those provisions." H.R. REP. NO. 94-1476, at 61 (1976).

[38] With respect to § 114(b) specifically, a House Report stated:

Subsection (b) of section 114 makes clear that statutory protection for sound recordings extends only to the particular sounds of which the recording consists, and would not prevent a separate recording of another performance in which those sounds are imitated. Thus, infringement takes place whenever all or any substantial portion of the actual sounds that go to make up a copyrighted sound recording are reproduced in phonorecords by repressing, transcribing, recapturing off the air, or any other method, or by reproducing them in the soundtrack or audio portion of a motion picture or other audiovisual work. Mere imitation of a recorded performance would not constitute a copyright infringement even where one performer deliberately sets out to simulate another's performance as exactly as possible.

Id. at 106 (emphasis added). That passage strongly supports the natural reading of § 114(b), discussed above. Congress intended to make clear that imitation of a recorded performance cannot be infringement so long as no actual copying is done. There is no indication that Congress intended, through § 114(b), to expand the rights of a copyright holder to a sound recording.

[39] Perhaps more importantly, the quoted passage articulates the principle that "infringement takes place whenever all or any substantial portion of the actual sounds ... are reproduced." *Id.* (emphasis added). That is, when enacting this specific statutory provision, Congress clearly understood that the de minimis exception applies to copyrighted sound recordings, just as it applies to all other copyrighted works. In sum, the statutory text, confirmed by the legislative history, reveals that Congress intended to maintain the de minimis exception for copyrighted sound recordings.

[40] In coming to a different conclusion, the Sixth Circuit reasoned as follows:

[T]he rights of sound recording copyright holders under clauses (1) and (2) of section 106 "do not extend to the making or duplication of another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording." 17 U.S.C. § 114(b) (emphasis added). The significance of this provision is amplified by the fact that the Copyright Act of 1976 added the word "entirely" to this language. Compare Sound Recording Act of 1971, Pub. L. 92-140, 85 Stat. 391 (Oct. 15, 1971)

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(adding subsection (f) to former 17 U.S.C. § 1) (“does not extend to the making or duplication of another sound recording that is an independent fixation of other sounds”). In other words, a sound recording owner has the exclusive right to “sample” his own recording.

[41] We reject that interpretation of § 114(b). *Bridgeport* ignored the statutory structure and § 114(b)’s express *limitation* on the rights of a copyright holder. *Bridgeport* also declined to consider legislative history on the ground that “digital sampling wasn’t being done in 1971.” But the state of technology is irrelevant to interpreting Congress’ intent as to statutory structure. Moreover, as Nimmer points out, *Bridgeport*’s reasoning fails on its own terms because contemporary technology plainly allowed the copying of small portions of a protected sound recording. NIMMER § 13.03[A][2][b], at 13-62 n.114.16.

[42] Close examination of *Bridgeport*’s interpretive method further exposes its illogic. In effect, *Bridgeport* inferred from the fact that “exclusive rights ... *do not extend* to the making or duplication of another sound recording that *consists* entirely of an independent fixation of other sounds,” 17 U.S.C. § 114(b) (emphases added), the conclusion that exclusive rights *do extend* to the making of another sound recording that *does not consist* entirely of an independent fixation of other sounds. As pointed out by Nimmer, *Bridgeport*’s interpretive method “rests on a logical fallacy.” NIMMER § 13.03[A][2][b], at 13-61. A statement that rights do not extend to a particular circumstance does not automatically mean that the rights extend to all other circumstances. In logical terms, it is a fallacy to infer the inverse of a conditional from the conditional.

[43] For example, take as a given the proposition that “if it has rained, then the grass is not dry.” It does not necessarily follow that “if it has not rained, then the grass is dry.” Someone may have watered the lawn, for instance. We cannot infer the second if-then statement from the first. The first if-then statement does not tell us *anything* about the condition of the grass if it has not rained. Accordingly, even though it is true that, “if the recording consists entirely of independent sounds, then the copyright does not extend to it,” that statement does not necessarily mean that “if the recording does not consist entirely of independent sounds, then the copyright does extend to it.”

[44] The Sixth Circuit also looked beyond the statutory text, to the nature of a sound recording, and reasoned:

[E]ven when a small part of a sound recording is sampled, the part taken is something of value. No further proof of that is necessary than the fact that the producer of the record or the artist on the record intentionally sampled because it would (1) save costs, or (2) add something to the new recording, or (3) both. For the sound recording copyright holder, it is not the “song” but the sounds that are fixed in the medium of his choice. When those sounds are sampled they are taken directly from that fixed medium. It is a physical taking rather than an intellectual one.

[45] We disagree for three reasons. *First*, the possibility of a “physical taking” exists with respect to other kinds of artistic works as well, such as photographs, as to which the usual *de minimis* rule applies. A computer program can, for instance, “sample” a piece of one photograph and insert it into another photograph or work of art. We are aware of no copyright case carving out an exception to the *de minimis* requirement in that context, and we can think of no principled reason to differentiate one kind of “physical taking” from another. *Second*, even accepting the premise that sound recordings differ qualitatively from other copyrighted works and therefore *could warrant* a different infringement rule, that theoretical difference does not mean that Congress *actually adopted* a different rule. *Third*, the distinction between a “physical taking” and an “intellectual one,” premised in part on “sav[ing] costs” by not having to hire musicians, does not advance the Sixth Circuit’s view. The Supreme Court has held unequivocally that the Copyright Act protects only the expressive aspects of a copyrighted work, and *not* the “fruit of the [author’s] labor.” *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349 (1991). Indeed, the Supreme Court in *Feist* explained at length why, though that result may seem unfair, protecting only the expressive aspects of a copyrighted work is actually a key part of the design of the

copyright laws. Accordingly, all that remains of *Bridgeport*'s argument is that the second artist has taken some expressive content from the original artist. But that is always true, regardless of the nature of the work, and the de minimis test nevertheless applies.

[46] Because we conclude that Congress intended to maintain the “de minimis” exception for copyrights to sound recordings, we take the unusual step of creating a circuit split by disagreeing with the Sixth Circuit’s contrary holding in *Bridgeport*. We do so only after careful reflection

[47] Finally, Plaintiff advances several reasons why *Bridgeport*'s rule is superior *as a matter of policy*. For example, the Sixth Circuit opined that its bright-line rule was easy to enforce; that “the market will control the license price and keep it within bounds”; and that “sampling is never accidental” and is therefore easy to avoid. Those arguments are for a legislature, not a court. They speak to what Congress *could decide*; they do not inform what Congress *actually decided*.¹¹

[48] We hold that the “de minimis” exception applies to actions alleging infringement of a copyright to sound recordings....

SILVERMAN, J., dissenting:

[49] The plaintiff is the owner of a copyright in a fixed sound recording. This is a valuable property right, the stock-in-trade of artists who make their living recording music and selling records. The plaintiff alleges that the defendants, without a license or any sort of permission, physically copied a small part of the plaintiff’s sound recording—which, to repeat, is property belonging to the plaintiff—and, having appropriated it, inserted into their *own* recording. If the plaintiff’s allegations are to be believed, the defendants deemed this maneuver preferable to paying for a license to use the material, or to hiring their own musicians to record it. In any other context, this would be called theft. It is no defense to theft that the thief made off with only a “de minimis” part of the victim’s property.

[50] The majority chooses to follow the views of a popular treatise instead of an on-point decision of the Sixth Circuit, a decision that has governed the music industry in Nashville—“Music City”—and elsewhere for over a decade without causing either the sky to fall in, or Congress to step in. And just exactly what is the Sixth Circuit’s radical holding in *Bridgeport Music, Inc. v. Dimension Films* that the majority finds so distasteful? It’s this: if you want to use an *identical copy* of a portion of a copyrighted fixed sound recording—we’re not talking about “substantially similar” tunes or rhythms, but an actual *identical copy* of a sound that has already been recorded in a fixed medium—get a license. You can’t just take it.

[51] As the majority acknowledges, after *Newton v. Diamond*, 388 F.3d 1189 (9th Cir. 2003), it is an “open question” in the Ninth Circuit whether a de minimis defense applies to fixed sound recordings as it does to less tangible works. The *Bridgeport* court explained why it should not.

[52] First, by statute, sound recording copyright holders have an *exclusive* right to sample their *own* recordings. It’s an exclusive right; the statute does not give that right to others. Under 17 U.S.C. §§ 106 and 114, the holder

¹¹ It also is not clear that the cited policy reasons are necessarily persuasive. For example, this particular case presents an example in which there is uncertainty as to enforcement—musical experts disagree as to whether sampling occurred. As another example, it is not necessarily true that the market will keep license prices “within bounds”—it is possible that a bright-line rule against sampling would unduly stifle creativity in certain segments of the music industry because the licensing costs would be too expensive for the amateur musician. In any event, even raising these counter-points demonstrates that the arguments, as Plaintiff concedes, rest on policy considerations, not on statutory interpretation. One cannot answer questions such as how much licensing cost is too much without exercising value judgments—matters generally assigned to the legislature.

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of a copyright in a sound recording (but not others) has the exclusive right to reproduce the work in copies or records “that directly or indirectly recapture the actual sounds fixed in the recording,” as well as the exclusive right to prepare derivative works “in which the actual sounds fixed in the sound recording are rearranged, remixed, or otherwise altered in sequence or quality.” 17 U.S.C. §§ 106(1) and (2); 114(b). Congress clearly qualified these exclusive rights, writing that “another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording” are not within the scope of the copyright holder’s exclusive rights. 17 U.S.C. § 114(b). In other words, the world at large is free to imitate or simulate the creative work fixed in the recording (like a tribute band, for example) so long as an actual copy of the sound recording itself is not made.

[53] The majority rejects this straightforward reading, explaining by way of a rhetorical exercise that *Bridgeport’s* reading of § 114(b) is a logical fallacy, expanding the rights of copyright holders beyond that allowed under the judicial de minimis rule. As I see it, it is the majority that tortures the natural reading of these provisions. Bear in mind that § 114(b) simply explains the scope of exclusive rights already granted to copyright holders under § 106. These two provisions must be read together, as the Sixth Circuit did. When read together, their message is clear: copyright holders have exclusive rights to their recordings, but cannot be heard to complain (i.e., there can be no infringement of those exclusive rights) where a new recording consists *entirely* of independently created sounds, such as might be found in a very good imitation. By the same token, if a new recording includes something other than independently created sounds, such as a blatant copy, the copyright holder whose work was sampled has a legitimate gripe. That right was not invented by the Sixth Circuit: it already exists in the statutes. And these statutes say nothing about the de minimis exception.

[54] The second reason the Sixth Circuit gave for not adopting the de minimis rule is that sound recordings are different than their compositional counterparts: when a defendant copies a recording, he or she takes not the song but the sounds as they are fixed in the medium of the copyright holders’ choice. In other words, the very nature of digital sampling makes a de minimis analysis inapplicable, since sampling or pirating necessarily involves copying a fixed performance. The defendants wanted horns to punctuate their song, so they took the plaintiff’s copyrighted recording of horns. The horn hit is brief, but clearly perceptible and does its job. This is unlike indiscernible photographs used, not for their content (which cannot be made out), but to dress a movie set.

[55] This is a physical taking, not an intellectual one. Sampling is never accidental. As the Sixth Circuit observed, it is not like the case of a composer who has a melody in his head, perhaps not even realizing that the reason he hears this melody is that it is the work of another that he has heard before. When you sample a sound recording you know you are taking another’s work product. Accordingly, the pertinent inquiry in a sampling case is not whether a defendant sampled a little or a lot, but whether a defendant sampled at all.

[56] Again, the majority disagrees, rejecting *Bridgeport’s* characterization of a sample as a “physical taking” on the basis that copyright protection extends only to expressive aspects of a work, not the fruit of the author’s labor. According to the majority, copyright protection doesn’t extend to the sweat of an author’s brow. But that’s irrelevant here, since there is no question that the underlying sound recording can be copyrighted, and it is the taking of that protectable work that is at issue.

[57] I find *Bridgeport’s* arguments well-reasoned and persuasive. Equally compelling is, I think, Congress’s silence in the wake of *Bridgeport*, especially in light of the fact that the Sixth Circuit explicitly invited Congress to clarify or change the law if *Bridgeport’s* bright-line rule was not what Congress intended. While it’s true that congressional inaction in the face of judicial interpretation is not ironclad evidence of Congressional approval, it’s not chopped liver either. In this case *Bridgeport* has not been hiding out in the woods, waiting to be found: it has been governing the music industry in Nashville and elsewhere for eleven years. The majority now proposes to introduce a different rule for this circuit, creating a circuit split, and providing a lower level of

protection for copyright holders in a different area of the country. This inconsistent approach is plainly in contravention of Congressional intent that copyright laws be predictable and uniform, yet the majority defends its rogue path on the ground that Congress must have intended something other than what the Sixth Circuit has concluded, even though we've heard not a peep from Congress, or for that matter the Supreme Court, in the eleven years since *Bridgeport* has been on the books.

[58] In short, the majority's fuzzy approach would require a factual and largely visceral inquiry into whether each and every instance of sampling was "substantial," whereas *Bridgeport* provides in the case of a fixed sound recording a bright-line rule, and I quote: "Get a license or do not sample." True, *Get a license or do not sample* doesn't carry the same divine force as *Thou Shalt Not Steal*, but it's the same basic idea. I would hold that the de minimis exception does not apply to the sampling, copying, stealing, pirating, misappropriation—call it what you will—of copyrighted fixed sound recordings. Once the sound is fixed, it is tangible property belonging to the copyright holder, and no one else has the right to take even a little of it without permission. I therefore respectfully dissent.

NOTES

1. For most copyrighted works, the reproduction and derivative-work rights protect not only against literal duplication, but also against "imitation"—at least if the elements of the copyright owner's work that are imitated are protectable and not excluded by the idea-expression distinction or other doctrines such as merger or scenes a faire. Why do you think that the Copyright Act treats sound recordings differently?
2. Recall that sound recordings were not even protected by federal copyright law until 1972. Before that time, sound recordings were protected solely by state law. Why do you think that sound recordings came so late to federal copyright protection? And why do you think that, even after sound recordings were protected by federal law, that protection did not include an exclusive right to make or to authorize public performances?
3. What is the purpose of sampling? Is the answer the same from the sampling musician's point of view and from a consumer's perspective? Also, why do musicians sample preexisting sound recordings rather than record their own sound-alike version? Based on your thoughts on these questions, do you think the Ninth Circuit is asking the right question by focusing on whether what was copied from the plaintiff's work is indistinguishable to an average audience? And should your thoughts on sampling make the treatment of musical compositions the same as sound recordings?
4. The courts in *VMG Salsoul* and *Bridgeport Music* (discussed in *VMG Salsoul*) disagree over whether those who copy the sounds from copyrighted sound recordings can be held liable even for copying that is de minimis. But curiously, that debate is largely absent from "personal" copying of musical works and sound recordings. For years before the rise of streaming services made the practice less relevant, people engaged freely in the process of ripping CDs to copy music onto mobile devices such as MP3 players and, later, cell phones. Nothing in the Copyright Act expressly immunizes such personal copying, and whether this sort of personal use is sheltered by the fair use doctrine remains largely untested. The seeming immunity of personal copying of music to copyright challenge appears to arise more from norms and social expectations than from law, strictly speaking. (For how copyright law ought to think about such tolerated uses, see Tim Wu, *Tolerated Use*, 31 COLUM. J.L. & ARTS 617 (2008).)

That said, immunity for personal copying of music is possibly linked to expectations formed in part by the Audio Home Recording Act of 1992 (AHRA), Pub. L. No. 102-563, 106 Stat. 4237. The AHRA regulated a technology, digital audio tape (or DAT), that in 1992 was expected to be a significant new technology for distributing music. But DAT never panned out; it was quickly superseded by other forms of digital storage and then by online distribution.

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The AHRA requires manufacturers of digital audio recorders and tapes to embed technology that permits the creation only of first-generation copies. The AHRA includes prohibitions on circumventing the copy-control technology and on marketing technology designed to circumvent that copying-control technology.

The AHRA also enacts a royalty pooling and distribution scheme. DAT manufacturers pay statutory royalties on both recording devices and recording media. The royalties are pooled and subsequently divided among copyright owners of musical works, copyright owners of sound recordings, and recording artists.

Perhaps the most significant element of the AHRA is an exemption from copyright infringement liability for consumers engaged in noncommercial use. Section 1008 provides:

No action may be brought under this title alleging infringement of copyright based on ... the noncommercial use by a consumer of ... a [recording] device or medium for making digital musical recordings or analog musical recordings.

17 U.S.C. § 1008. Before the AHRA, the recording industry took the position, at least in public, that copies made for personal use were infringing. That position was seemingly contrary to Congress's intent. When Congress passed legislation in 1971 extending copyright protection to sound recordings, it indicated that such protection was not intended "to restrain the home recording, from broadcast or from tapes or records, of recorded performances, where home recording is for private use and with no purpose of reproducing or otherwise capitalizing commercially on it." H.R. REP. NO. 487, 92d Cong., 1st Sess. 7 (1971). Congress's intent may have been clear, but the law as of 1992 was not—not least because there was no judicial authority exempting personal copying of music. Section 1008 made explicit Congress's intent to exempt personal use, at least with respect to the covered recording devices and media. Note, however, that the AHRA specifically exempts from its coverage general purpose computers. That means that for most of the personal copying of music that happens today—personal copying using general purpose computers rather than the devices covered by the AHRA—there is no explicit exemption. But the expectations that animated the exemption for personal use in the AHRA appear to have broadened to encompass all personal copying of music. That expectation is likely bolstered by language in cases like *RIAA v. Diamond Multimedia Systems, Inc.* 180 F.3d 1072 (9th Cir. 1999), suggesting (albeit not holding) that personal copying, even using devices not covered by the AHRA, was immunized as a fair use. The *Diamond* case involved the Rio, an early MP3 player. As the court reasoned:

In fact, the Rio's operation is entirely consistent with the [AHRA's] main purpose—the facilitation of personal use. As the Senate Report explains, "[t]he purpose of [the Act] is to ensure the right of consumers to make analog or digital audio recordings of copyrighted music for their private, noncommercial use." S. REP. 102-294, at 86. The Act does so through its home taping exemption, which "protects all noncommercial copying by consumers of digital and analog musical recordings," H.R. REP. 102-873(I), at 59. The Rio merely makes copies in order to render portable, or "space-shift", those files that already reside on a user's hard drive. Cf. Sony Corp. of America v. Universal City Studios, 464 U.S. 417, 455 (1984) (holding that "time-shifting" of copyrighted television shows with VCR's constitutes fair use under the Copyright Act, and thus is not an infringement). Such copying is paradigmatic non-commercial personal use entirely consistent with the purposes of the Act.

Id. at 1079. *But cf.* *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1024 (9th Cir. 2001) ("[T]he Audio Home Recording Act does not cover the downloading of MP3 files to computer hard drives.... [N]otwithstanding Napster's claim that computers are 'digital audio recording devices,' computer do not make 'digital music recordings' as defined by the Audio Home Recording Act."). *See also* *Alliance of Artists & Recording Cos., Inc. v. Denso Int'l Am., Inc.*, 947 F.3d 849 (D.C. Cir. 2020) (holding that CD-copying devices installed in automobiles

were not “digital audio recording devices” subject to AHRA).

The § 106(6) Right to Make or Authorize Public Performance by Means of a Digital Audio Transmission, and the § 114 Compulsory License

As has been mentioned, the § 106(4) public-performance right does not apply to sound recordings, and, as a consequence, sound recording copyright owners enjoy no general right to control public performances. However, under § 106(6), added to the Copyright Act in 1995, sound recording copyright owners are granted a narrower right to control public performances made “by means of a digital audio transmission.” 17 U.S.C. § 106(6). Why do you think Congress added this new right?

The § 106(6) right is further limited by § 114, which codifies both a major exemption and a statutory license. Please review § 114.

Sections 114(d)(1)(A)-(B) exempt “nonsubscription broadcast transmissions” from the scope of the § 106(6) right, which means that free, over-the-air digital broadcasts by FCC-licensed broadcasters do not need public-performance licenses from the owners of copyrighted sound recordings that they play on the air. (As discussed above, such broadcasts do require licenses from the owners of copyrights in the underlying musical compositions; these licenses are obtained through one or more PROs.) Note that the exemption only covers “broadcast” transmissions—that is, those made over-the-air. The exemption does not cover non-subscription internet transmissions. Internet radio stations—also known as webcasters—as opposed to traditional over-the-air stations, are subject to the § 106(6) right, although they can qualify, as you shall now see, for a statutory license.

Section 114 also establishes a statutory license that applies to digital audio transmissions that are deemed to be non-interactive. The statute also identifies an intermediary, SoundExchange, which is made responsible for the collection and distribution of statutory digital performance royalties. By contrast, “interactive” transmissions do not qualify for the statutory license, so those engaged in digital audio transmissions that fall into the “interactive” category must seek negotiated licenses with the owners of sound recording copyrights that they wish to publicly perform.

Distinguishing digital audio transmissions that are “interactive” from those that are not was initially a vexing task, but one which has become clearer over time. There is a principle that underlies the distinction between interactive and non-interactive: the interactive variety of digital audio transmission is expected to interfere more with the then-existing market for sound recordings, as compared with the non-interactive variety. That is, interactive services are expected to displace more record sales than non-interactive ones.

You can see this principle at play in § 114’s definition of “interactive.” An interactive digital audio transmission is one that

enables a member of the public to receive a transmission of a program specially created for the recipient, or on request, a transmission of a particular sound recording, whether or not as part of a program, which is selected by or on behalf of the recipient.

17 U.S.C. § 114(j)(7). You can probably see that a service like Spotify, Apple Music, or Google Play falls into the “interactive” category. Interactive services must negotiate a license with the sound recording copyright owner.

In contrast, a service like Pandora is not “interactive,” because it does not transmit programs specially created for the recipient, nor does it permit the recipient to request the transmission of a particular sound recording.

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Non-interactive services like Pandora may be eligible under § 114(d) to obtain statutory licenses to publicly perform copyrighted musical compositions by means of a digital audio transmission, with fees for the license set according to industry negotiations, with the option of appealing to the judges of the Copyright Royalty Board if those negotiations reach an impasse.

Eligibility for the statutory license is conditioned on a non-interactive service complying with a number of conditions, including (1) not cooperating in efforts by the transmission recipient to engage in automated scanning intended to result in the selected of a particular sound recording for transmission to the recipient; (2) not pre-announcing the schedule on which particular songs will be transmitted; (3) including various sorts of information about the sound recordings being transmitted, to the extent technically feasible; and (4) not violating the “sound recording performance complement.” *Id.* § 114(d)(2)(C). The sound recording performance complement is defined as

the transmission during any 3-hour period, on a particular channel used by a transmitting entity, of no more than—

(A) 3 different selections of sound recordings from any one phonorecord lawfully distributed for public performance or sale in the United States, if no more than 2 such selections are transmitted consecutively; or

(B) 4 different selections of sound recordings—

(i) by the same featured recording artist; or

(ii) from any set or compilation of phonorecords lawfully distributed together as a unit for public performance or sale in the United States, if no more than three such selections are transmitted consecutively.

Id. § 114(j)(13). A non-interactive service that fails to observe the limits of the sound recording performance complement may still qualify for the statutory license if the violations were “not willfully intended to avoid the numerical limitations prescribed.” *Id.*

It is fair to say that the market has responded to the § 114 arrangements in ways that were not anticipated by many experts. Back in 1995 when § 106(6) and the § 114 statutory license were inserted into the Copyright Act, many believed that the key to success in the digital music streaming market was designing an attractive service that qualified as “non-interactive,” and thus eligible for the statutory license. But more than two decades later, it is the *interactive* services, such as Spotify, Apple Music, and Google Play, that have emerged as the most powerful competitors in music streaming. Why is that? So far, these services have been able to strike license deals with the record companies that allow them to offer music at a price that many are willing to pay. And the choice and flexibility of the interactive services appears to be powerfully attractive to consumers. Meanwhile the non-interactive services, such as Pandora, have been consumed in long-running and ruinously expensive disputes over the statutory licensing rate. A full account of those battles is well beyond the scope of an introductory copyright course. Suffice for now to say that they have enriched lawyers while sapping the vitality of the non-interactive services, which, at least for the moment, appear to be losing the competitive battle.