

Limitations on Copyright Protection

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[Excerpt from *Entrepreneurs' Guide to Patents, Trademarks, Copyrights Licensing and Trade Secrets* \(Penuguin/Putnam Press 2004\)](#)

It used to be that an infringer had to go to a lot of trouble and some expense to copy your work and distribute your work. Now, all it takes is a mouse click to create a mass mailing, and it costs virtually nothing to publicly display your work on a Website. Someone can even parody or criticize your work, your business, or your persona on a website, mass e-mailing or traditionally published format, co-opting your identifiable ideas for this purpose. Such an appropriation may be deemed “fair use.” Copyright infringement is difficult to police in an electronic age, and concepts of free speech and fair use may legally trump your right to control your copyrighted work product.

In This Chapter You Find Out:

- What to do if someone claims they thought of your idea first
- What constitutes “fair use” or copyrighted material for educational purposes
- Why works that are purely “useful” can’t be copyrighted
- Why it may not be copyright infringement if you publicly spoof or make fun of someone’s work
- Why you can rent a movie DVD and not a music CD

*In 1998, a dramatic sequel of sorts, involving the epic novel *Gone With the Wind*, published more than 50 years before, is played out in the courtroom of the Eleventh Circuit Court of Appeals.*

The plaintiff, SunTrust is the trustee of the estate of Margaret Mitchell, and as the legal representative, holds the copyright to “Gone With The Wind.”¹ The defendant, Sally Randall, is the publisher of a book called “The Wind Done Gone,” which admittedly uses scenes and characters from “Gone With The Wind.”

*Ms. Randall’s publisher, Houghton Mifflin, also a defendant, argues that the doctrine of fair use protects *The Wind Done Gone* because it’s a parody of *Gone With the Wind* and it is a critique of *Gone With the Wind*’s depiction of slavery and the Civil-War era American South. Ms. Randall explains it was necessary to appropriate characters, plot and major scenes from into the first half of *The Wind**

¹ *SunTrust Bank v. Houghton Mifflin Co.*, 136 F. Supp. 2d 1357, 1364 (N.D.Ga. 2001), vacated, 252 F.3d 1165 (11th Cir. 2001).

Done Gone. *The Court rejects the defendants' argument and that the Gone With the Wind copyright has been infringed.*

However, in a strikingly similar 1998 decision, the Second Circuit Court of Appeals reaches a different result regarding a book called The Seinfeld Aptitude Test, a trivia quiz book tests readers' recollection of scenes and events from the television series Seinfeld. The court holds that author had indeed copied substantial material from the protected elements of the Seinfeld series including characters and scenes, but nevertheless finds the work to be a permissible use of parody, one of the limitations on the scope of copyright protection.²

Copyright laws are intended to champion creativity, but are subject to limits intended to walk a tightrope between fostering innovative expression and creating monopolies on ideas.

Limitation Number#1: Doctrine of Independent Creation

Movie producers generally return unsolicited manuscripts they receive in their morning mail unopened. They want to avoid as many copyright infringement claims as possible, recognizing that any hit movie is inevitably going to produce some claims of infringement. Even unsuccessful claims cost time and money to defend.

The *Doctrine of Independent Creation* protects work that's independently developed, but turns out to be coincidentally similar to copyrighted work. Independent creation is often a core defense in infringement suits.

More than one aspiring writer has decided, independently, portray the life of Sally Hemings, the slave with whom Thomas Jefferson is said to have had an affair and several illegitimate children. So long as each of these writers develops their manuscripts independently, they are entitled to copyright protection. Sally Hemings' historical persona is not subject to copyright protection. However, each completed manuscript is an expression of that idea, and as such, is copyrightable work.

<p>Business Tip: If you ever decide to write a movie screenplay, locate a reputable literary agent to contact the movie production companies on your behalf. Otherwise, your manuscript is likely to be returned unread</p>
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Because of the Doctrine of Independent creation, the movie producer who returns an unread manuscript is in a much better position to defend against an infringement action should he or she produce a movie having a vaguely similar plot line. The idea of a cute alien befriended by a child is an *idea* for anyone to pursue. The completed manuscript is an expression, protectable by copyright law.

². *Castle Rock Entertainment, Inc. v. Carol Publ'g Group, Inc.*, 150 F.3d 132, 136 (2d Cir. 1998).

The Issue of Access

The return of unopened manuscripts would seem a bit paranoid, if not for the fact that access is factor courts upon which many court decisions turn.

The Doctrine of Independent Creation is usually a pretty successful defense if the defendant who is being sued can prove she or she didn't have *access* to view the work that's allegedly been copied. On the other hand, if the alleged infringer did have to a the copyrighted work, it's a more difficult defense upon which to prevail.

Even if a later work is substantially similar to a previously copyrighted work, the effective presumption is that such works were independently created. A finding that the works are so similar, that it's implausible they were independently created can rebut this presumption.

Independently Inspired or Blatant Knock Offs?

If you take a black and white photo of the Grand Canyon or the Red Wood Forest are you infringing on Ansel Adams copyright? If you photograph your infant in cute costumes resembling flowers and vegetables, are you infringing Anne Geddie's copyright, since she is famous for such photos? Maybe so, depending on my access to the prior work and the level of similarity of distinctive, creative aspects of the photo.

In 1982, a photographer named John Duke Kisch took a photograph of a woman holding a musical instrument (a concertina) and standing in front of a mural at a famous nightclub, the Village Vanguard in New York. The angle at which the photo was shot, and the lighting were very distinctive.

In 1885, another photographer, Perry Ogden decided to photograph a different musician, holding a saxophone, in front of the same mural using the same angle and lighting. Ogden argued that the photos were different: his photo depicted a male performer holding a saxophone. The Kisch photo depicted a woman with a concertina. The court held, however, that the similarity of the angles, lighting and the use of the same corner of the nightclub was an unmistakable effort to reproduce the effect of the Kisch photo, resulting in a decision of infringement.³ Cite missing

Access to Popular Songs: The Essential Musical Kernel

In 1962 the Chiffons had a popular radio hit *He's So Fine*. Eight years later George Harrison hit the top ten charts with *My Sweet Lord*. Then he got hit with an infringement suit.

When you listen to the two songs, the similarities are so apparent you wonder why someone didn't take poor George aside in the recording studio and suggest to him there

³ *Kisch v. Ammirati & Puris, Inc.* (S.D.N.Y., 657 F. Supp 380) (1987).

might be a problem. The reviewing court concluded that the copying was probably unconscious and inadvertent. However, it was, unmistakably, copying.

Each song consisted of three notes repeated four times (“He’s so fine” or “My Sweet Lord”) followed by a series of 5 notes repeated 3 or four times (“Don’t know how I’m gonna’ do it” or “I really want to see you.”) Although the repetitions had a varied number of beats, the court found that these differences stemmed “that different words and number of syllables were involved. This necessitated modest alterations in the repetitions or the places of beginning a phrase, which, however, has nothing to do whatsoever with the essential musical kernel that is involved.”

The Harrison court seemed to base its decisions on the overall impact of the songs. The court found some notes had greater impact than others and that these formed the “essential musical kernel.”⁴

Limitation #2 The Utility Doctrine

The most useful innovations of our time are not subject to copyright protection-- precisely because they are useful. The *Utility Doctrine* prevents the copyright of any functional aspects of an expressive work. Only the expressive aspects can be copyrighted.

Why Can’t You Copyright Useful Things?

Giving protection to *ideas* would allow a copyright holder to enjoy a virtual monopoly on a topic. It would also allow people who express or memorialize methods and processes to circumvent the relatively lengthy and rigorous patent process (described in Part 3 of this book, *Practical Patent Concepts*). Allowing the first person who expresses methods, processes facts and ideas to copyright them would confer exclusive rights, without regard to who actually figures out how to implement the methods or processes in practical ways society can use.

The Utility Doctrine also makes a lot of sense when you consider the relatively low standard of what’s afforded protection under copyright law, and the high standard of “novelty” that applies in patent cases.

When the Doctrine Applies

The Doctrine of Utility most often comes into play when the subject of the copyright is pictorial or sculptural works. This is an area where it’s particularly hard to separate expressive artistry from functionality. The statute, in a clear-as-mud fashion, specifically addresses the difference between protectible expression and unprotected functionality:

⁴ ABKCO Music Inc. v. Harrisongs Music, Ltd., 722 F2d. 988(2d Cir. 1983).

“Pictorial, graphic, and sculptural works”... shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article, as defined in this section, shall be considered a pictorial, graphic or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.⁵

If you hold a copyright in a work that’s both artistic and functional, the functional aspects of your work aren’t subject to copyright protection. A good example of the difficulty of this distinction is the classic pedestal chair, designed by Eero Saarinen, in the 1950’s, similar to the one shown in **Figure 8-1**.⁶ The chair rests on a single pedestal instead of four legs. This apparently was no small feat, requiring experimentation of materials and shapes for the pedestal. While the design of the chair is expressive and artistic, it’s also functional. If you modify a component of the pedestal chair, you may be left sitting on the floor.

The Doctrine of Utility can have strange applications when it comes to designs involving drawings or plans – for example for a dress, or a building or a pedestal chair. The drawings and plans are copyrightable; no one can copy them since they are clearly expressions of an idea. However, it may *not* be infringement for someone else to simply produce the items, especially if they are merely copying the utilitarian aspects.

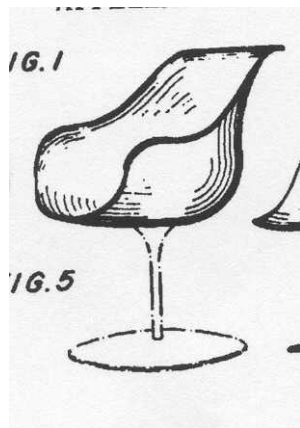


Figure 8-1 Eero Saarinen Pedastel Chair: Is it Functional or Expressive?

Blurring the Line Between the Useful and the Expressive

The line between patent and copyright protections is supposed to be clear cut, but it’s not. Attorneys’ arguments as to why one and not the other applies can be as creative as the material they’re hired to protect

⁵ 17 U.S.C. Sec. 101 and Sec. 113.

⁶ Reproduced from Application of Erwine and Estelle LaVerne, Patent Appeal No. 7546 (1966).

The Doctrine of Utility has been the subject of considerable criticism in the U.S., because European countries don't specifically have statutes to invoke it. This gives European competitors an advantage in foreign markets, because their designs may be more fully protected.

Congress has passed two specific copyright exceptions to the Doctrine of Utility. In 1990, legislation was passed to protect architectural works, and in 1998 boat hull designs were specifically afforded protection. This means that these types of works can now be copyrighted, even though it's not possible to separate their functional and artistic elements.

More importantly, the line seems to be moving in from the patent side, with patent law beginning to encroach on what has previously been the exclusive domain of copyright. Chapt11: *What You Can Patent: Utilities, Business Methods, Plants and Designs*, explains, certain ornamental aspects of a design can now be patented. Mr. Saaranin received a design patent on his pedestal chair in 1958.⁷

Limitation #3: The Doctrine of Fair Use

Copyright laws are intended to promote creativity, not to foreclose future creations by granting mini-monopolies on ideas. Fair use is a safe harbor for artists and innovators, that allows them to use portions of protected materials in specific ways. It protects users from getting slapped with a copyright suit exercising their first amendment rights.

The Fair Use Statute

“Fair use” is a culmination of two centuries of case law that Congress rolled into Section 107 of the 1976 Copyright Act.

This statute is incredibly flexible or incredibly vague, depending on your perspective, and how you want to invoke it. The term “fair use” is never specifically defined. Instead, it's sort of parameterized by a listing of examples of uses that may be permissible, followed by a list of factors to help you decide whether the examples apply.

The relevant text of the statute is as follows (with emphasis added):

§ 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-

⁷ U.S.P.T.O. Des. 181,945 (January 21, 1958).

- (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.

The “Four Factor Test”: Interpreting the Fair Use Statute

The four factors outlined in the fair use statute above are a legal litmus test the courts use to determine what is and isn't fair use.

Sometimes an alleged infringer can make a pretty good case on some of the factors, but falls short on one or two others. Courts have discretion to decide how much weight to give each factor, and which factors carry the most weight.

The following guidelines for considering each factor are derived from the cases discussed in this chapter.

- **Non-Commercial Use is Favored:** Copying and using a work for commercial purposes is more likely to be viewed as an infringement than copying and using the same work for noncommercial purposes, such as copying a cartoon to make your kid a t-shirt.
- **Creativity is Protected More than Factual Work:** The more creative a work is, the greater the protection it enjoys. The more factual the work, the less protection it receives.
- **Both the Amount and Significance of Copied Material Count:** Not only the amount of copying, but the significance of the particular material copied a factor. For example, co-opting the opening line from a *Tale of Two Cities* or *Mobey Dick* may be viewed significant. Similarly, a few key lines of computer code from a lengthy program can be a major transgression if it's an essential algorithm.
- **Destroying the Value of Copyrighted Work is Frowned Upon:** A parody or commentary is generally fair use, but associating Mickey Mouse with drug use or prostitution may tarnish the value of the original copyrighted work. This factor may weigh against the argument that co-opting the cartoon is fair use.

Hustler Magazine v. the Moral Majority: Applying the Four Factors

In a maneuver showing more legal savvy than taste, Hustler magazine sued the moral majority, ironically playing the role of an aggrieved plaintiff. Although the interesting arguments brought by Hustler ultimately did not prevail, the case resulted in a very thoughtful judicial decision applying the four statutory factors, and some pretty provocative dissents.⁸

In 1983 Hustler Magazine published a parody featuring the Reverend Gerry Falwell, a pretty well known fundamentalist minister. The parody featured the Reverend Falwell describing the “first time” he had sex as occurring in an outhouse with his mother and saying that he always gets “sloshed” before sermons. At the bottom of the page in small print was the disclaimer “AD PARODY—NOT TO BE TAKEN SERIOUSLY.”

In an outraged response to the parody, the Moral Majority Inc., and ultra-conservative political lobbying group sent out two mailings signed by Falwell. The first mailing went out to about 500,000 of the organization’s members. The mailing described the parody and contained an impassioned plea for contributions to fund a lawsuit against Hustler to help Falwell “defend his mother’s memory.” The second mailing went out to 29,600 major donors, and included “a copy of the parody with eight of the most offensive words blackened out.”

Three days after the second mailing, Old Time Gospel Hour, a corporate sponsor mailed a similar solicitation to 75,000 supporters including a complete copy of the parody. The organization received about \$620,000 within about a week.

Realizing the impact that the parody had on his supporters, Falwell decided to display the parody on one of his nationwide television sermons. The amount of donations received from the broadcast was never disclosed. Hustler promptly sued the Moral Majority for copyright infringement.

The district court found in favor of the Moral Majority, and the appellate court affirmed, carefully applying the four factors outlined in Section 107 of the Copyright Act.

Factor #1: Purpose, Character and Commercial Nature

There was no question the Moral Majority distributed copies of Hustler’s work with an intent to profit from a financial appeal, and that the Moral Majority did in fact profit handsomely as the result of its appeal, raising almost a million dollars. In fact, the court noted “[b]ecause the [Moral Majority] used the parody for a profit making purposes, their use is presumptively unfair.”

However, the court went on to find that “[e]ven assuming the use had a purely commercial purpose, the presumption of [unfair use] can be rebutted by the characteristics

⁸ *Hustler Magazine, Inc. v. Moral Majority Inc.*, 769 F.2d 12148(9th Circuit 1986).

of the use.” Although the primary purpose of reproducing the parody was to raise money, the court recognized that the Moral Majority also “used the copies to rebut a personal attack on Falwell and make a political comment on pornography. There was no attempt to palm off the parody as that of [the Moral Majority]. In fact, the very opposite is true.” The court held that “Section 107 expressly permits fair use for the purposes of criticism and comment” precisely as the Moral Majority had used it.

Factor #2: The Nature of the Copyrighted Work

This is perhaps the vaguest of the four factors identified in the statute. The *Hustler* case sheds light on it.

The *Hustler* court interpreted this factor to mean that the “scope of fair use is greater when ‘informational’ as opposed to more creative works are involved.” They court gave this particular point to *Hustler*, finding that verbatim copying of the parody in its entirety did not really serve an “informational” purpose.

Factor#3: Amount or Substantiality of the Portion Used

There was no question in the *Hustler* case that the defendant copied the entire work of parody.

Hustler’s clever legal team quoted precedent stating, “this court has long maintained the view that wholesale copying of copyrighted material precludes application of the fair use doctrine.”⁹ The court found for *Hustler* on this point as well.

Factor#4: Effect Upon the Potential Market or Value

Did the Moral Majority’s use of the *Hustler* parody diminish its value? The effect on the potential market value was probably the toughest of the four factors to apply in this particular case.

The court noted that the “[t]he parody was first published September 27 and was off the news stands before the defendant’s first mailings in November. Thus, the republication did not diminish the initial sales... the effect on the marketability of back issues of the entire magazine is diminimis ...” The court found there could be no loss of potential sales because it was unlikely the Moral Majority or viewers of the Old Time Gospel Hour could be counted among *Hustler*’s readers.

Conclusion: The Moral Majority Prevails (Just Barely)

⁹ *Citing* *Marcus v. Rowley*, 695 F 2d 1171, 1176 (9th Cir. 1983).

The court held in favor of the Moral Majority despite finding that the reprinting of the parody was a commercial use that had been copied wholesale. The court found that there simply was no unfair exploitation of the Hustler's work, giving great weight to its own finding that the commercial value of the work had not been diminished.

As an aside, the Reverend Falwell later sued Hustler for libel and infliction of emotional distress. This case went all the way to the Supreme Court. Hustler prevailed in the civil suit.¹⁰ The magazine prides itself as a champion of first amendment freedoms, and probably didn't suffer from the publicity.

Good Legal Fun: Standards for Fair Use in Parody

Copyright can definitely take a joke.

Although the statute doesn't specifically protect parody, courts have uniformly held that humorous adaptations are a form of "comment" and "criticism." However the line is tough to draw between permissible parody, and definitely un-funny infringement. Courts have generally declined to articulate a clear test, instead opting for a "case by case" basis applying all four of the statutory factors. This approach leaves satirists and their attorneys to speculation.

Although it's tough to generalize, courts seem to allow as much copying as is necessary to make the spoof work. Courts favor works that draw recognizable caricatures, rather than copying images wholesale from the parodied work. Also, context appears to be an important factor to the courts in determining whether a parody has a tendency to diminish the value of the copyrighted work, which is the third factor cited in the statute. For example, MAD magazine is rarely sued because the context is clearly a spoof and rarely is the magazine outrageously offensive in its style. For example, MAD has previously co-opted Disney characters without being sued. However, when another publication, an underground magazine duplicated Disney characters in a parody that made references to sexual and drug related activities, Disney sued to enjoin them on the basis of copyright infringement and won.¹¹

The following are some examples of parody courts have found acceptable:

- MAD magazine lyrics sung to the tune of famous songs¹²
- A spoof of a Vanity Fair cover which feature an Annie Leibovitz photo of a naked, hugely pregnant Demi Moore. In the spoof, pictures of Bruce Willis and Leslie Nielson were shown naked and pregnant on fake magazine covers.¹³

¹⁰ 485 U.S. 46 (1987).

¹¹ Walt Disney Productions vs. Air Pirates 587 F.2d 751 (9th Cir. 1978).

¹² Berlin v. E.C. Publications, Inc., 321 F2d 541(2d Cir. 1964)

¹³ Leibovitz vs. Paramount Pictures, Corp., 137 F 3d. 109 (2d Cir. 1988).

- A parody of the song *Pretty Woman* by the musical group 2 Live Crew that contained sexually explicit lyrics.¹⁴ The court held that the commercial character and the excessive borrowing employed by the parody didn't outweigh its fair use purpose.

Not every parody has been deemed fair game. A parody using Dr. Seuss style illustrations to illustrate a story of the OJ Simpson trial was deemed infringement.¹⁵ A Jack Benny parody of a dramatic movie starring Ingmar Bergman, portraying a husband who attempts to drive his wife insane was also held not to be parody. The court commented the attempt at parody wasn't funny.¹⁶ So, in effect, the court was left to compare two dramatic works on a similar subject, one of which had blatantly borrowed heavily from the other.

Criticism and Commentary: The L. Ron Hubbard Case

No one enjoys criticism. And criticism can be especially stinging when someone co-opts portions of your own work product to criticize you.

Criticism is considered a fair use, subject to the four factor test identified in the fair use portion of the Copyright statute. And even a church is immune criticism. In 1990, the Second Circuit Court of Appeals had to take a look at book called *A Piece of Blue Sky: Scientology, Dianetics and L. Ron Hubbard Exposed*. The subject of the book was L. Ron Hubbard, the founder of the controversial Church of Scientology.

The author was a former, disenchanted member of the church "convinced that the church was a dangerous cult, and that Hubbard was a vindictive and profoundly disturbed man." The author referred to Hubbard as an "arrogant, amoral egomaniac" and a "petty, power hungry sadist." To buttress his criticisms the author borrowed liberally from Hubbard's work, reproducing entire passages.

The court held that "biographies in general, and critical biographies in particular fit 'comfortably within'" the boundaries of fair use. It noted that "the scope of fair use is greater with respect to factual as a opposed to non-factual works." In applying the four factor test, the court found it "unthinkable" that an unfavorable biography would diminish the commercial viability of the L. Ron Hubbard works referenced within. Nor was it persuaded that the author had appropriated so much of Hubbard's work that the substantiality factor of the test would justify, in and of itself, an injunction to prevent publication of the unfavorable biography.

In short, courts give a wide berth to commentary and criticism. Courts will not offer relief to copyright holders in situations where someone has properly attributed the work to the copyright holder, but hurt his or her feelings.

¹⁴ *Campbell v. Acuff-Rose Music Inc.*, 510 U.S. 569 (1994).

¹⁵ *Dr. Seuss Enters, LP v. Penguin Books USA Inc.*, (109 F.3d 1394 9th Cir. 1997)

¹⁶ *Benny v. Loew's Inc.*, 239 F.2d 532 (9th Cir. 1956).

For the Public Good: Scholarship and Research

Copyright law is designed to promote advancement, not people.

It's intended to provide incentives for production of creative works that benefit society as a whole. For this reason, technological advancement seems to have been given a lot of leeway at the expense of holders of specific copyrights.

The Sony Betamax Case

In 1976, Universal Studios and Walt Disney sued Sony Corporation for copyright infringement, alleging that some “individuals had used Betamax video tape recorders ... to record some of [their] copyrighted works.”¹⁷ Universal Studios and Disney limited their legal strategy to suing Sony and declined to sue any individual users of the emerging Betamax technology.¹⁸

What a dilemma for the courts! To rule in favor of a device so obviously used to circumvent the rights of copyright holders was to strike a blow to an emerging technology that consumers would clearly find useful (and fun).

The court stretched the law like flubber to create a precedent that would work for the situation. The court, instead that viewers were simply “time shifting” by making copies to view in time slots consistent with their schedule. The intent of the technology was this “legitimate” use justifying and legitimizing the marketing of the technology. The courts would not hold the manufacturers responsible for other unsavory uses, however foreseeable those illicit used might be.

Painting with an even broader brush to protect the emerging technology, the court stated “[e]ven unauthorized uses of a copyrighted work are not necessarily infringing. An unlicensed use of the copyright is not an infringement unless it conflicts with one of the basic rights conferred by the copyright statute.”

Unsuccessful in the courts, the movie industry prevailed upon Congress. It enjoyed mixed success. Initially it sought both legislation that would require a license fee for home use, and a prohibition on the renting of video tapes. (The latter being an exception to the First Sale doctrine discussed below). The industry receive neither of these concessions .

Instead, Congress included some limited concessions for the industry in the Digital Millennium Copyright Act of 1998. As of the July 1, 2000, video recorder manufacturers were required to include a special chip in their recorders that would recognize a copy protection system many movie manufacturers are including in their tapes.

¹⁸ *Sony Corp. of America v. Universal Studios, Inc.* 464 U.s. 417 (1984).

In any event, the video recorder proved to be an unexpected boom rather than a bust for the movie industry. Many movies now make far more from their video release than in the theater.

Reverse Engineering of Copyrighted Material

Another interesting case shows just how far courts will bend copyright principals to protect emergent technologies.

Important precedent emerged as the result of a technology used primarily by kids ___the competitive video game market.¹⁹ Sega made the popular Genesis game system played by millions of kids. In order to assure that only its licensees could sell cartridges compatible with its system, Sega implanted a special code.

Accolade “reverse engineered” Sega cartridges to learn the secret codes that would make its cartridges compatible with the Sega system. This involved producing print outs of the *object code*, which was a series of zeros and ones read by the computer, and then the *source code* written by programmers to create the object code. (The process of reverse engineering is discussed more fully in Chapter 11, *What You Can Patent: Utilities, Business Methods, Plants and Designs*

Accolade didn’t copy any of Sega’s actual games; only enough code to make its own games compatible with the Sega system. Sega sued for copyright infringement over what actually amounted to about 20-25 bytes of code. Sega initially won its suit in the district court, which issued a preliminary injunction to ban the sale of the Sega-compatible games manufactured by Accolade. On appeal the decision was reversed and the court held in favor of Accolade based on principals of fair use and public policy grounds.

Dissolving the preliminary injunction, the court held that reverse engineering was a legitimate activity if it was the only way to obtain access to those elements of the code that were not protected. The court stated “ disassembly of copyrighted object code is, as a matter of law, a fair use of the copyrighted work if such disassembly provides the only means of access to those elements of the code that are not protected by copyright and the copier has a legitimate reason for seeking such access.”

The court defended its novel interpretation of the fair use statute to permit reverse engineering on public policy grounds. The court described the public’s interest as follows:

Accolade’s identification of the functional requirements for Genesis compatibility has led to an increase in the number of independently designed video game programs offered for the use with the Genesis console. It is precisely this growth in creative expression, based on the dissemination of other creative works and the unprotected ideas contained in those works, that the Copyright Act was intended to

¹⁹ Sega v. Accolade 977F.2d 1510 (9th Cir.1992).

promote... [Sega's] attempt to monopolize the market by making it impossible for others to compete runs counter to the statutory purpose of promoting creative expression and cannot constitute a strong equitable basis for resisting the invocation of the fair use doctrine...

Recording Music With MP3

In 1992 Congress passed the Audio Home Recording Act which applied specifically to audio home recording devices. It requires manufacturers of digital audio recorders and digital audio tape to pay royalties of 2 to 3 percent.

In 1999 the Recording Industry Association of America (RIAA) sued Diamond Multimedia Systems in connection with its manufacture of a device called the "RIO."²⁰ The RIO is a portable music player that allows a user to download and listen to music files recorded in a special format known as MP3. The MP3 format allows files to be compressed and transferred across the Internet.

The RIAA requested a preliminary injunction, arguing that the Internet distribution of files would encourage the pirating of copyrighted material. The 9th Circuit court denied RIAA's request for an injunction, stating the RIO device didn't qualify as a "digital audio recording device" under the Audio Home Recording Act.

The court reasoned that the RIO did not allow direct recording of a digital music transmission; only of MP3 files. In language that was very reminiscent of the Sony Betamax case, the RIO court stated the "RIO operation is entirely consistent with the Act's main purpose- the facilitation of personal use... the RIO merely makes copies in order to render portable or 'space shirt' those files that already reside on the user's hard drive."

Going to Far: The *Napster* and *Aimster* Cases

Not every emerging technology receives the sympathy of the courts as "creative expression." Napster and its progeny Aimster are clear examples of emerging technology judges easily found to cross the copyright line.

Napster began as a teenage craze trading music files on the Internet and swelled to 60 million users of all ages. Napster was sued by several record companies charging that Napster violated copyright laws by allowing millions of users to download and swap protected music for free.

In March 2002, Napster was directed to comply with an earlier court order directing it to stop the transfer of copyrighted material. The order directed that the large recording companies that had sued Napster to provide Napster with lists of songs they want removed from the system. Napster installed software to block select titles from being transferred

²⁰ RIAA v. Diamond Multimedia Systems, 180 F. 3d 1072 (9th Cir. 1999).

through its system, but users quickly found ways to defeat it. For example, the software blocked identified song titles, but users could still search for misspelled or abbreviated versions of those same song titles. Ultimately, Napster was unable to function under the terms of the court order.²¹

But the market place had spoken, articulating a demand and a huge potential for inexpensive easily, downloadable music. In May 2002, German-based Bertelsmann AG agreed to buy Napster's assets for \$8 million. One of the terms of the contract was that Napster would seek bankruptcy protection, which would ultimately enable it to become a wholly-owned unit of Bertelsmann. The media company has invested more than \$85 million in Napster since October 2000.

Napster has been offline since Dec. 14, 2001 testing a new version of its software. It is developing a new pay service, which it claims will comply with the terms of the court's order and will respect the copyrights of owners and artists. No date has been set for the debut of this new technology.

After the legal demise of Napster, several imitators and wannabes emerged including MusicCity.com and Aimster. These systems used a *peer-to-peer* system in which the Music files were housed on a user's computer rather than a central server, as was the case with Napster. Aimster leveraged the popularity of AOL's Instant Messenger, by allowing users to trade music files with people on a list of users they compiled. (Aimster users did not have to be AOL subscribers.) As anyone could have predicted. Aimster was promptly sued by the music companies and the RIAA.

In November 2002 U.S. District Court Judge Marvin Aspen granted an all-encompassing preliminary injunction against Aimster. The court's had, two months earlier, granted the record companies' request for a preliminary injunction. In that prior ruling, the Court described the Aimster system as "a service whose very *raison d'etre* appears to be the facilitation of and contribution to copyright infringement on a massive scale." ²²

After issuing its opinion, the court asked for proposals from the parties as to the language for a permanent injunction. The record companies and music publishers submitted a proposal that the Aimster. Aimster did not submit its own proposal, arguing that it was impossible to filter out infringing recordings. The Court adopted the record companies' and RIAA proposal in full. The court ordered Aimster to:

- Immediately prevent its users from uploading and downloading copyrighted works, or shut down its operations until it could
- Employ known technological measures to prevent copyright infringement
- Keep the court updated on its continuing efforts to prevent infringement.

²¹ *A & M v. Napster*, 114 F. Supp. 2d 896, (N.D. Cal 2000) (granting injunction) ; affirmed in part 239 F. 3d 1004 (9th Cir. 2001).

²² *In Re Aimster Copyright Litigation*, slip op. 14265 (N.D. Ill. Sept. 4, 2002).

Following the Aimster decision, RIAA president Gary Rosen noted that “Chief Judge Aspen considered every argument presented by defendants and stated that Aimster 'managed to do everything but actually steal the music off the store shelf and hand it to Aimster's users.'” Rosen concluded "This decision helps to support the continued development of the legitimate on-line music market for fans, which is, of course, our goal in all of our on-line enforcement activities."

News Reporting

Technological advancement is not the only area where the public interest overrides the right of the copyright holder. The public’s right to know is another trump card over copyright.

In 1963 Abraham Zapruder took perhaps the most extraordinary home movie in history. He managed to film the clearest, most explicit footage of the Kennedy assassination. Zapruder immediately copyrighted the film and sold it to Time, Inc.

Subsequently a man named Josiah Thompson made unauthorized drawings of frames in the film to illustrate his book *Six Seconds in Dallas*. When Time, Inc. sued for copyright infringement, the court held that the overriding public interest rendered the renditions of the captured, copyrighted images fair use.

The court found an overriding interest “in having the fullest information available on the murder of President Kennedy. Thompson did serious work on the subject and has a theory entitled to public consideration. While doubtless the theory could be explained with sketches... the explanation action made in the Book with copies is easier to understand. The Book is not bought because it contained the Zapruder pictures; the Book is bought because of the theory of Thompson and its explanation, supported by Zapruder pictures.”²³

Fair Use and Unpublished Works

Some critics of the Zapruder case feared that it would curtail copyright protections by giving a free ride to anyone desiring to use copyrighted material of arguably historical significance. However, in a subsequent case, the Supreme Court upheld a copyright holder’s right to profit from the *first* publication of his or her work.

The Supreme Court held that fair use did not give Nation magazine to the right to publish except from President Ford’s book *A Time to Heal*, prior to the book’s publication. Since the Ford’s book was already scheduled for publication, the Court held the public interest in seeing the material would be served without Nation Magazine’s preemption.²⁴

The court stated that [I]f every volume that was in the public interest could be pirated away by a competing publisher... the public[eventually] would have nothing worth reading.”

²³ Time, Inc. v. Bernard Geis Associates, 293 F. Supp. 130 (S.D.N.Y. 1968).

²⁴ *Harper & Row Publishers v. Nation Enterprises*, 471 U.S. 539 (1985).

Limitation #4: The First Sale Doctrine

The First Sale doctrine is part of the current Copyright Act, which states “the owner of a particular copy of phonorecord lawfully made under this title, or any person authorized by such owner is entitled, without the authority of the copyright owner to sell or otherwise dispose of the possession of that copy or phonorecord.”²⁵

The First Sale Doctrine and the Digital Age

Generally, if you legitimately acquire a copyrighted work, such as a book, a videotape or a piece of art, from the owner, you have the right to do as you wish with it. No one is exactly sure how the First Sale Doctrine will survive the digital age, and what transformations it may undergo.

In the past, if you lent a book to a friend, only one of you could read it at a time. However, if you buy a digital book or movie, you could potentially share and distribute copies you’ve made with a number of people. The First Sale Doctrine was never intended to cover sharing among multiple users. However, legislation limiting your right to e-mail your single friend an isolated copy of your digital book could severely limit your right to do as you please with your copy under the First Sale Doctrine. As of the writing of this book, Congress has been silent as to how the First Sale Doctrine extends to digital sharing.

Existing Limitations on the First Sale Doctrine

This general rule is subject to many limitations, some of the most significant of which are the following:

- **Attribution and integrity of visual works** – a purchaser of a work cannot pass it off as his or her own work product or use the work in a way that degrades the integrity of the artist’s work, for example, by distorting or mutilating it.
- **Audio works**- In 1984, the music industry successfully lobbied Congress to pass a statutory exception to the First Sale doctrine which precluded the rental of music recordings. Presumably, such rentals would lead to unauthorized copies. (Particularly since many of the rental companies were also selling blank tapes to facilitate such copying.) The movie industry was unsuccessful in getting a similar provision passed for video rentals.

²⁵ 17 U.S.C. Sec. 109(a).

- **Computer Software** – In 1990, the computer software industry persuaded Congress it should be afforded the same treatment as the sound recording industry. The software industry now has its own statutory ban on rentals, carving out another exception to the First Sale Doctrine.

It 's an odd twist of fate and lobbying irony that the video rental amendment did not pass, while the music and software amendments sailed through congress. But in the end, the movie industry, profited nicely from the sales of videos. Profits from video releases often exceed the money made on the movie release.

The movie industry also subsequently won an important victory limiting the right of first sale in the context of movie viewing. In 1984, the U.S. Court of Appeals for the Third Circuit held that the copyright holder's right of public performance prohibits a business from *publicly* playing a movie.²⁶

Maxwell's video showcase was a business that had individual booths in which customers could view rented videos on a large theater type screen. The court held that "showcasing a video at Maxwell's is a significantly different transaction than leasing a tape for home use." Thus, public performance remains the exclusive right of the copyright holder, and limits what a purchaser can do under the first sale doctrine.

Cutting Into Copyright: How Deep Do the Doctrines Go?

With all of the exceptions and doctrines limiting the rights conferred by the copyright statute, you may wonder what a creator is left holding at the end of the day. The next chapter provides insight into bringing a successful action for infringement that doesn't run afoul of the doctrines discussed in this Chapter.

²⁶ *Columbia Pictures Industries, Inc. v. Redd Horne, Inc.*, 749 F.2d 154 (3rd Cir. 1984).