Fitting United States Copyright Law into the International Scheme: Foreign and Domestic Challenges to Recent Legislation

Michael B. Landau
FITTING UNITED STATES COPYRIGHT LAW INTO THE INTERNATIONAL SCHEME: FOREIGN AND DOMESTIC CHALLENGES TO RECENT LEGISLATION

Michael Landau

INTRODUCTION

Information, knowledge, and entertainment know no borders. Although a copyrighted work may have been created in a specific country under its own set of rules, often the market for the work may be national or, as is increasingly the case, international. Given this reality of the marketplace, over the last 100 years or so, nations have entered into various international agreements, treaties, or conventions to provide protection for member signatories and to attempt to harmonize other aspects of their copyright laws. Historically, the United States has been slow to fully adapt its copyright laws to international norms.

For example, U.S. copyright law expressly denied protection to foreign works until 1891. It was common practice for U.S. publishers to purchase and import copies of foreign books and then

1. Professor of Law Georgia State University College of Law; JD University of Pennsylvania. The author would like to thank Nichole Hair and the GSU Law Review for all of their terrific work in setting up this symposium.

2. The lack of reciprocal protection in the 18th and 19th centuries was one of the factors that led to the harmonization movement. At the time, U.S. Copyright law expressly denied protection to foreign works until 1891. See DAVID NIMMER & MELVILLE NIMMER, 4 NIMMER ON COPYRIGHT § 17.01 (Matthew Bender 2007). See also Catherine L. Fisk, Knowledge Work: New Metaphors for the New Economy, 80 CHI. KENT L. REV. 839, 864-65 (2005); Steven A Hetcher, The Music Industry's Failed Attempt to Influence File Sharing Norms, 7 VAND. J. ENT. L. & PRAC. 10, 10 (2004).

3. It was not until the International Copyright Act of 1891, commonly known as "the Chace Act" that there was any protection available for foreign authors in the United States. After 1891, if the work were manufactured in the United States and formalities were followed, there could be protection for a foreign work. The United States, after 1891, entered into several bilateral agreements with other nations. Despite the fact that many of the European States, however, had become members of the Berne Convention for the Protection of Literary and Artistic Rights ("Berne Convention") in or shortly after 1886. For various reasons, the United States did not officially become a signatory member for over one-hundred years, in 1988. The effective date of the amendments to the Copyright Act of 1976 based upon the Berne Convention Implementation Act was March 1, 1989.
publish them in the United States with impunity. The book publishing industry in the United States flourished and profited without having to worry about infringement or the obligation to pay royalties. It has been noted that:

Like certain far-eastern locales about which American artists and publishers indignantly complain at present, the United States was a copyright piracy haven from the first copyright statute of 1790 until the Chace Act of 1891. During that century, foreigners were utterly without rights under United States copyright law, and American publishers busied themselves bootlegging the works of Dickens, Trollope, Hugo, et al.4

It was this unilateralism and lack of regard for foreign rights that led to some of the first reciprocal copyright agreements.5

During the last two decades, however, Congressional action to amend the Copyright Act of 19766—often in response to international needs or as an obligation as part of an international agreement or treaty such as the Berne Convention,7 the TRIPS Agreement,8 the World Intellectual Property Organization (WIPO) Copyright Treaty,9

4. NIMMER & NIMMER, supra note 2, § 17.01(C)(1)(a).
5. Charles Dickens was a vocal critic of the “pirate” publishers in the United States and a strong advocate for international protection. To illustrate the point, an episode of the U.S. television “western” series, “BONANZA” titled “A Passion for Justice” first aired on September 29, 1963 (season 5, episode 2). This episode showed Charles Dickens giving a reading of one of his stories in front of an audience, including, of course, Ben Cartwright and his sons, Hoss, Little Joe, and Adam. The Dickens character became livid when he realized that most of the people in the audience knew the word-for-word, yet he had never authorized any of his works for publication in the United States. Dickens was portrayed by the actor Jonathan Harris, who was famous for his role of “Dr. Zachary Smith” on “LOST IN SPACE.” See IMDB.com, “Bonanza,” A Passion for Justice, http://www.imdb.com/title/tt0529477/ (last visited on June 22, 2007).
or the WIPO Performances and Phonograms Treaty—has become the norm, rather than the exception.\textsuperscript{10}

In general, most of the amendments to the Copyright Act that were promulgated for purposes of international harmonization have not been challenged in the courts or other tribunals as being in violation of some other overriding law, whether domestic or international.\textsuperscript{11} This changed in the mid-to-late 1990s, a busy time for Congress in the copyright arena. In 1998, Congress passed the following Acts: 1) The Sonny Bono Copyright Term Extension Act, extending the lives of both preexisting copyrighted works and future works by an additional twenty years;\textsuperscript{12} 2) The Fairness in Music Licensing Act,\textsuperscript{13} exempting "small businesses" from the obligation to pay royalties for the "public performances" of copyright works;\textsuperscript{14} and 3) The Digital

---

\textsuperscript{10} WIPO Performances and Phonograms Treaty, S. TREATY DOC. NO. 105-17, at 18 (1997), 36 I.L.M. 76.

\textsuperscript{11} For a complete list of the amendments to the Copyright Act, between January 1978 and June 2003, along with the corresponding Public Law Numbers and dates of enactment, see U.S. Copyright Office Circular 92, Preface, available at http://www.copyright.gov/title17/circ92.pdf (last visited on April 7, 2007). The list of amendments to the Copyright Act of 1976 that have been made between June 2003 and April 2007 can be found at the "Law" deep link on the U.S. Copyright Office's website at http://www.copyright.gov/title17 (last visited on April 7, 2007).

\textsuperscript{12} The theoretical limits of copyright legislation in the United States are established by article I, section 8, clause 8 ("The Copyright Clause" or "Intellectual Property Clause") and by the First Amendment. See, e.g., Paul J. Heald & Suzanna Sherry, \textit{Implied Limits on the Legislative Power: The Intellectual Property Clause as an Absolute Constraint on Congress}, 2000 U. ILL. L. REV. 1119 (2000).

\textsuperscript{13} See Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified as amended in scattered sections of 17 U.S.C.) [hereinafter CTEA]. The CTEA added an additional 20 years to the renewal terms of works that were copyrighted prior to January 1, 1978. The total term of protection for such works was 95 years from publication with notice, or for certain works, from registration and deposit. See Copyright Act of 1909, ch. 320, 35 Stat. 1075 (1909). The 95 years can be broken down as follows: 28 years (first term) + 28 years (renewal term) + 19 years (extension to renewal term effective in 1978) + 20 years (extension to the renewal term granted under the CTEA in 1998).

With respect to U.S. works created after January 1, 1978 that had not fallen into the public domain, the term of protection was increased from the "life of the author and 50 years after the author's death" to life of the author and 70 years after the author's death. 17 U.S.C. § 302(a) (2000).


\textsuperscript{15} See 17 U.S.C. § 110(5) (2006). Section 110(5) provides an exemption from violation of the right of public performance to "small businesses." Interestingly, "small" is not based upon the revenue or profitability of the enterprise; rather, it is based upon square-footage. Other than food service or drinking establishments, businesses with fewer than 2,000 gross square feet of space are exempt. Food service and drinking establishments with fewer than 3,750 gross square feet of space are also exempt. \textit{Id}. 
Millennium Copyright Act ("DMCA"), 16 comprising five smaller acts, 17 providing, inter alia, provisions providing rights and remedies for copyright holders against those who either directly circumvented technological measures or distributed or made available devices that circumvented technological measures that restricted access to a work 18 or protected a right under Title 17. 19


17. The Digital Millennium Copyright Act contains five parts or titles:
   Title I “WIPO Copyright and Performances and Phonograms Treaties Implementation Act of 1998,” implements the WIPO treaties. Id. at tit. I.
   Title II, the “Online Copyright Infringement Liability Limitation Act,” creates limitations on the liability of online service providers for copyright infringement when engaging in certain types of activities.
   Title III, the “Computer Maintenance Competition Assurance Act,” creates an exemption for making a copy of a computer program by activating a computer for purposes of maintenance or repair.
   Title IV contains six miscellaneous provisions, relating to the functions of the Copyright Office, distance education, the exceptions in the Copyright Act for libraries and for making ephemeral recordings, “webcasting” of sound recordings on the Internet, and the applicability of collective bargaining agreement obligations in the case of transfers of rights in motion pictures.
   Title V, the “Vessel Hull Design Protection Act,” creates a new form of protection for the design of vessel hulls.

18. See 17 U.S.C. § 1201(a) (2006). Section 1201(a)(1) prohibits action by an individual to circumvent a technological measure that effectively prevents access. Section 1201(a)(2) prohibits the distribution or trafficking of a device or method that circumvents a technological measure that effectively prevents access to a work. Id.

19. See 17 U.S.C. § 1201(b) (2006). In contrast, § 1201(b) does not prohibit individual action to defeat a technological measure that protects a right, most often the right of reproduction or distribution, but only prohibits the distribution or trafficking of a device or method that circumvents a technological measure that effectively protects the rights under Title 17 (§1201(a)(2)). Congress expressly wanted that distinction in order to attempt to preserve “fair use” of a work. Therefore, if the owner or authorized user of a work can figure out a way to defeat the “copy code” in order to make an excerpt of a work for private use or educational use, or even uses a device or method designed for that purpose, she is not liable under § 1201(b). A person who provides her with the method, program, or device to accomplish the copying for private or educational use would probably face liability under § 1201(b). For a discussion of the problems in determining whether the “device” is used for circumventing technological measures that prevent access or that protect a right, see Michael Landau, Has the Digital Millennium Copyright Act Really Created a New Right of Access: Attempting to Reach a Balance Between Users’ and Content Providers’ Rights, 49 J. COPYRIGHT SOC’Y U.S.A. 277, 293-98 (2001) See also Diane M. Barker, Defining the Contours of the Digital Millennium Copyright Act: The Growing Body of Case Law Surrounding the DMCA, 20 BERKELEY TECH. L.J. 47 (2005); Zohar Efroni, A Momentary Lapse Of Reason: Digital Copyright, The DMCA and a Dose of Common Sense, 28 COLUM. J.L. & ARTS 249 (2005); Pamela Samuelson, Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to be Revised, 14 BERKELEY TECH. L.J. 519 (1999).
Landau: Fitting United States Copyright Law into the International Scheme

2007] HARMONIZING U.S. COPYRIGHT LAW 851

Much of the new copyright legislation was enacted at the same time or shortly after the time that several monumental technological and sociological changes were taking place. In 1994 and 1995, through the World Wide Web ("the web") and Graphic User Interfaces ("GUI"), the Internet dramatically changed and became easily available and navigable to millions, if not hundreds of millions of people, instead of limited to a small number of members of the military and academia. Compression technologies, such as mp3, dramatically reduced the amount of time necessary to upload, download, or distribute files of entertainment and information content. Inexpensive and immediate access to information for all people everywhere was no longer an optimistic possibility, but a technological reality. The "public" as a whole, instead of the specific individuals and content owners became an integral part of the propriety and extent of rights calculus. "Users' rights" and "access rights" entered the parlance of the copyright debate. The "public domain" took on a new importance.


The ever-increasing visibility and importance of copyright law in general, combined with the new emphases on "the public good" and "innovation" in the digital and electronic era catalyzed many attorneys, authors, and academics to seriously and actively question whether the "carefully struck balance" that had developed over time between the rights of content owners to protect their works and the rights of the public to use or build upon works was being seriously disrupted. This heightened awareness and questioning of some of the basic philosophical and ideological tenets of copyright law also led to the questioning and reexamination of some of the earlier enacted amendments to the Copyright Act, such as the "automatic renewal" provisions in The Copyright Renewal Act of 1992, the elimination of the notice and registration requirements in the Berne Convention.
Implementation Act of 1988,\textsuperscript{27} and the sections of the Uruguay Round Agreements Act of 1994\textsuperscript{28} relating to restoration of foreign copyrights and protection for live musical performances.

The result was the initiation of a series of domestic litigations in federal court challenging the constitutionality of many of the completely new or newly amended sections of the Copyright Act. Most of the domestic challenges shared a common thread, namely that the statutes in question violated the Copyright Clause,\textsuperscript{29} the First Amendment,\textsuperscript{30} or both,\textsuperscript{31} and were depriving the public of knowledge, information, and the to abilities to innovate and create.


\textsuperscript{28} Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809, 4973 (1994) [hereinafter URRAA]. The URRAA is significant for several reasons, and two major provisions were later challenged. The URRA also expanded the scope of 17 U.S.C. § 104A, "The Copyright Restoration Act," and now restored the copyrights to all member works that were protected in their source countries that had fallen into the public domain in the United States for failure to comply with a statutory formality, such as publication with notice or the filing for the renewal term. It should be noted that works that had fallen into the public domain in the United States based upon the expiration of a shorter term were not resurrected.

The URRAA also added a new Chapter 11, "Sound Recordings and Music Videos," to title 17, commonly referred to as the "anti-bootlegging" statutes. The anti-bootlegging statutes provided performers with a cause of action against one who, without the consent of the performer or performers involved—

1. fixes the sounds or sounds and images of a live musical performance in a copy or phonorecord, or reproduces copies or phonorecords of such a performance from an unauthorized fixation,

2. transmits or otherwise communicates to the public the sounds or sounds and images of a live musical performance, or

3. distributes or offers to distribute, sells or offers to sell, rents or offers to rent, or traffic in any copy or phonorecord fixed as described in paragraph (1), regardless of whether the fixations occurred in the United States.

\textsuperscript{29} Article I, Section 8, Clause 8 provides: "[Congress shall have the Power] to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8, cl. 8. In the text of the original U.S. Constitution, the first letters of nouns are capitalized, as is still the case in printed or written German.

\textsuperscript{30} The First Amendment of the U.S. Constitution provides that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances." U.S. CONST. amend. I.
In general, a great deal, if not most, of the legislation passed in the 1980s and 1990s was very pro-copyright holder. Not all of the statutes passed during that time, however, had the effect of benefiting copyright holders at the expense of the public. The “Fairness in Music Licensing Act” had the opposite effect. The Act deprived the holders of copyrights in musical compositions from receiving compensation for their works by exempting “small businesses” from the obligation to pay for “public performances.”\(^{32}\) The European Union initiated a dispute proceeding at the World Trade Organization, alleging that the amendments to § 110(5) enacted pursuant to the “Fairness in Music Licensing Act” violated


\[32. \text{ The “Fairness in Music Licensing Act” was suspect from the start. Many, including the Register of Copyrights, Marybeth Peters, and the Former Commissioner of Patents, Bruce Lehman, expressed concern at Congressional hearings that the exemption, as drafted, was far too broad to be in compliance with international law. Congress failed to heed the admonitions and proceeded to pass the law in its questionable form. See Laura A McCluggage, \textit{Section 110(5) and the Fairness in Music Licensing Act: Will the WTO Decide the United States Must Pay to Play?}, 40 IDEA J.L. & TECH. 1, 16-18 (2000).} \]
international law in contravention of the TRIPS Agreement and the Berne Convention by not complying with the “Three-Step Test.”

With respect to the complaint involving the “small business exemption” from the obligation to pay royalties for public performances of musical compositions, the WTO held against the United States in 2000. Although there was a temporary settlement in 2003, the issue still has not been satisfactorily resolved between the United States and the European Union.

This article will examine some of the newer United States copyright statutes and the related successful and unsuccessful legal

33. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) is one of several agreements, including the General Agreement on Tariffs and Trade (GATT), made during the Uruguay Round of Multilateral Trade Negotiations signed on April 15, 1994. TRIPS sets forth principles and obligations to provide rights and protections for member signatories. See TRIPS, supra note 8.

34. The Berne Convention was developed to form “a Union [of member nations] for the protection of the rights of authors in their literary and artistic works.” See Berne Convention, supra note 7, at art. I. Member States joined the Berne Convention as early as 1886. The United States disagreed with many of the provisions and conditions and did not join the Berne Convention until 1988, effective 1989. A link to the text of the Berne Convention can be found at the World Intellectual Property Organization (“WIPO”) website.

The WIPO offices are located in Geneva, Switzerland. Geneva is in the Francophone region of Switzerland, so, to many living nearby, the acronym is “OMPI” for Organization Mondiale de la Propriété Intellectuelle.

35. “Fair use,” as it is known in the United States as codified in 17 U.S.C. § 107, does not exist in the copyright laws of most other nations. This civil law country’s copyright codes in a long list of exemptions. The “three-step test” first set forth in the Berne Convention, and later in TRIPS, is somewhat analogous to fair use because it contains limited uses of protected content without liability. The three-step test is, however, far more limited than fair use under U.S. law. Originally applicable to only the exclusive right of reproduction under Article 9(2) of the Berne Convention, the “three-step test” has been expanded under Article 13 of TRIPS to apply to all of the exclusive rights. Article 13 of TRIPS provides “[m]embers shall confine limitations and exceptions to exclusive rights to [1] certain special cases [2] which do not conflict with a normal exploitation of the work and [3] do not unreasonably prejudice the legitimate interests of the rights holder.” TRIPS, supra note 8, at art. XIII. For a detailed and thorough analysis of the “three-step test,” see MARTIN SENFTLEBEN, COPYRIGHT, LIMITATIONS AND THE THREE-STEP TEST: AN ANALYSIS OF THE THREE-STEP TEST IN INTERNATIONAL AND EC COPYRIGHT LAW (2003). See also Kamiel J. Koelman, Fixing the Three-Step Test, 28 EUROPEAN INTELL. PROP. REV. 407 (2006); Daniel J. Gervais, Towards A New Core International Copyright Norm: The Reverse Three-Step Test, 9 MARQ. INTELL. PROP. L. REV. 1, 13-21, 27 (2005); LUCIE M.C.R. GUBAULT, COPYRIGHT LIMITATIONS AND CONTRACTS: AN ANALYSIS OF THE CONTRACTUAL OVERRIDABILITY OF LIMITATIONS ON COPYRIGHT (Kluwer Law International 2002); Jane C. Ginsburg, Toward Supranational Copyright Law? The WTO Panel Decision and the "Three-Step Test" for Copyright Exceptions, 187 REVUE INTERNATIONALE DU DROIT D'AUTEUR 3 (2001).
challenges. 36 In addition to issues relating to the merits of the claims, issues related to the benefits or lack thereof of harmonizing copyright laws will be discussed. Finally, a simple bit of statutory amending that might eliminate the problem between the United States and the European Union at the W.T.O is presented.

I. CONSTITUTIONAL CHALLENGES TO COPYRIGHT TERM EXTENSION, AUTOMATIC RENEWAL, ELIMINATION OF FORMALITIES, AND COPYRIGHT RESTORATION: "ENOUGH IS ENOUGH"

A. Copyright Term Extension

1. Statutory Background

Prior to January 1, 1978—the effective date of the Copyright Act of 197638—the duration of copyright protection in the United States was a maximum of fifty-six years from the date of publication with copyright notice39 or, for certain categories of works, from registration and deposit with the U.S. Copyright Office.40 Between the time of creation and the time of publication or registration, the work was protected against unauthorized publication by common law copyright. Once the work was published by the author, federal protection began and common law protection ended.41

The fifty-six years of protection were divided into two terms of twenty-eight years each. The first twenty-eight year term started

---

36. The cases will be arranged as follows: DOMESTIC CASES: Challenges to the Extension of Copyright; Challenges to Automatic Renewal and the Elimination of Formalities; Challenges to Restoration of Copyright to Public Domain Foreign Works; FOREIGN CASES: Fairness in Music Licensing WTO Cases.

37. The actual title of the disco song that contains the chorus "Enough is Enough" is "No More Tears." BARBARA STREISAND & DONNA SUMMER, NO MORE TEARS (Casablanca Records 1979). The song was written by Paul Jabara & Bruce Roberts. It became wildly popular when Casablanca Records released a version by Barbara Streisand & Donna Summer in 1979. ("It's raining . . . it's pouring . . . my love life is boring me to tears . . . after all these years!"). Id.


40. Id.

41. See Wheaton v. Peters, 33 U.S. 591, 663-64 (1834) (holding that copyright protection after publication is wholly governed by federal statute).
when the trigger event of either publication with notice or registration with deposit occurred. In order to receive the benefit of the second twenty-eight year term, referred to as the “renewal term,” it was necessary to file an application for renewal with the Copyright Office during the last year of the initial term. Failure to file, or failure to comply with the timing requirement, would cause the copyright in the work to expire, thus placing the work in the “public domain.”

The Copyright Act of 1976 dramatically changed both the term of copyright and the event that triggered federal copyright protection for newly created works. The changes were made to align the United States with other countries with sophisticated systems of copyright protection that had changed their copyright terms years ago from a fixed time from publication to a term based upon the life of the author plus a term of years. Congress acknowledged the need to harmonize copyright terms as it prepared the 1976 Copyright Act.

A very large majority of the world’s countries have adopted a copyright term of the life of the author and 50 years after the author’s death. . . . The need to conform the duration of U.S. copyright to that prevalent throughout the rest of the world is increasingly pressing in order to provide certainty and simplicity in international business dealings . . . . Without this change, the possibility of future United States adherence to the Berne Copyright Union would evaporate, but with it would come a great and immediate improvement in our copyright relations. All of these benefits would accrue directly to American and foreign authors alike.42

Under the 1976 Act, copyright protection attached upon the moment of fixation “in any tangible medium of expression,”43 and

---

lasted for the life of the author plus fifty years thereafter. Given that
the prior maximum duration of protection was fifty-six years, the
"life-plus" system dramatically increased the duration of protection.
If one considers the number of works that fell into the public domain
after twenty-eight years for failure to renew, the "life-plus 50" system
increase was even more profound.

The advantages to a uniform "life-plus-X" system are obvious. As
a copyright holder, one does not have to keep track of the upcoming
renewal dates for each work. Imagine having to track the exact years
of each copyright term for a prolific composer such as George
Gershwin. For one who wishes to use or reprint a work, instead of
having to check for each and every work, one must simply determine
whether the author is alive or deceased, and if deceased, for how
long.

The Copyright Act of 1976 also provided an additional nineteen
years to the renewal term for works that were created prior to January
1, 1978, thereby increasing the maximum protection for works
created before January 1, 1976 to seventy-five years.

Just as the duration of the term of copyright was extended by the
enactment of the Copyright Act of 1976, copyright duration was
again extended on October 27, 1998 when President Clinton signed
S. 505, the Sonny Bono Copyright Term Extension Act ("CTEA"),
into law. The CTEA extended the period of protection for all works
by twenty years. "[A] key factor in the CTEA’s passage was a 1993
European Union ("EU") directive instructing members to establish a
copyright term of life plus seventy years" and directing its members
"to deny this longer term to the works of any non-EU country whose
laws did not secure the same extended term." By extending the
copyrights of U.S. works by an additional twenty years, "American

U.S.C. § 302 (2006)). In 1998, the term of protection was increased by another 20 years to life of the
author plus 70 years. The copyrights in preexisting works were also extended by another 20 years to a
total of 95 years.
46. Id. at 205.
authors would receive the same copyright protection in Europe as their European Counterparts.\textsuperscript{47}

For works created after January 1, 1978, the term of copyright protection is now for the life of the author plus seventy years thereafter.\textsuperscript{48} For pseudonymous or anonymous works and for “works made for hire,” the term of protection extends for ninety-five years from publication or 120 years from creation, whichever comes first. For “joint works,” the term of protection is now tied to the date of the life of the last surviving joint author plus seventy years thereafter. As a result of the Copyright Term Extension Act, an additional twenty years has also been extended to the term of protection for pre-1978 works as well. The renewal term has been increased by twenty years to sixty-seven years. Therefore, the total term of protection for works created prior to 1978 is now ninety-five years as well.

The enactment of the CTEA resulted in extensions of copyright for preexisting and newly created works that were almost identical to the changes in the 1976 Act. Works that were already protected by copyright received an additional twenty years of protection. Protection for newly created works was tied to the life of the author, not a fixed term from publication or registration.

2. Challenges to The Sonny Bono Copyright Term Extension Act.

The challenges to copyright term extension, restoration of copyright protection to foreign works, automatic renewal, and the relaxation of copyright formalities were brought by parties who could be viewed as part of the “copyleft”\textsuperscript{49} or “free culture” movement.\textsuperscript{50}

\textsuperscript{47} Id. at 205-06.
\textsuperscript{48} See id. at 205.
\textsuperscript{49} As defined in Wikipedia, “Copyleft” is a play on the word copyright and is the practice of using copyright law to remove restrictions on distributing copies and modified versions of a work for others and requiring that the same freedoms be preserved in modified versions.” Copyleft--Wikipedia, the free encyclopedia, http://en.wikipedia.org/wiki/Copyleft (last visited on June 8, 2007). See generally What is Copyleft? GNU Project--Free Software Foundation (FSF), http://www.gnu.org/copyleft/ (last visited on June 8, 2007) (providing a good explanation of the origin and practice of the copyleft movement). See also SIVA VAIDHYANATHAN, COPYRIGHTS AND COPYWRONGS: THE RISE OF INTELLECTUAL PROPERTY AND HOW IT THREATENS CREATIVITY (2001).
As a result of digitization and the consequent ease of access and distribution, a large and vocal community believes that any restriction on the use of expression is restriction on the use of information, and that such restriction is detrimental to the "public good."

In the cases challenging term extension, automatic renewal, the elimination of formalities, or copyright restoration there were, indeed, real parties in the interest with something to lose—archivists, ring and publishers of public domain works, or works that would have fallen into the public domain had the United States not changed its copyright protection. However, the challenges were, in large part, based on philosophical or ideological questions: How much control should a copyright holder have and for how long? Should the government have the power to restore protection to work that has been free for all to use in the United States for years? Should not governments encourage, rather than stifle, technological innovation and the spread of as much information and knowledge as possible?

As explained below, the challenges to the various provisions related to the extensions or restorations of copyrights—while compelling on "beneficial utilitarianism" or "standing on the shoulders of giants" grounds—were legally suspect and ultimately unsuccessful.

The constitutionality of the Sonny Bono Copyright Term Extension Act, especially with respect to lengthening the term of protection for preexisting works, was challenged in *Eldred v.*

---

50. One of the most respected and prolific members of the community is Professor Lawrence Lessig of Stanford University. Professor Lessig was involved in several of the cases discussed. *See generally Lawrence Lessig, Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity* (2004); *Lawrence Lessig, The Future of Ideas: The Fate of the Commons in a Connected World* (2002); *Lawrence Lessig, Code and Other Laws of Cyberspace* (2000).

51. "Utilitarianism" is a political doctrine in which the greatest number of people are served by the greater good. See, e.g., *John Stuart Mill, Utilitarianism* (1863). The full text of *Utilitarianism* is in the public domain and available on the Internet at http://etext.library.adelaide.edu.au/m/m645u/m645u.zip. See also *Jeremy Bentham, Introduction to the Principles of Morals and Legislation* (1789). This book was written in 1780-81, but not published until 1789. Its full text is in the public domain and is available at the Utilitarianism.com website, http://utilitarianism.com/jeremy-bentham/index.html.
Ashcroft. The plaintiffs argued that the term extension violated the “limited Times” language in the Copyright and Patent Clause, violated the First Amendment, and was, in essence, an abuse of legislative power. Another argument was that because additional years were granted to works that were already created, there was no quid pro quo on the part of the copyright holder in exchange for this benefit. The legislation was, therefore, invalid for not “promot[ing] the Progress of Science and the useful Arts.”

The Supreme Court upheld the constitutionality of the Copyright Term Extension Act. Justice Ginsburg, writing for the majority, held that when Congress extended copyright protection it was acting well within its constitutional authority. The increase of the terms of protection by twenty years was within the definition of “limited Times” and was not, in effect, creating a perpetual copyright in violation of Article I. Congress, in 1998, was again exercising its legitimate legislative power. Justice Ginsberg emphasized that it is, indeed, up to “Congress, not the courts to decide how best to pursue the Copyright Clause’s objectives.”

The Court also noted that Congress had extended the term several times in the past, for example in 1831, 1909, and 1978. Although the

53. See id. at 214 (Congress may grant to an ‘Autho[r]’ an ‘exclusive Right’ for a ‘limited Tim[e],’ but only in exchange for a ‘Writin[g].’ Congress’ power to confer copyright protection, petitioners argue, is thus contingent upon an exchange: The author of an original work receives an ‘exclusive Right’ for a ‘limited Tim[e]’ in exchange for a dedication to the public thereafter. Extending an existing copyright without demanding additional consideration, petitioners maintain, bestows an unpaid-for benefit on copyright holders and their heirs, in violation of the quid pro quo requirement”). Id.
54. See id. at 209-10.
55. See id. at 212-13.
56. Eldred, 537 U.S. at 212 (“Th[e] evolution of the duration of copyright protection tellingly illustrates the difficulties Congress faces . . . . [I]t is not our role to alter the delicate balance Congress has labored to achieve.”) (quoting Stewart v. Abend, 495 U.S. 207, 230 (1990)); Id. (“[T]he Constitution has been assigned the task of defining the scope of [rights] that should be granted to authors or to inventors in order to give the public appropriate access to their work product.”) (quoting Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984)); Id. (“Within the limits of the constitutional grant, the Congress may, of course, implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional aim.”) (quoting Graham v. John Deer Co. of Kansas City, 383 U.S. 1, 6 (1966)). Id. The justifications we earlier set out for Congress’ enactment of the CTEA, supra, at 781-782, provide a rational basis for the conclusion that the CTEA “promote[s] the Progress of Science.”
plaintiffs stressed that this time the balance was unconstitutionally disrupted, Justice Ginsburg held that the plaintiffs failed to show how the CTEA crossed “a constitutionally significant threshold with respect to ‘limited Times’ that the 1831, 1909, and 1976 Acts did not.”

The First Amendment concerns were also found to be without merit. The Court reiterated the same logic that it has used in almost every First Amendment challenge to copyright provisions, namely that the Copyright Act contains the “built-in” First Amendment safeguards. “Fair use” allows one to use portions of another’s work for criticism and comment, reporting, and scholarship. In addition, only “expression” and not facts or ideas are protected. The First Amendment and the Copyright Act are, therefore, inherently compatible. The extension of copyright duration for both preexisting works and new works was constitutional.

57. See Eldred, 537 U.S. at 209-10.
107. Limitations on exclusive rights: Fair use
Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—
(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(2) the nature of the copyrighted work;
(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(4) the effect of the use upon the potential market for or value of the copyrighted work.
The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.
60. See 17 U.S.C. § 102(b) (2006). Section 102(b) provides: “In no case does copyright protection for an original work of authorship 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 such work.” Id.
61. See Eldred, 537 U.S. at 219
The Copyright Clause and First Amendment were adopted close in time. This proximity indicates that, in the Framers’ view, copyright’s limited monopolies are compatible with
To a large extent, it appears as though a major problem with the plaintiffs' position was that all prior extensions went unchallenged. Therefore, even if the current twenty-year extension was found to be unconstitutional, and the term of protection reverted back to the one that was in effect prior to 1998, the same problem would exist for 1978, because preexisting works created under the 1909 Act were given an extra nineteen years of protection in 1978. The same would hold true with respect to earlier Acts. Would a decision finding that the CTEA did not pass constitutional scrutiny mean that the 1978 extensions, the 1909 extensions, etc. would also be unconstitutional? Although in some situations whether one "crosses the line" is a matter of degree, in Eldred it was very difficult to draw a line, which is why the Court held that Congress was acting according to the discretionary authority granted to it by the Constitution.63

free speech principles. Indeed, copyright's purpose is to promote the creation and publication of free expression. As Harper & Row observed: "[T]he Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one's expression, copyright supplies the economic incentive to create and disseminate ideas."

Id. (quoting Harper, 471 U.S. at 558).

62. Justices Stevens and Breyer dissented and filed separate dissenting opinions. See Eldred, 537 U.S. at 222 (Stevens, J., dissenting); Id. at 242 (Breyer, J., dissenting).

63. The Supreme Court's decision, however, was not the end of the story. Mr. Eldred's backers, along with other parties still interested in having more works fall into the public domain earlier, persisted in lobbying. On May 17, 2005, Representatives Lofgren and Doolittle introduced H.R. 2408, "The Public Domain Enhancement Act," which provides that the Copyright Office

[C]harge a fee of $1 for maintaining in force the copyright in any published United States work. The fee shall be due 50 years after the date of first publication or on December 31, 2006, whichever occurs later, and every 10 years thereafter until the end of the copyright term. Unless payment of the applicable maintenance fee is received in the Copyright Office on or before the date the fee is due or within a grace period of 6 months thereafter, the copyright shall expire as of the end of that grace period.


Why it is tied to publication, instead of being tied to the date that copyright protection attaches, which for all works created on or after January 31, 1978, is the date that the work is "fixed in any tangible medium of expression." 17 U.S.C. § 102(a) (2006).

There are several questions that are immediately raised by the provisions of The Public Domain Enhancement Act. First, it looks suspiciously like the scheme that was expressly rejected and replaced by Congress for works created after the effective date of the Copyright Act of 1976. Under the 1909 Act, a work was protected for an initial term of twenty-eight years. If one filed the proper paperwork and paid the fee during the twenty-eighth year, the work was then renewed for an additional term. So, under that scheme, if one failed to file for renewal and pay the "maintenance fee," or filed in an untimely manner, the work would have fallen into the public domain after twenty-eight years.
Even after the Supreme Court held that the Copyright Term Extension Act was constitutional in *Eldred v. Ashcroft*, \(^{64}\) Professor Lawrence Lessig of Stanford University, who represented Eldred and lost, has along with colleagues continued to pursue lawsuits on behalf of plaintiffs challenging the constitutionality of the Act.

In *Kahle v. Ashcroft*, \(^{65}\) similar arguments, plus a few additional ones, \(^{66}\) were made in the Northern District of California on behalf of Internet Archive (a group working with Carnegie Mellon University, the National Science Foundation, and the governments of China and India on the “One Million Book Project,” an effort to create a digital library of one million titles in a readable online format) and Prelinger Associates (aka “Prelinger Archives,” a group that had a library of 48,000 advertising, industrial, educational, and amateur films). In 2002, the Prelinger collection was acquired by the Library of Congress. Prelinger Associates still survives with a collection of approximately 4,000 titles. The Court granted the former Attorney General’s Rule 12(b)(6) motion to dismiss for failure to state a claim upon which relief can be granted, noting that “this court has no legal authority to overturn *Eldred*. Any such argument must be addressed directly to the Supreme Court.” \(^{67}\)

---

When drafting the Copyright Act of 1976, Congress eliminated any renewal or “maintenance” for works created on January 1, 1978 or later. Works created after January 1, 1978 are now protected for the life of the author plus seventy years thereafter. Congress also eliminated the requirement of having to file for renewal of copyright in pre-1978 works in 1992, making renewal automatic. It is, therefore, clear that the intent of Congress, based upon the legislation promulgated over the last 25 years, is to eliminate multiple terms, additional filings, and the payment of fees in order to maintain the viability of one’s copyright. In contrast, the Lanham Act has in the past provided for the filing and payment of maintenance fees in order to keep a federal trademark registration alive, and still requires the periodic payment of maintenance fees.

64. 537 U.S. 186 (2003).
67. Kahle, 2004 WL 2663157, at *8
B. **Elimination of Copyright Formalities and Automatic Renewal**

1. **Statutory Background**

In addition to complying with the requirements that a work be "original" and "fixed in a tangible medium," an author also had to comply with certain statutory formalities to reap the benefits of federal copyright protection. Failure to comply often would result in causing the author's work to lose copyright protection and fall into the public domain.

Under the 1909 Act, all published copies of works had to carry proper copyright notice containing the word "copyright," the abbreviation "Copr.," or the symbol ©, along with the name of the author or owner, and the year of first publication (or for certain categories of works, the year of registration) (e.g., © 1953, Michael Landau).  

"If the owner failed to satisfy the Act's requirements, the published work was interjected irrevocably into the public domain.

68. Section 10 of the Copyright Act of 1909 provided:

Publication of Work With Notice: Any person entitled thereto by this title may secure copyright for his work by publication thereof with the notice of copyright required by this title; and such notice shall be affixed to each copy thereof published or offered for sale in the United States by authority of the copyright proprietor, except in the case of books seeking ad interim protection under section 22 of this title.


Section 19 of the Copyright Act of 1909 provided:

Notice; Form: The notice of copyright required by section 10 of this title shall consist either of the word "Copyright", the abbreviation "Copr.", or the symbol ©, accompanied by the name of the copyright proprietor, and if the work be a printed literary, musical, or dramatic work, the notice shall include also the year in which the copyright was secured by publication. In the case, however, of copies of works specified in subsections (f) to (k), inclusive, of section 5 of this title, the notice may consist of the letter C enclosed within a circle, thus (c), accompanied by the initials, monogram, mark, or symbol of the copyright proprietor: Provided, That on some accessible portion of such copies or of the margin, back, permanent base, or pedestal, or of the substance on which such copies shall be mounted, his name shall appear. But in the case of works in which copyright was subsisting on July 1, 1909, the notice of copyright may be either in one of the forms prescribed herein or may consist of the following words: "Entered according to Act of Congress, in the year , by A. B., in the office of the Librarian of Congress, at Washington, D. C.", or, at his option, the word "Copyright," together with the year the copyright was entered and the name of the party by whom it was taken out; thus, "Copyright, 19—, by A. B."

precluding any subsequent protection of the work under the 1909 Copyright Act." The 1976 Act provided an opportunity to cure the omission if:

(1) the notice has been omitted from no more than a relatively small number of copies or phonorecords distributed to the public; or (2) registration for the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or (3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner's authorization of the public distribution of copies or phonorecords, they bear the prescribed notice.

In 1988, Congress finally realized that it was important to join the Berne Convention. “U.S. membership in the Berne Convention [would] secure the highest available level of multilateral copyright protection for U.S. artists, authors and other creators,” as well as “ensure effective U.S. participation in the formulation and management of international copyright policy.” Under Article 5(2) of the Berne Convention, “the enjoyment and the exercise of [copyright] shall not be subject to any formality.”

---

69. Twin Books Corp. v. Walt Disney Co., 83 F.3d 1162, 1167 (9th Cir. 1996) See also New York Times Co. v. Tasini, 533 U.S. 483, 494 (finding that failure to include copyright notice for the author of an article in a compilation in addition to the copyright notice for the entire compilation itself could cause the copyright of unassigned articles to fall into the public domain).


72. Id. at 2.

73. Id. at 11 (citing Berne Convention, supra note 8, at art. V, § 2).
formalities that were incompatible with Article 5(2) of the Berne Convention were the registration and notice requirements.  

When the United States became a member of the Berne Convention, certain formalities were either relaxed or eliminated. Effective March 1, 1989, omission of copyright notice no longer caused a work to fall into the public domain. Notice became optional. There are, however, still good reasons for one to include notice on published works. First, if a copy of a work does not carry copyright notice, there is the possibility that a defendant in a copyright action can claim that she did not think that the work was protected and is therefore an “innocent infringer” who should have a damage award reduced under § 504(c)(2) of the Copyright Act. Second, under the Digital Millennium Copyright Act, there is a cause of action available against one who removes “copyright management information” from a work. Third, an author or a copyright owner might want the world to know who is associated with the work. In July of 1992, in part in response to the United States Supreme Court opinion on renewal term rights in Stewart v. Abend, and in

---

74. See id. at 11-13. As discussed below, the notice requirement was made optional. The requirement that a work be registered prior to filing an infringement action in federal court was amended to only apply to the owners of United States works. Owners of foreign works no longer need to register a work as a prerequisite to filing a complaint. See 17 U.S.C. § 411(a) (2006).

75. There is some discussion of whether the change in the notice provisions applies to all copies of all works published and distributed on or after March 1, 1989 or to copies of works created and published and distributed after March 1, 1989. The statute includes the words “[w]ith respect to copies and phonorecords publicly distributed by authority of the copyright owner before the effective date of the Berne Convention Implementation Act of 1988,” which could easily lead to the conclusion that it means all copies of any work, regardless of the date or original creation of the work.


79. See Stewart v. Abend, 495 U.S. 207, 219-20 (1990). The right to the renewal term is only a contingent or expectancy interest, subject to the author being alive. In Stewart v. Abend, the author of the work died before the renewal term. The assignees of the rights to the first term, therefore, did not have any rights to the renewal term, which was left to the author’s estate.
part as a continuation of its trend of extending the lives of all copyrights to be more in line with the EU, Congress passed the Copyright Renewal Act (CRA). Under the CRA, there was no longer any need to file for renewal to gain the additional term of protection and to prevent a work from falling into the public domain. All works in the first term of copyright were automatically renewed. This change effectively gave all works that were created between 1964 and 1977 a fixed term of seventy-five years. As explained below, this protection was extended to ninety-five years in 1998.

As a result of the changes brought about by the Berne Convention Implementation Act and the Copyright Renewal Reform Act, works that would have fallen into the public domain owing to omission of notice are now automatically renewed and, therefore, are automatically protected for the full duration of the copyright term. More importantly, works that would have fallen into the public domain at the end of the first twenty-eight-year term because the authors or owners did not really care about the work or enforcing rights to the work are now protected for the full duration. To put it mildly, a very large number of works that would have been free for all to use—but for the recent legislation—are now protected and unavailable.

2. Litigation Challenging Automatic Renewal and Elimination of Formalities

The automatic renewal provisions enacted pursuant to the Copyright Restoration Revision Act and the provisions that either

81. Works created between January 1, 1964 and December 31, 1977 were affected by this change. Works created prior to January 1, 1964 would already be in either the renewal term or the public domain for failure to renew (e.g., 1992 - 28 years = 1964).
removed or lessened copyright formalities enacted as a result of the Berne Convention Implementation Act\textsuperscript{84} were also challenged in \textit{Kahle v. Ashcroft}.\textsuperscript{85} When the United States became a member of the Berne Convention, the requirement that one must publish a work with proper copyright notice (e.g., © 2007, Michael Landau) was made optional, instead of mandatory. The publication of a work without copyright notice on or after March 1, 1989 would not result in the work falling into the public domain.\textsuperscript{86}

The result of the automatic renewal combined with the elimination of the notice requirement was that thousands of works that would have fallen into the public domain either through inadvertent or deliberate failure to file for renewal or failure to place notice on a published work would instead be protected for the full term of copyright, thereby preventing parties such as the plaintiffs, as well as the general public, from having access to works. The plaintiffs argued, among other things, that the new relaxation of the rules disturbed the balance between copyright holders and the public by tipping the scales way in favor of rights holders. In addition, the usual First Amendment, “limited Times,” and Congressional authority arguments were raised.

The arguments that were advanced in \textit{Kahle} to challenge the elimination of formalities and automatic renewal under the BCIA and the CRA were basically derivatives of the arguments made in \textit{Eldred} challenging copyright term extension. Once again it was argued that Congress had altered the “traditional contours of copyright.”\textsuperscript{87} Kahle and his co-plaintiffs argued that the renewal requirements, while

\textsuperscript{84} The Berne Convention for the Protection of Artistic and Literary Works (Berne Convention) provides reciprocal protection and access to the courts to signatory countries. Although most countries with sophisticated copyright systems became members of the Berne Convention in the late 1800s, the United States did not join until 1988, with an effective date of March 1, 1989.


\textsuperscript{86} There is still some incentive for placing notice on works. In addition to informing the world of ownership, notice can prevent a copyright defendant from arguing that he was an “innocent infringer” who should be allowed to pay reduced damages.

\textsuperscript{87} See Kahle v. Gonzales, 474 F.3d 665, 667 (9th Cir. 2007).
“formalities,” have served “a vital role in regulating the number of works in copyright.”

They characterized the previous formalities as an “opt-in” system. If one wanted to protect and enforce his works, he had to take active steps. The new statutory scheme, on the other hand, is an “opt-out” system. The work is automatically protected. The owner “opts-out” by failing to enforce the rights. As a result, many, many works that would have fallen into the public domain as a result of the copyright holder not “opting-in” were now protected. Therefore, the plaintiffs argued, the new regulations imposed limitations on free speech that required First Amendment scrutiny.

The Ninth Circuit had little sympathy for their arguments: “Despite Plaintiffs’ attempt to frame the issue in terms of the change from an opt-in to an opt-out system rather than in terms of extension, they make essentially the same argument, in different form, that the Supreme Court rejected in Eldred. It fails here as well.”

The provisions were all upheld and constitutional. Moreover, based on the same rationale articulated by the Supreme Court in Eldred, there was no First Amendment problem because of the built-in safeguards of fair use and “idea/expression merger.”

Under current law, with the elimination of renewal requirements and even with the elimination of the notice requirements, there is no mechanism for an author to place work in the public domain prior to the expiration of the term. An author may choose to not enforce his copyright, but members of the public have no way of knowing that. Because Congress eliminated the notice requirement in 1989, the absence of notice does not mean that the work is in the public domain. A party who wishes to use another work or incorporate a work into a subsequent creation does so at his peril. If Congress wanted to enhance the public domain, it should introduce legislation

---

88. See id. at 668, quoting Stewart v. Abend, 495 U.S. 207, 217 (1990) (“Since the earliest copyright statute in this country, the copyright term of ownership has been split between an original term and a renewal term.”).
89. See id.
90. Id. at 668.
that allows an author to deliberately, permanently, and irrevocably dedicate one’s work to the public.

Moreover, it is not clear that, without Congressional action, an affirmative statement by the author on published copies stating something along the lines of “this work is dedicated to the public domain for all to use, reproduce, and distribute” would be binding on the heirs or estate under the current statutory succession statutes. There have been cases in which the rights have reverted to the heirs or estate despite an assignment or even a will.91 Moreover, the termination provisions92 allow recapture of rights despite “any agreement to the contrary.”93 Until the termination and statutory succession issues are clarified by more litigation or Congressional Acts, the effect of an author’s voluntary dedication of a work to the public vis-à-vis the rights of heirs or the estate is far from certain.94

There should be a mechanism for letting the public know that a work is free to use with impunity. Congress should add a provision to the Copyright Act that permits one to place language that irrevocably waives the right to enforce a copyright on a work. For example: “I hereby place this work in the public domain, effective [date] and neither I, nor my heirs, estate, or successors will at any time attempt

91. See, e.g., Saroyan v. William Saroyan Found., 675 F. Supp. 843 (S.D.N.Y. 1987), aff’d, 862 F.2d 304 (2d Cir. 1988) (holding that a playwright’s bequest of rights to trust created by the playwright was not effective and that nondiscretionary hierarchy of copyright renewal statute made playwright’s children sole owners of renewal copyright.).

92. For works created and licensed and assigned after January 1, 1978, see 17 U.S.C. § 203. For works licensed or assigned on or before January 1, 1978, see 17 U.S.C. § 304(c).

93. 17 U.S.C. § 203(a)(5) provides: “Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.” (emphasis added). 17 U.S.C. § 304(c)(5) contains identical language. “Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.” (emphasis added).

94. Courts are not in agreement as to what could be classified as an “agreement to the contrary.” See, e.g., Marvel Characters, Inc. v. Simon, 310 F.3d 280, 292 (2d Cir. 2002) (holding that termination rights could be exercised despite agreement drafted in settlement of litigation stating that the work was a “work made for hire”; the agreement was an “agreement to the contrary”). See also Milne ex rel. Coyne v. Stephen Slazenger, Inc., 430 F.3d 1036 (9th Cir. 2005), cert. denied, 126 S.Ct. 2969 (2006) (holding that a new assignment agreement executed before termination rights could be exercised but after January 1, 1978 was not an “agreement to the contrary”; termination rights could not be exercised); Steinbeck v. McIntosh & Otis, Inc., 433 F. Supp. 2d 395, 399 (S.D.N.Y. 2006) (holding that a new agreement executed prior to the termination date could not extinguish the heirs’ termination rights).
to enforce any copyrights in this work.” In addition to being able to irrevocably place the world on notice that a work is in the public domain by stating so on the face of a work, an author should also be allowed to file a “Placement in the Public Domain” form with the Copyright Office, thereby enabling people who wish to market a work or incorporate a larger portion of a work than would be fair use to determine the status of the work by searching the Copyright Office’s records.

C The Copyright Restoration Act

1. Statutory Background

If copyright extension, relaxation of formalities, and automatic renewal bothered many people, the Copyright Restoration Act included in the GATT implementation legislation\(^95\) should have made them absolutely apoplectic. Instead of increasing the duration of copyright protection for works that were protected by copyright, § 104A automatically restores copyright protection to foreign works that are still protected in their “source country” but have fallen into the public domain in the United States for failure to comply with a formality, such as publication without notice or not registering and applying for the renewal term.\(^96\) Restoration does not apply to works

96. See 17 U.S.C. § 104A(h)(3). Restoration applies to works from eligible countries.

The term “eligible country” means a nation, other than the United States, that:

(A) becomes a WTO member country after the date of the enactment of the Uruguay Round Agreements Act;

(B) on such date of enactment is, or after such date of enactment becomes, a nation adhering to the Berne Convention;

(C) adheres to the WIPO Copyright Treaty;

(D) adheres to the WIPO Performances and Phonograms Treaty; or

(E) after such date of enactment becomes subject to a proclamation under subsection

(g).

Id.

For a discussion of copyright restoration, see ALEXANDER LINDEY & MICHAEL LANDAU, 1 LINDEY ON ENTERTAINMENT, PUBLISHING AND THE ARTS: AGREEMENTS AND THE LAW §§ 1:37–1:42 (3d ed. 2007). See also WILLIAM F. PATRY, 6 PATRY ON COPYRIGHT § 24:23 (2007); William Gable, Restoration of Copyrights: Dueling Trolls and Other Oddities Under Section 104A of the Copyright Act, 29 COLUM. J.L. & ARTS 181 (2005); John Presper, Copyright Restoration Under § 104A: Rethinking
that have fallen into the public domain in the United States by virtue of the expiration of a full term of copyright, or a term combined with the renewal term if applicable, that is shorter than the term of copyright in the source country.

Copyrights were automatically restored when the Act took effect on December 8, 1994. To enforce a restored copyright, the foreign copyright holder must serve notice of intent to enforce upon an unauthorized user of the restored works. An owner of a restored copyright may not enforce its copyright against a reliance party without first giving notice, either constructive or actual, of its intent to enforce the copyright. Until January 1, 1998, an owner of a restored copyright could file a notice of intent to enforce its copyright with the Copyright Office, thereby putting all reliance parties on constructive notice of its intent.\(^{97}\) Alternatively, at any time, a copyright owner may serve a notice of intent directly on a party.\(^{98}\)

2. Constitutional Challenges to Copyright Restoration

In *Golan v. Ashcroft*,\(^{99}\) the District of Colorado was asked to consider the constitutionality of the copyright restoration. Plaintiffs asserted that section 514 of the Uruguay Round Agreements Act

---


98. See § 104A(e)(2) (2006). A “reliance party” is given a grace period to sell existing stock before it can be liable for infringement. § 104A(h)(4) provides for three categories of “reliance parties”:

(A) any person who, with respect to a particular work, engages in acts, before the source country of that work becomes an eligible country, which would have violated section 106 if the restored work had been subject to copyright protection, and who, after the source country becomes an eligible country, continues to engage in such acts;

(B) any person who, before the source country of a particular work becomes an eligible country, makes or acquires 1 or more copies of that work; or

(C) any person who, as the result of the sale or other disposition of . . . significant assets of a person described in subparagraph (A) or (B), is a successor, assignee, or licensee of that person.


(URAA)\textsuperscript{100} violated 1) the Copyright and Patent Clause, 2) the First Amendment, and 3) the Fifth Amendment’s substantive due process guarantees. Section 514 of the URAA restored copyright protection to works that were still protected in their “source countries,” but had fallen into the public domain in the United States owing to the failure to comply with a formality, such as notice or renewal.\textsuperscript{101}

Shortly after the complaint was filed, the Supreme Court granted the petition for certiorari in the \textit{Eldred} case. Ashcroft filed a motion to dismiss all claims. As a result of the decision by the Supreme Court to hear the case, Judge Babcock stayed the proceedings until after the \textit{Eldred v. Ashcroft} decision was announced. In response to the decision, the plaintiffs filed an amended complaint. Ashcroft filed an amended motion to dismiss.

The judge granted the Rule 12(b)(6) motion to dismiss the Copyright Term Extension Act claim based on the grounds that the Supreme Court’s decision in \textit{Eldred} foreclosed any arguments on the constitutionality of the Copyright Term Extension Act, and therefore the plaintiffs’ legal theories were “not cognizable as a matter of law.”\textsuperscript{102} The motion to dismiss the claims related to the restoration of copyright protection to works that had already been in the public domain, and in some cases, for quite some time, was denied. While there was not a strong enough reason to grant the Rule 12(b)(6) motion to dismiss, shortly thereafter the court granted the government’s motion for summary judgment.\textsuperscript{103} Although the district judge denied the motion to dismiss the claims related to the legality of copyright restoration in the earlier proceeding, after hearing the arguments on the merits in \textit{Golan v. Gonzales}, the court granted summary judgment in favor of the government, holding that Congress was within its power to restore copyright to works that had

\textsuperscript{100} Pub. L. No. 103-465 (1994).
\textsuperscript{101} Section 514 of the URAA is codified in § 104A of the Copyright Act of 1976. See Troll Co. v. Uneeda Doll Co., 483 F.3d 150 (2d Cir. 2007) (successful action for infringement of restored copyrights of Troll Dolls that formerly were in the public domain).
\textsuperscript{102} See Golan v. Ashcroft, 310 F. Supp. 2d at 1218.
\textsuperscript{103} See id. at 1220.
previously lost their protection, or even to grant protection to works that never were protected at all.\textsuperscript{104}

There was another case at around the same time challenging the constitutionality of copyright restoration, \textit{Luck’s Music Library, Inc. v. Ashcroft}.\textsuperscript{105} The plaintiff, Luck’s Music, is a family-owned corporation that repackages and sells works already in the public domain, usually classical orchestral sheet music. Its customers comprise greater than “7,000 orchestras ranging from elementary to operatic and[. . .]12,000 individuals worldwide.”\textsuperscript{106} The court noted that “[m]uch of Luck’s Music’s catalog of music consists of music composed and published in countries ineligible for copyright in the United States due to their refusal to provide reciprocal protection.”\textsuperscript{107} The court further noted that “[w]orks ineligible for copyright composed ten percent of Luck’s Music’s total inventory and netted average annual sales of $150,000.”\textsuperscript{108} The District Court for the District of Columbia held that Congress was acting legally in enacting the URAA and § 104A. The court noted that at the time of the Copyright Act of 1790, Delaware, Maryland, and Pennsylvania did not have any scheme of protection for authors’ works. Those unprotected works would have been available for all to use. By granting federal copyright protection to the preexisting public domain works created by authors from those colonies, the Framers were

\textsuperscript{104} Golan v. Gonzalez, 74 U.S.P.Q.2d, 2005 WL 914754 (D. Colo. Apr. 20, 2005). The Attorney General of the United States is the named party when the government is sued challenging the constitutionality of a statute. John Ashcroft was the Attorney General when the judge denied the government’s motion to dismiss. When the summary judgment opinion was handed down, Alberto Gonzales was the Attorney General.


\textsuperscript{106} 321 F. Supp. 2d at 110.

\textsuperscript{107} \textit{See id.} In discussing Luck’s Music catalogue, the court stated:

\begin{quote}
For example, Russian works published in the former Soviet Union such as \textit{Peter and the Wolf} and \textit{Love and Three Oranges} by Prokofiev; \textit{Symphony No. 5} and \textit{Festive Overture} by Shostakovich; \textit{Masquerade Suite} and \textit{Spartacus Ballet} by Khatchaturian; \textit{Russian Sailor’s Dance} and \textit{Red Poppy Ballet Suite} by Glier; \textit{The Comedians, Piano Concerto,} and \textit{Cello Concerto} by Kabalevsky; and \textit{Soldier’s Tales} and \textit{Symphony of the Winds} by Stravinsky remained in the public domain in the United States.
\end{quote}

\textit{Id.}

\textsuperscript{108} \textit{Id.}
doing exactly what the plaintiffs were saying was unconstitutional and against the original intent of the Copyright Clause.\textsuperscript{109} The government's 12(b)(6) motion to dismiss was granted.\textsuperscript{110} Again, a challenge to legislation related to the duration of protection was upheld as a valid exercise of Congressional authority not in conflict with the First Amendment.

II. THE FAIRNESS IN MUSIC LICENSING ACT - “YOU CAN’T TAKE THAT AWAY FROM ME” \textsuperscript{111}

A. U.S. Statutory Background

As discussed above, almost all of the copyright legislation of the late 20th century was enacted to be conform, either voluntarily or as part of an obligation under a treaty or other agreement, with the copyright laws of most of the rest of the industrialized world, pursuant to the Berne Convention, TRIPS, the WIPO Copyright Treaty, and the WIPO Performances and Phonograms Treaty. The vast majority of these statutory additions or amendments in United

\textsuperscript{109} See Luck’s Music, 321 F. Supp. 2d at 113-14. The court states:
Before the ratification of the Constitution, the Articles of Confederation granted any powers not expressly delegated to Congress to the States. Articles of Confederation, Art. II. Because the Articles of Confederation did not vest Congress with the power to protect intellectual properties, it fell to each state to pass its own copyright statute. Id.; see also EDWARD C. WALTERSCHEID, THE NATURE OF THE INTELLECTUAL PROPERTY CLAUSE: A STUDY IN HISTORICAL PERSPECTIVE 31 (2002); 8 NIMMER & NIMMER, supra note 2, App. 7[B][1] (reprinting the Continental Congress’s recommendation that states pass intellectual property protection laws). Not all of the states, however, enacted statutory copyright laws. LYMAN RAY PATTERSON, COPYRIGHT IN HISTORICAL PERSPECTIVE 183-84 (1968); 8 NIMMER’S COPYRIGHT, App. 7[C] (reprinting the states' copyright statutes in Appendix 7). Delaware, Maryland and Pennsylvania never enacted copyright statutes. BRUCE W. BUGBEE, GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW 123-24 (1967). Accordingly, three of the original thirteen states did not have any kind of copyright protection. Id. Thus, Congress’s actions with the enactment of the 1790 Act created retroactive copyrights for works published by the citizens of these three states.

\textsuperscript{110} Recognizing the constitutional legitimacy of the Copyright Restoration Act, in Troll Co. v. Uneeda Doll Co., 483 F.3d 150 (2d Cir. 2007), the Second Circuit upheld restored copyrights in Troll Dolls in an infringement action against a competitor.

\textsuperscript{111} With apologies to the late great George and Ira Gershwin. “You Can’t Take That Away From Me” was first performed on screen by Fred Astaire in the movie Shall We Dance (1937) (“The way you wear your hat, the way you sip your tea . . . no, no, they can’t take that away from me.”).
States copyright law were decidedly pro-author. Copyright terms were lengthened. Copyright formalities were eliminated. Copyright renewal became automatic.

One piece of legislation, however, included as Title II of S. 505 and signed into law by President Clinton on October 27, 1998, was conspicuously anti-author. Ironically titled, “The Fairness in Music Licensing Act” (FMLA), codified in Section 110(5), provides exemptions to “small businesses” from the obligation to pay royalties to copyright holders for “public performances” of radio or satellite transmissions or retransmissions of material embodying musical compositions. Interestingly, the “Fairness in Music Licensing Act” is the second part of the same law that contained the “Sonny Bono Copyright Term Extension Act.” Congress giveth and Congress taketh away in the same piece of legislation.

The “small business” exemption was not based on the revenue or profitability of the business, but instead it was based upon the square-

---

112. Other legislation in the Copyright Act of 1976 was also pro-author. For example, “works made for hire” now contained a provision that applied to commissioned works or works created by independent contractors, as well as works created by employees within the scope of employment. See 17 U.S.C. §§ 101(1)-(2). The provision that was applicable to independent contractors contained a list of nine categories of works that could be “works made for hire” along with requirements that there be a written agreement signed by the creative party stating that the work was, indeed, a “work made for hire.” The result of the change was that if there was not a true employment related nexus between the parties under the Restatement of Agency §220, if the work was not in one of the nine enumerated categories, or if there was a problem with the writing requirement, the work could not be a “work made for hire.” As a result, creative parties were the statutory “authors” of many works that probably have been deemed “works made for hire” under the 1909 Act. See generally Michael Landau, “Works Made for Hire” After Community for Creative Non-Violence v. Reid: The Need for Statutory Reform and the Importance of Contract, 9 CARDozo ARTS & ENT. L.J. 107 (1990).

113. S. 505 became Pub. L. 105-298 (1998). Title I is the “Sonny Bono Copyright Term Extension Act” and Title II is the “Fairness in Music Licensing Act of 1998.”

114. “Section 110(5) does not apply to the use of recorded music, such as CDs or cassette tapes, or to live performances of music.” See World Trade Organization, Panel Report, United States—Section 110(5) of the US Copyright Act, ¶ 2.16, WT/DS160/R (June 15, 2000), available at http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds160_e.htm (click on link to “Panel Report”) [hereinafter WTO Panel Report].

footage-area of the business establishment. Under the newly amended § 110(5)(B), business establishments that serve food and liquor with an area of fewer than 3,750 square-feet were exempt, and retail establishments that did not serve food or liquor with an area of fewer than 2000 square-feet were also exempt.116

In 1995 the Congressional Research Service (CRS), in a study for the Senate Judiciary Committee, reported that approximately 65.2%

116. § 110(5)(B) provides:

(B) communication by an establishment of a transmission or retransmission embodying a performance or display of a nondramatic musical work 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—

(i) in the case of an establishment other than a food service or drinking establishment, either the establishment in which the communication occurs has less than 2,000 gross square feet of space (excluding space used for customer parking and for no other purpose), or the establishment in which the communication occurs has 2,000 or more gross square feet of space (excluding space used for customer parking and for no other purpose) and—

(I) if the performance is by audio means only, the performance is communicated by means of a total of not more than 6 loudspeakers, of which not more than 4 loudspeakers are located in any 1 room or adjoining outdoor space; or

(II) if the performance or display is by audiovisual means, any visual portion of the performance or display is communicated by means of a total of not more than 4 audiovisual devices, of which not more than 1 audiovisual device is located in any 1 room, and no such audiovisual device has a diagonal screen size greater than 55 inches, and any audio portion of the performance or display is communicated by means of a total of not more than 6 loudspeakers, of which not more than 4 loudspeakers are located in any 1 room or adjoining outdoor space;

(ii) in the case of a food service or drinking establishment, either the establishment in which the communication occurs has less than 3,750 gross square feet of space (excluding space used for customer parking and for no other purpose), or the establishment in which the communication occurs has 3,750 gross square feet of space or more (excluding space used for customer parking and for no other purpose) and—

(I) if the performance is by audio means only, the performance is communicated by means of a total of not more than 6 loudspeakers, of which not more than 4 loudspeakers are located in any 1 room or adjoining outdoor space; or

(II) if the performance or display is by audiovisual means, any visual portion of the performance or display is communicated by means of a total of not more than 4 audiovisual devices, of which not more than one audiovisual device is located in any 1 room, and no such audiovisual device has a diagonal screen size greater than 55 inches, and any audio portion of the performance or display is communicated by means of a total of not more than 6 loudspeakers, of which not more than 4 loudspeakers are located in any 1 room or adjoining outdoor space;

(iii) no direct charge is made to see or hear the transmission or retransmission;

(iv) the transmission or retransmission is not further transmitted beyond the establishment where it is received.
of all eating establishments and 71.8% of all drinking establishments would have fallen "within a smaller 3,500-square-foot limit. Also, according to the CRS Report, "27 percent of retail establishments would have fallen under a 1,500-square-foot limit." In 1999, the performance rights society ASCAP requested that Dun & Bradstreet (D&B) prepare an update to the CRS report to reflect the size criteria in the recently passed FMLA. According to the D&B Report, approximately "70 per cent of eating establishments and 73 per cent of drinking establishments fell under the 3,750 square feet limit, and that 45 per cent of retail establishments fell under the 2,000 square feet limit." Greater than two-thirds of bars and restaurants and approximately one-half of retail stores fell within the exempted size limits. The question that arises is to whom is the "Fairness in Music Licensing" fair? It certainly cannot be fair for music copyright holders to be deprived of the majority of revenue from public performances of their musical compositions in United States businesses.

Given the broad scope of the FMLA and the percentage of businesses that would no longer have an obligation to pay for the music in their establishments, several intellectual property and international trade experts questioned and criticized it before it was passed, saying that it went too far and probably violated obligations under the Berne Convention and TRIPS. The Register of Copyrights, Marybeth Peters, stated:

An exception this broad appears to be outside the scope of permissible 'small exceptions' to the Berne rights of public

117. WTO Panel Report, supra note 114, ¶ 2.11.
118. American Society for Composers, Authors, and Publishers (ASCAP), Broadcast Music, Inc. (BMI), and SESAC (originally the Society of European Stage Authors and Composers) are the three organizations in the United States that are responsible for monitoring, collecting, and distributing music performance royalties.
120. See id.
121. See McCluggage, supra note 31, at 16–18 (discussing the testimony on July 17, 1997 before the Subcommittee on Courts and Intellectual Property, House Committee on the Judiciary. 105th Cong. (H.R. 789 Hearings)).
performance and communication. Allowing virtually every business to play music to its customers through loudspeakers or audiovisual devices would invite a difficult case against the United States for violating our TRIPS obligations.\textsuperscript{122}

The Commissioner of Patents and Trademarks, at the time, Bruce A. Lehman, was in accord, as were Representative Henry Hyde and the Deputy U.S. Trade Representative Richard W. Fisher.\textsuperscript{123}

B. Relevant Provisions in the Berne Convention and the TRIPS Agreement.

As a signatory to the TRIPS Agreement, the United States is obligated to follow its provisions and any provisions of the Berne Convention that are incorporated by reference. Article 9.1 of the TRIPS Agreement places an obligation on WTO Members to comply with Articles 1-21 of the Berne Convention,\textsuperscript{124} (with the exception of the moral rights provisions contained in Article 6bis.)\textsuperscript{125} The relevant

\textsuperscript{122} Id. at 17 (quoting Marybeth Peters, Register of Copyrights).
\textsuperscript{123} See id. at 16–18 (citing and quoting the testimony of Messrs Lehman, Hyde, and Fisher at the H.R. 789 Hearings.).
\textsuperscript{124} The TRIPS Agreement, in Part II, Section 1, Articles 9–13, contains the substantive standards of copyright protection. See WTO Panel Report, supra note 114, ¶ 6.17.
\textsuperscript{125} One of the reasons that it took the United States so long to join the Berne Convention was the great difference of opinion between the United States, on one hand, and most of the European countries regarding the protection of moral rights (droit moral). "Moral rights" grows from the Kantian or Hegelian view that an artistic or authorial work is an extension of the person of the artist or author. See GEORG W. F. HEGEL, PHILOSOPHY OF RIGHT (T.M. Knox trans., 1952) and IMMANUEL KANT, OF THE INJUSTICE IN COUNTERFEITING BOOKS, IN ESSAYS AND TREATISES ON MORAL, POLITICAL, AND VARIOUS PHILOSOPHICAL SUBJECTS 225, 229–30 (W. Richardson trans., 1798). The term "moral rights" is a translation of the French droit moral. The translation can be misleading, for droit moral does not deal with common notions of morality, but more with a right of attachment or association with one's art. See Roberta Kwall, Copyright and the Moral Right: Is an American Marriage Possible?, 38 VAND. L.REV. 1 (1985). Stephen Ladas proposed as a more appropriate concept the German term urheberpersonlichkeitsrecht, which translates into "right of the author's personality." 1 STEPHEN LADAS, THE INTERNATIONAL PROTECTION OF ARTISTIC AND LITERARY PROPERTY § 272 (1938); Sidney A. Diamond, Legal Protection for the 'Moral Rights' of Authors and Other Creators, 68 TRADEMARK REP. 244 (1978). See generally Michael Landau, Colourization, Copyright and Moral Rights: A U.S. Perspective, 5 INTELL. PROP. J. 215 (1990); John H. Merryman, The Refrigerator of Bernard Buffet, 27 HASTINGS L.J. 1023 (1976); Burton Ong, Why Moral Rights Matter: Recognizing the Intrinsic Value of Integrity Rights, 26 COLUM. J.L. & ARTS 297 (2003); Martin A. Roeder, The Doctrine of Moral Right: A Study in the Law of Artists, Authors and Creators, 53 HARV. L. REV. 554 (1940); Dan Rosen, Artists' Moral Rights: A European Evolution, an American
sections of the Berne Convention, as incorporated in TRIPS through Article 9.1, are Article 11bis(1)(iii), as well as Article 11(1)(ii).

Article 11bis(1) provides:

Authors of literary and artistic works shall enjoy the exclusive right of authorizing:
(i) the broadcasting of their works or the communication thereof to the public by any other means of wireless diffusion of signs, sounds or images;
(ii) any communication to the public by wire or by re-broadcasting of the broadcast of the work, when this communication is made by an organization other than the original one;
(iii) the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work.

Article 11(1) provides:

Authors of dramatic, dramatico-musical and musical works shall enjoy the exclusive right of authorizing:
(i) the public performance of their works, including such public performance by any means or process;
(ii) any communication to the public of the performance of their works.

Because the provisions in Articles 11 and 11bis of the Berne Convention give authors the exclusive rights to have their works broadcast or performed, the exemptions from liability created by §

---

110(5) of the U.S. Copyright Act would appear to be in direct contravention of TRIPS.

Just as the U.S. Copyright Act of 1976 has the fair use provisions\textsuperscript{126} to permit some unauthorized uses of copyrighted material, the Berne Convention and TRIPS contain provisions permitting a user of copyrighted material, in violation of a right, to avoid liability in certain cases by satisfying the “three-step test.”

Article 9(2) of the Berne Convention provides possible unauthorized reproductions of copyrighted works, “[T]he countries of the Union [shall] permit the reproduction of such works [1] in certain special cases, [2] provided that such reproduction does not conflict with a normal exploitation of the work and [3] does not unreasonably prejudice the legitimate interests of the author.”\textsuperscript{127} It is important to note that the three-step test as set forth in Article 9(2) of the Berne Convention only applies to the “right of reproduction” and not to any other exclusive right of the copyright holder. A broader version of the three-step test has been incorporated into TRIPS\textsuperscript{128} and the WIPO Copyright Treaty.\textsuperscript{129}

Article 13 of TRIPS provides, “Members shall confine limitations or exceptions to exclusive rights to [1] certain special cases [2] which do not conflict with a normal exploitation of the work and [3] do not unreasonably prejudice the legitimate interests of the right holder.”\textsuperscript{130}


\textsuperscript{127} Berne Convention, supra note 7, at art. 9(2) (bracketed numbers added).

\textsuperscript{128} TRIPS, supra note 8, at art. 13. The slight variation in verbiage in Article 13 narrows the application of the three-step test to limit each individual member state’s ability to provide for copyright exceptions, while still applying to all exceptions. See Alain J. Lapter, The WTO’s Dispute Resolution Mechanism: Does the United States Take it Seriously? A TRIPS Analysis, 4 CHI.-KENT J. INT’L. PROP. 217, 239 (2005).

\textsuperscript{129} Article 10 provides:

(1) Contracting Parties may, in their national legislation, provide for limitations of or exceptions to the rights granted to authors of literary and artistic works under this Treaty in certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author. (2) Contracting Parties shall, when applying the Berne Convention, confine any limitations of or exceptions to rights provided for therein to certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.

WIPO Copyright Treaty, art. 10, April 12, 1997, S. TREATY DOC. NO. 105-17.

\textsuperscript{130} TRIPS, supra note 8, at art. 13 (bracketed numbers added).
The slight variation in the language in Article 13 expands the scope of the three-step test from "reproduction of such works" to "exclusive rights." The expanded scope of the three-step test, as set forth in Article 13 of TRIPS should have the effect of limiting each individual member state's ability to provide for exceptions to the copyright holder's exclusive rights.131

C. The WTO Dispute

The Fairness in Music Licensing Act was signed into law on October 27, 1998. The reaction from the European music copyright holders and collection societies was swift. They believed that the newly amended § 110(5) violated Article 13 of TRIPS.132 Motivated by the Irish Music Rights Organisation (IMRO) and the Groupement Européen des Sociétés d'Auteurs et Compositeurs (GESAC),133 in January of 1999 the European Communities and their member states, pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) and Article 64.1 of TRIPS requested to have consultations regarding the legality of the "small business" exemption provisions. The initial discussions were fruitless, and the European Communities requested that the Dispute Settlement Body (DSB) of the WTO establish a panel to opine on the legal status of the relevant provisions of the U.S. Copyright Act. The panel met with the parties in November and December of 1999. The panel's final report was submitted to the parties on May 5, 2000, and made available to the public as WT/DS160/R on June 15, 2000.

131. See Laper, supra note 128, at 239.
132. Article 13 of the TRIPS Agreement, commonly known as the three-step test, sets forth the conditions for certain uses that may exempt one from copyright liability. For an excellent and detailed discussion of the three-step test, see generally Senftleben, supra note 34. Dr. Senftleben is affiliated with the WIPO in Geneva, Switzerland.
133. Groupement Européen des Sociétés d'Auteurs et Compositeurs (GESAC). Created in December 1990 in the form of an EEIG (European Economic Interest Grouping), GESAC, whose registered office is situated in Brussels, comprises 34 of the largest authors' societies in the European Union, Norway and Switzerland. (In English, European Grouping of Societies of Authors and Composers). GESAC represents nearly 500,000 authors or their successors in title in the area of music, graphic and plastic arts, literary and dramatic works, and audiovisual as well as music publishers. For information about GESAC, see http://www.gesac.org.
The real question before the panel was whether Section 110(5) satisfied the separate elements of Article 13 of TRIPS. Failure to satisfy any of the elements equals non-compliance. The analysis of each of the three criteria follows:

1. "Certain special cases"

The panel first analyzed the term "certain special cases." Could something that applies across the board all the time be considered a "certain special case" or must there truly be a unique or isolated incident. The United States argued that "public policy" should be considered to satisfy the first prong. The panel, however, believed that "the term ‘certain special cases’ should not lightly be equated with ‘special purpose.’"\textsuperscript{134} The broad application also "turns an exception into a rule."\textsuperscript{135}

In further considering whether the U.S. exemptions satisfied the "certain special cases" criterion, the panel referred to the CRS and D&B studies referred to above.\textsuperscript{136} "The factual information presented to us indicates that a substantial majority of eating and drinking establishments and close to half of retail establishments are covered by the exemption contained in subparagraph (B) of § 110(5). . . ."\textsuperscript{137} Such a broad exemption, therefore, did not qualify as a "certain special case."\textsuperscript{138}

The panel noted that because the elements of the three-step test of Article 13 were cumulative, failure to meet any one of them meant that the exemption from liability under Article 13 could not apply. Nonetheless, the panel decided to continue to analyze steps two and three.

\textsuperscript{134} WTO Panel Report, supra note 114, ¶ 6.111.
\textsuperscript{135} Id. ¶ 6.116.
\textsuperscript{136} See supra notes 105–107 and accompanying text.
\textsuperscript{137} WTO Panel Report, supra note 114, ¶ 6.133.
\textsuperscript{138} Id.
2. *Not Conflict With a Normal Exploitation of the Work*

As a starting point, the panel again looked at the ordinary meaning of the terms. The panel defined “exploitation of the work” as the uses and activities in which copyright holders engage “to extract economic value from their rights to those works.” The term “normal exploitation” did not have to mean the full exploitation of rights, but a “use from which an owner would...ordinarily expect to receive compensation.” Given the way that holders of copyrights to musical compositions receive their compensation, such an exception would deprive the copyright owner of “significant or tangible commercial gains.” The panel found that § 110(5)(B) conflicted with the “normal exploitation of the work.”

3. *Not Unreasonably Prejudice the Legitimate Interests of the Right Holder*

Finally, the panel turned its attention to the third requirement. The panel found that “interests” refers both to the legal right and use of property, as well as “something that is of some importance” to an individual. Likewise, the panel found that “legitimate” refers to both lawfulness and, from a normative perspective, “justifiable in the light of the objectives that underlie the protection of exclusive rights.”

The panel found that there was “prejudice to the legitimate interests of right holders” if an “exception or limitation causes or has the potential to cause an unreasonable loss of income to the copyright owner.” Thus, if a particular limitation allows for “equitable remuneration,” the harm resulting from the limitation will not

---

139. *Id.* ¶ 6.165.
140. *Id.* ¶ 6.177.
141. *Id.* ¶ 6.183.
142. *Id.* ¶ 6.211.
144. *Id.* ¶ 6.224.
145. *Id.* ¶ 6.229.
146. A compulsory license or a levy is often viewed as “equitable remuneration.” German copyright law has embraced this notion for quite some time. *See*, e.g., Karsten M. Gutsche, *Equitable*
reach an unreasonable level and the limitation will survive this step.\textsuperscript{147} Under § 110(5), however, there was no scheme for “equitable remuneration” or any other kind of compensation. There was “unreasonable prejudice.”

The panel then recommended that “the Dispute Settlement Body request the United States to bring subparagraph (B) of Section 110(5) into conformity with its obligations under the TRIPS Agreement.”\textsuperscript{148}

On July 27, 2000, the DSB of the WTO held that the FMLA, codified in the newly amended § 110(5) of the Copyright Act of 1976, violated Article 13 of TRIPS. The provision exempting businesses under a certain physical size from the obligation to pay performance royalties was held to “conflict with a normal exploitation of the work” and “reasonably prejudice[d] the legitimate interests of the right holder.” At the following DSB meeting on August 24, 2000, the United States informed the DSB of its intention to implement the recommendations and rulings of the DSB in connection with this matter.

As a result of discussions to find a mutually acceptable resolution of the dispute, the United States and the European Communities agreed pursuant to Article 25 of the DSU to enter into arbitration in order to determine the level of nullification or impairment of benefits caused by § 110(5)(B) of the U.S. Copyright Act. The arbitrator determined that the economic losses to European copyright holders were €1,219,900 per year. On June 23, 2003, the parties notified the DSB that they had reached a “mutually satisfactory temporary agreement.”

The United States and the European Communities have reached the following temporary arrangement:

\textsuperscript{147} See \textit{SENFTLEBEN}, supra note 34, at 290.
\textsuperscript{148} WTO Panel Report, supra note 114, ¶ 7.2.
1. The United States shall make a lump-sum payment in the amount of $3.3 million (the "Payment") to a fund to be set up by performing rights societies in the European Communities for the provision of general assistance to their members and the promotion of authors' rights (the "Fund").

2. The Payment serves as a mutually satisfactory temporary arrangement regarding the dispute, for the three-year period commencing 21 December 2001. At least 45 days prior to the end of this period, if the dispute has not been resolved by that time, the parties will enter into consultations with a view toward reaching a final resolution.

3. Unless otherwise agreed, at any time after the end of the three-year period referred to in paragraph 2, or in case the United States fails to make the Payment within 45 days from the date on which the European Communities notifies the United States in writing that the Fund has been established, the EC may request that the arbitration under Article 22.6 of the DSU be resumed.¹⁴⁹

The “mutually satisfactory temporary agreement” expired on December 31, 2004. Since that time, the United States has filed each month virtually identical “Status Reports” regarding the progress of implementing any change in § 110(5) to be in compliance with Article 13 of TRIPS. The most recent “Status Report” as filed by the United States, dated 11 May 2007, reads as follows:

The United States submits this report in accordance with Article 21.6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU"). On 27 July 2000, the Dispute Settlement Body ("DSB") adopted its recommendations and rulings in United States—Section 110(5) of the US Copyright Act (WT/DS160). At the following DSB meeting on 24 August 2000, the United States informed the DSB of its intention to

¹⁴⁹ Notification of a Mutually Satisfactory Temporary Agreement, United States-Section 110(5) of the US Copyright Act, WT/DS160/23 (June 26, 2003) (emphasis added).
implement the recommendations and rulings of the DSB in connection with this matter. As a result of discussions to find a mutually acceptable resolution of the dispute, the United States and the European Communities agreed pursuant to Article 25 of the DSU to enter into arbitration in order to determine the level of nullification or impairment of benefits caused by Section 110(5)(B) of the US Copyright Act. After the arbitration, the parties reached a temporary resolution of the dispute, which was notified to the DSB on 23 June 2003. That temporary arrangement covered the period through 20 December 2004.

The US Administration is working closely with the US Congress and will continue to confer with the European Communities in order to reach a mutually satisfactory resolution of this matter.\footnote{150}

On its own, the “Status Report” does not look so bad. In context, it looks terrible. The United States has filed twenty-nine additional verbatim “Status Reports” saying “we’re working on it”—one every month, with the exception of December 2005—since it filed the first one on November 11, 2004, shortly before the “temporary agreement” was about to expire.\footnote{151}

Almost seven years have passed since the WTO held that there was a problem with the amendments to § 110 made pursuant to the Fairness in Music Licensing Act, yet the United States has not changed the provision. As of the date that this article was written, § 110(5) is still in violation of TRIPS.\footnote{152}

\footnote{150. WT/DS160/Addendum 29 (May 11, 2007).
152. The purpose of § 110(5), to exempt small business owners from having to pay performance royalties, could be fulfilled and the section would probably be held valid under the international agreements if the wording were changed to exempt from performance royalties only United States songs. For example, under the Berne Convention, the treatment of a foreign party may not be more restrictive that the treatment of that party at home. Therefore, owners of foreign works are exempt from.
It has been almost eight years since it was brought to the attention of the United States that a piece of its legislation that deprives copyright holders of payment for the use of their work was probably in violation of international law and the treaties that the United States had signed. The World Trade Organization has held that the “small business” exemption in § 110(5) of the Copyright Act does, indeed, violate provisions of the Berne Convention and the TRIPS Agreement. With the exception of a short period of time and an interim payment, the response has been, and still is, “we’re working on it!”

It is ironic that while allowing American businesses to enjoy the benefits of providing music to their customers without compensating copyright holders, and having been held without question to be in violation of international law for doing so by the WTO, the United States has been so indignant about “piracy” in China. Not paying for the commercial exploitation of authors’ copyrighted works is “piracy.” On April 9, 2007, the Bush Administration announced that it was filing two cases against China at the WTO.153

What would be the official reaction in the United States if seven years after being told by the WTO that its laws and behavior were in violation of international trade agreements, China responded monthly for years with its own version of our “Status Report?”

*The Chinese Administration is working closely with its leaders and legislators and will continue to confer with the United States in order to reach a mutually satisfactory resolution of this matter.*154

---


154. Or . . . worse. What would be the reaction of the United States if China amended its copyright laws to provide that: “All businesses smaller than _____ square-feet (or square-meters) are exempt from paying for the reproduction or distribution of copyrighted works?”
The United States is engaging in outrageous and flagrant defiance of the WTO by not amending § 110(5)(B) to bring it into compliance.

D. A Plausible Legislative "Fix" to § 110(5)

Bringing § 110(5) in line with TRIPS and Berne should not be very difficult. Requirements cannot be more onerous with respect to foreign works than they are in the home country. There can, however, be exceptions that apply to U.S. nationals that do not apply to the owners of foreign works. For example, under § 411, copyright holders of foreign works do not have to register prior to filing a complaint in federal court. Holders of the copyrights to U.S. works still must register.

Amending § 110(5) so that the exemptions apply only to U.S. works should bring it into compliance. Small business owners would be exempt from paying royalties for "public performances" of U.S. works, but would still have to compensate foreign copyright holders. Because § 110(5) applies to transmissions and retransmissions of broadcast or satellite material and not to live music or the on premises playing of CDs, it would be easy to track which compositions were performed from the playlists of the original broadcasters.

At the very least, Congress should amend § 110(5)(B) as described above. It would be better, however, to repeal it. Continuing to play music without paying royalties is a form of "piracy" in its own way.155

155. The decision to have music playing in a store, restaurant, or bar is a business based decision that is similar to the decision of whether to place art on the wall, or to use a certain theme for the general décor of the restaurant, or whether to have candles or strobe lights to illuminate the place. Music, as well as the specific genre, is part of the total ambiance of the restaurant. The fact that music is played in the background of so many businesses and restaurants logically leads one to believe that the proprietors do so because there is some benefit to including it. Perhaps it attracts customers in the first place. Perhaps that distinguishes the clientele of one restaurant from another.

Assume the following hypothetical example. There are four Italian restaurants, all with food of similar quality and equal waiting times, located on the same block. Restaurant, "Silentium Est Rutilus" never plays any music in the background. It attracts customers who really like to have intelligent philosophical, political, or romantic conversations at dinner without having to shout over background music. "That's Amore!" attracts a middle-aged nostalgia crowd. It looks like the stereotypical Italian
CONCLUSION

With content being available for reception and distribution instantaneously and internationally, it was, and still is, inevitable that nations with intellectual property protection schemes for copyrighted material would try to harmonize their copyright laws. This has been an ongoing process for over one-hundred years, with the United States jumping on the bandwagon at various times.

Individual laws, however, cannot be validly enacted without taking the larger national or international framework into account. In the United States, the Constitution—particularly the First Amendment and the Copyright Clause—provide the parameters for the legality of legislation. As a signatory to the Uruguay Round Agreements Act, TRIPS, the Berne Convention, and other international agreements, United States Copyright laws must be in compliance with our obligations to our fellow signatories. Of course, as usual, there are always “public policy” considerations. It is impossible for everyone to be happy with all restrictions on the free exchange, utilization, exploitation, and commercialization of content. It is axiomatic and often inevitable that some legislation will be challenged by parties who believe that they are genuinely aggrieved.

Parties challenging legislation must think of the true value and consequences, intended and unintended, of the litigation. At times,
rationality and a view toward the overall scheme of things must take precedence over fighting for a single principle of an expanded "public domain" in the United States.\footnote{While it sounds clichéd, the domestic litigation challenging the harmonization statutes, such as term extension, automatic renewal, and elimination of formalities, are classic "not seeing the forest for the trees" scenarios.} The decisions by the courts to uphold the Sonny Bono Copyright Term Extension Act, The Copyright Restoration Act, The Copyright Renewal Reform Act, and the Berne Convention Implementation Act were, in this author's opinion, foregone conclusions. Congress was acting pursuant to its constitutional authority, and in accordance with its treaty obligations.

We live in a global and interconnected society. For there to be certainty and guidance for scholars, artists, authors, and businesses alike, as well as fewer choice of law conflicts, the move to harmonize laws should continue. It is better to have a set of as close to uniform laws as possible for what is truly a global market.

"Equitable remuneration" may be the key in the form of reasonable compulsory licenses for certain uses. Works should be protected but still available. Remuneration should be low enough to encourage use and innovation, yet high enough to give fair compensation to those who enrich the lives of so many. Harmonization of copyright is here to stay. Now it is time to fashion a system that does not "unjustly prejudice" rights holders.