

Copyright Basics

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Rights of copyright are very durable rights that spring to life automatically and that are difficult, if not impossible, to abandon unintentionally. Copyright notice, though advisable, is no longer mandatory. Because these rights arise automatically and are virtually impossible to abandon unintentionally, it is important to deal with ownership issues whenever copyrightable works are likely to be created. Registration of copyrights is not required for rights of copyright to arise, but registration is highly advisable. It is relatively inexpensive to pursue copyright registrations, and timely registration provides significant advantages to a copyright owner, offering the possibility of recovering statutory damages and attorney's fees in infringement actions. Also, no action for copyright infringement may be instituted until a copyright certificate of registration has been obtained.

Anyone who violates any of the exclusive rights of a copyright owner, or of an author under the moral rights provisions in 17 U.S.C. § 106A, is an infringer of the copyright. There is exclusive federal jurisdiction, and possible remedies for copyright infringement include injunctions, impoundment and destruction, seizure and forfeiture, and monetary relief. The measure of damages is the actual damages of the copyright owner plus the profits of the infringer, or, as an alternate measure of damages if a timely certificate of registration was obtained, statutory damages and attorney's fees may be awarded. Statutory damages can range from \$500 to \$20,000 per work infringed and may be increased to \$100,000 per work in cases of willful infringement or decreased to \$200 per work in cases of innocent

infringement. There are also criminal penalties for willful infringement "for purposes of commercial advantage or private financial gain."

II. What is copyrightable subject matter?

Federal copyright law and patent law trace their roots to the same clause of the United States Constitution. In Article I, Section 8, clause 8, the United States Constitution provides in part:

The Congress shall have the power . . . To promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

Copyright laws protect the "writings" or "authors," whereas patent laws protect the "discoveries" of "inventors".

As more specifically set forth in the Copyright Act of 1976, copyright protection subsists in "original works of authorship fixed in a tangible medium of expression . . ." The copyright act sets forth a nonexclusive list of protectable "works of authorship":

- a. literary works;
- b. musical works;
- c. dramatic works;
- d. pantomimes and choreographic works;
- e. pictorial, graphic and sculptural works;
- f. motion pictures and other audio-visual works;
- g. sound recordings; and
- h. architectural works

17 U.S.C. § 102(a). The definition of "literary work" in 17 U.S.C. § 101 makes clear that computer software is protectable as a literary work. Courts have added to or further refined this list. For example, although facts are not copyrightable, compilations of fact are, as long as the compilation involves some minimum degree of original selection or arrangement. See, e.g., Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340 (1991)(alphabetical arrangement of names and telephone numbers in white pages of a telephone directory did not qualify for copyright protection).

III. What is not copyrightable subject matter?

Section 102(b) provides a nonexclusive list of things that are not subject to copyright protection, stating that "[i]n no case does copyright protection . . . extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery . . ." 17 U.S.C. § 102(b). See also Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340 (1991); Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 556-57 (1985); Baker v. Selden, 101 U.S. 99, 104, 107 (1879).

Courts have added to or refined this list, specifying additional categories of subject matter that are generally not subject to copyright protection, including:

(1) facts or arrangements of facts, such as simple white page listings in a telephone directory, that lack some minimal degree of original selection and arrangement; Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340 (1991);

(2) words and short phrases such as names, titles, names, and slogans; See, e.g., Applied Innovations Inc. v. University of Minnesota, 876 F.2d 626 (8th Cir. 1989); see also 37 C.F.R. § 202.1; and

(3) useful articles such as a mannequin, paper pattern for clothing, and a bicycle rack; See Carol Barnhart, Inc. v. Economy Cover Corp., 773 F.2d 411 (2d Cir. 1985); Fabrica, Inc. v. El Dorado Corp., 697 F.2d 890 (9th Cir. 1983); Brandir Int'l v. Cascade Pac. Lumber Co., 834 F.2d 1142 (3d Cir. 1987); but see Digital Millennium Copyright Act, which creates copyright type protection for boat hull designs.

On an issue of particular importance to the legal community, there is a split of authority on whether the mere insertion of pagination in numerical order, such as page numbering in the West Reporters, is copyrightable subject matter. Compare West Publishing Co. v. Mead Data Central, Inc., 799 F.2d 1219 (8th Cir. 1986), cert. denied, 479 U.S. 1070 (1987)(pagination of court opinions subject to copyright protection); Matthew Bender & Co. v. West Publishing Co., ___ F.2d ___ (2d Cir. 1998)(pagination of court opinions not subject to copyright protection).

IV. What are the exclusive rights of copyright?

The Copyright Act provides that an owner of copyright has the right "to do and to authorize" the following:

- a. to reproduce the work;
 - b. to prepare derivative works based upon the copyrighted work;
 - c. to distribute copies to the public by sale, rental, lease or lending;
 - d. to publicly perform the work; and
 - e. to display the work publicly.
- 17 U.S.C. § 106.

The Visual Rights Act of 1990 amended the Copyright Act to add rights akin to "moral rights" that are recognized in many other countries. The amendment added a new section, 17 U.S.C. § 106A, that adds certain rights of attribution and integrity for certain works of visual art. These rights may be used to prevent the intentional distortion, mutilation or modification of certain works and, in cases of a work of "recognized stature" may be used to prevent the destruction of the work. It has been suggested that this act has added to the due diligence requirements of real property transactions. In that regard, the act might be used by an artist to limit an owner's or purchaser's ability to destroy a building or remove a work of art if the action would result in the destruction of a work of "recognized stature." The rights created by this act are personal to the author; they may not be assigned, but they may be waived.

V. What are some limitations of the exclusive rights granted to a copyright owner?

The Copyright Act sets forth the exclusive rights of copyright in broad terms and then carves out exceptions to those rights by declaring that certain limited uses of a copyrighted work do not amount to copyright infringement. The Copyright Act deals specifically with several narrow, recurring fact patterns, defining specific permissible uses of a copyrighted work and then sets forth a general "fair use" exception as a catch-all to permit other uses of copyrighted works which should be considered "fair."

As one example of the narrow exceptions, 17 U.S.C. § 110(5), the "single receiver exception," specifies that it is not an infringement of copyright to communicate "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 – (A) a direct charge is made to see or hear the transmission; or (B) the transmission thus received is further transmitted to the public" This exception permits a bar or restaurant, subject to the limitations in the section, to play a radio or television without infringing rights of copyright. Despite this provision, it would still be an infringement for a bar or restaurant to play tapes or compact discs on the receiver or to play the radio over an intricate intercom, public address, or sound system not of the type commonly used in private homes. Other narrow sections deal with things such as reproductions by libraries, uses in nonprofit educational settings and the making of archival copies of computer software. See 17 U.S.C. §§ 110, 108 and 117, see generally 17 U.S.C. § 107-120.

In addition to the specific safe harbor provisions set forth in the Copyright Act, the Act also builds in a general "fair use" exception as a catch-all to permit other uses of copyrighted works which should be considered "fair." 17 U.S.C. § 107. In making a determination of whether a use of a copyrighted work is a "fair use," the courts will consider the following nonexclusive list of factors:

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

17 U.S.C. § 107.

The determination of whether a use is a fair use is highly fact intensive and difficult to predict. A few examples include:

- (1) recording a television program merely for time-shifting for private home use is a fair use; Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417 (1984);
- (2) intermediate copying of computer object code to gain an understanding of the ideas and functional concepts embodied in the code is a fair use; Sega Enterprises Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1993);
- (3) photocopying by Texaco scientist of copyrighted articles in order to assemble personal set of papers for archival and research purposes is not a fair use American Geophysical Union v. Texaco, Inc., 60 F.3d 913 (2d Cir. 1994)(a similar opinion, vacated after the case was settled, found that copying of articles under similar circumstances by a law firm was not a fair use);

VI. Creation and ownership of rights of copyright

Rights of copyright arise automatically as soon as an original work is "fixed in any tangible medium of expression." See 17 U.S.C. § 102. Before March 1, 1989, the copyright act required that a notice of copyright be included on all copyrighted works that were publicly distributed by authority of the copyright owner. Subject to fairly difficult curing provisions, a failure to use the mandatory notice on publicly distributed copies often resulted in a forfeiture of rights of copyright in the work. The proscribed copyright notice included three elements:

- a. the symbol ©, or the word "Copyright", or the abbreviation "Copr."; and
- b. the year of first publication; and
- c. the name or abbreviation of the copyright owner.

17 U.S.C. § 401 (1976).

Under the Berne Convention Implementation Act, copyright notice is no longer necessary to preserve rights in works first published on or after March 1, 1989. Failure to use copyright notice will not result in a forfeiture of rights of copyright, although it may make it easier for an infringer to establish that he or she was an innocent infringer. See 17 U.S.C. § 401

(1988). It is still advisable to use a notice of copyright. Unlike patent markings and use of the notice of federal trademark registration (®), it is permissible, and advisable, to use a copyright notice on a work even if a registration has not been obtained and even if an application has not been filed. 17 U.S.C. § 401.

Copyright registrations may be pursued at any time during the life of the copyright, but 17 U.S.C. § 412 provides a great incentive to pursue copyright registrations in a timely fashion. Under this section, timely copyright registration is a prerequisite to recovering statutory damages or attorney's fees. The Copyright Office charges a \$20 fee per application, and the applications are relatively short and easy to prepare and file, particularly when compared to patent or trademark applications. In light of the relative low cost and ease with which copyright applications may be prepared and filed, it is usually well worth the money to file a copyright application for a work if there is even a slight chance that it might be copied by another.

A couple of observations on copyright applications are in order. It should be obvious, but when completing a copyright application, you should virtually never identify a work belonging to another in lines 5 and 6 of the various application forms that inquire whether the work you are seeking to register is a derivative work of some other work. Stating that

your work is a derivative work of the copyrighted work of another is tantamount to an admission of infringement of the original work. If you feel that you might need to identify the work of another in these lines, you should consider (1) seeking a license or permission from the author of the original work or (2) modifying your work sufficiently that it should not be considered a derivative work of the other work. Another point that should be obvious, but I've actually seen this done, a copyright is NOT a poor man's patent. Copyrights do not protect ideas but only the particular expression of the idea. Accordingly, obtaining a copyright registration for a document describing a new product or process does not protect the underlying idea of the product or process. Also, because the records of the Copyright Office are public records, disclosing the product or process in a deposit filed with a copyright application will likely destroy any claim that the product or process is protectable as a trade secret. In that regard, the Copyright Office does have provisions for registering a copyright on software containing trade secrets while maintaining the potential trade secret rights. See generally Copyright Office Circular No. 61.

Ownership of copyright vests initially in the author or authors of the work. The authors of a joint work are coowners of the copyright in the work. In the case of a "work made for hire," the employer or other person for whom the work was prepared is considered the author. See 17 U.S.C. § 201(a),(b). The term "work made for hire" is defined in 17 U.S.C. §101. A work is a "work made for hire" if it is:

- a. a work prepared by an employee within the scope of his or her employment; or
- b. a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. . . .

17 U.S.C. § 101

The provisions dealing with specially ordered or commissioned works handle the issue of ownership in a way that is contrary to the usual understanding of many individuals. Even if a person or company specifically commissions a work and pays for it to be created, that person or company will not own the rights of copyright in the work unless there is a written agreement that specifies that a qualifying work is a work made for hire or that specifies that the creator does or will assign rights of copyright to the commissioning person or company. Note that for a work created by a non-employee to qualify as a "work made for hire", there must be a written agreement that specifies that the parties consider the work a work made for hire AND the work must fall into one of the fairly narrow categories of works listed in the above definition. If a work does not fall into one of the defined categories, the work is not a work made for hire, despite an agreement between the parties that calls the work a work made for hire. In that regard, it is highly advisable that any written agreement dealing with what is purported to be a work made for hire

include provisions specifying that if the work does not qualify as a work made for hire, the author agrees that all rights of copyright are assigned and that he or she will execute further documents at no additional charge, if necessary or desirable, to reflect the assignment.

It is also highly advisable to have written agreements in place with employees. For employers, you do not want your ownership rights to depend upon whether you can convince a judge or jury that the work was prepared within the employee's scope of employment. Similarly, you do not want your rights to depend upon whether a person was an employee or independent contractor.

VII. Enforcement of copyright

Federal courts have exclusive jurisdiction of cases arising under the copyright act. See 28 U.S.C. § 1338. Appeals go to the regional Courts of Appeals in which the district court is located, unlike appeals of actions under the patent laws which all go to the United States Court of Appeals for the Federal Circuit.

Establishing copyright infringement requires proof of "(1) ownership of a valid copyright, and (2) copying of constituent elements that are original." See, e.g., Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340, 361 (1991). Because direct evidence of copying is often lacking, circumstantial proof of copying may be made by putting on proof of (1) ownership of a valid copyright, (2) access to the copyrighted work by the defendant, and (3) substantial similarity between the two works. See, e.g., Hartman v. Hallmark Cards, Inc., 833 F.2d 117, 120 (8th Cir. 1987).

Remedies for infringement include injunctions (17 U.S.C. § 502), impoundment and destruction (17 U.S.C. § 503), damages and profits (17 U.S.C. § 504), costs and attorney's fees (17 U.S.C. § 505), and seizure and forfeiture (17 U.S.C. § 509). The copyright act also includes criminal penalties for certain instances of willful infringement "for purposes of commercial advantage or private financial gain . . ." (17 U.S.C. § 506). See, e.g., U.S. v. Manzer, 69 F.3d 222 (8th Cir. 1996)(criminal violation for selling black boxes designed to permit unauthorized interception of scrambled cable or satellite

transmissions). Statutory damages and attorney's fees may not be recovered in an infringement action unless a copyright certificate of registration was obtained in a timely manner (17 U.S.C. §412).

If for no other reasons, the availability of statutory damages and possibility of recovering attorney's fees make it highly advisable to obtain copyright registrations in a timely fashion. Statutory damages may range from \$500 to \$20,000 per work infringed and may be increased to \$100,000 in cases of willful infringement. Because copyright infringement requires actual copying, one can almost always make some argument that the infringement was willful. In cases of innocent infringement, the court may reduce statutory damages to not less than \$200 per work infringed. 17 U.S.C. § 504(c). In a recent case of interest, the United States Court of Appeals for the Eighth Circuit held that a party has a right to a jury trial on the issue of statutory damages. Cass Country Music Company v. C.H.L.R., Inc., 88 F.3d 635 (8th Cir. 1996). Under Fogerty v. Fantasy, Inc., 510 U.S.517 (1994), attorney's fees must be awarded in an evenhanded manner in that no distinction should be made between prevailing plaintiffs and prevailing defendants in determining whether to award attorney's fees under 17 U.S.C. § 505. A number of circuits had previously applied a dual standard whereby prevailing plaintiffs were awarded attorney's fees almost as a matter of course, and prevailing defendants were awarded attorney's fees only in exceptional cases involving a frivolous claim or other instances of bad faith. See, e.g., Fantasy, Inc. v. Fogerty, 984 F.2d 1524 (9th Cir. 1993).

Rights of authors are often enforced by performing rights societies or organizations. For example, copyrights in music are often enforced by organizations such as the American Society of Composers, Authors and Publishers (ASCAP) and Broadcast Music, Inc. (BMI), copyrights in software are often enforced by the Business Software Alliance (BSA), and copyrights in publications are often enforced by the Copyright Clearance Center (CCC). If you or your client is a retail establishment, bar or restaurant that plays music for its patrons, and it gets a letter from a group such as ASCAP or BMI offering a license, there is a very strong probability that you need a license and that you should take one rather quickly. Actions filed on behalf of groups such as ASCAP and BMI are, almost as a matter of course,

decided in favor of the plaintiff at the summary judgment stage. In the past, the plaintiff in those types of actions was typically awarded statutory damages and attorney's fees. See, e.g., Cass Country Music Company v. C.H.L.R., Inc., 88 F.3d 635 (8th Cir. 1996). After Cass Country Music Co., it appears that liability will still be determined at summary judgment stage but that, if you want a jury trial on the issue, you may still go to the jury on the issue of damages. You may of course attempt to take advantage of the single receiver exception discussed above. Also, you may be able to find tapes, compact discs or other recordings of works that are purportedly in the public domain. Trying to avoid infringement by playing only public domain music or non-ASCAP music is risky. See, e.g., Cass Country Music Company v. C.H.L.R., Inc., 88 F.3d 635 (8th Cir. 1996)(effort to play only non-ASCAP music failed when employee, without authorization, played personal tapes of copyrighted songs); Realsongs v. Gulf Broadcasting Corp., 28 U.S.P.Q.2d 1701 (M.D. La. 1993)(effort by talk radio station to avoid playing ASCAP music failed when non-employee ministers selected and played copyrighted music during religious broadcast carried by the station); Coleman v. ESPN, Inc., 20 U.S.P.Q.2d 1513 (S.D.N.Y. 1991)(ESPN infringed copyrights by broadcasting sporting events in which copyrighted music could be heard in the background).

In copyright infringement actions, officers, owners and shareholders, particularly of small, closely held corporations, are routinely found personally liable for copyright infringement. "Vicarious liability for copyright infringement exists when a party has the right and ability to supervise the infringing activity and an obvious and direct financial interest in exploitation of the copyrighted material." Unicity Music, Inc. v. Omni Communications, Inc., 844 F. Supp. 504, 509 (W.D. Ark. 1994)(vice president held personally liable for over \$56,000 in statutory damages, attorney's fees and costs).

VII., Conclusion

Rights of copyright arise automatically and are extremely durable. Ownership of copyright does not always vest in a way that most folks would imagine, so it is important to deal with ownership issues in writing. This is particularly true since you know the rights will arise and will be virtually impossible to forfeit. Copyright registration is not required but is highly advisable because timely copyright registration is a prerequisite to recovering statutory damages and attorney's fees in a copyright infringement action.

A wide array of remedies are available in copyright infringement actions, including injunctions, impoundment and destruction, damages and profits, attorney's fees and costs, and seizure and forfeiture. The threat of statutory damages and attorney's fees provides a copyright owner with quite a bit of leverage in dealing with an infringer. This is particularly true because of the threat of personal liability for corporate officers, owners and shareholders. Because timely copyright registration is a prerequisite to recovering these things, again, copyright registrations should be pursued early and often.

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