



COPYRIGHT HIGHLIGHTS

Noteworthy Developments 2010-2011

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TERMINATION OF TRANSFERS — SECTION 203

- Big development
- Clock is ticking



VILLAGE PEOPLE EXAMPLE

THE VILLAGE PEOPLE



TERMINATION OF TRANSFERS — SECTION 203

- Non-revocable right for authors (and their statutory heirs) to recapture transfers of copyrights
- If jointly-authored work, majority action required to terminate transfer

WHAT TRANSFERS CAN BE TERMINATED?

- Transfers or license of entire copyright or any right under copyright (whether exclusive or non-exclusive)
- Transfer or license must have been executed by the author after:

January 1, 1978



WHAT TRANSFERS ARE NOT COVERED?

- Works made for hire
- Grants made by author in his or her will
- Transfers by author's successors
- Derivative works prepared prior to termination may continue to be exploited under the terms of the original grant (but no new derivative works may be created after termination)

WORKS MADE FOR HIRE

- Work created by an employee within the scope of his or her employment
- Work that is specially ordered or commissioned in a written agreement and that is for use:
 - as a contribution to a collective work (e.g., magazine, newspaper, encyclopedia)
 - as a part of a motion picture or other audiovisual work
 - as a translation
 - as a supplementary work:
(such as a foreword, afterword, pictorial illustration, map, chart, table, editorial note or other work that comments on, illustrates, explains, revises, introduces, concludes or assists in the use of a work of another author)
 - as a compilation
 - as an instructional text
 - as a test
 - as answer material for a test
 - as an atlas

WHEN DOES TERMINATION TAKE EFFECT?

- Any time during a **5-year** window beginning **35** years from the date of execution of the grant
- If the grant covers publication of the work, then any time during a **5-year** window beginning at the *earlier* of **35** years from the date of publication or **40** years from the date of execution of the grant

EXAMPLE

Say you transferred the right to publish a book on January 1, 1979 and the book is published on January 1, 1980

Grant could be terminated any time during the 5-year window beginning at the end of 35 years after the date of publication (January 1, 2015), or 40 years from the grant (January 1, 2019), whichever is earlier — here, the earliest date you could terminate the transfer of rights would be in 2015

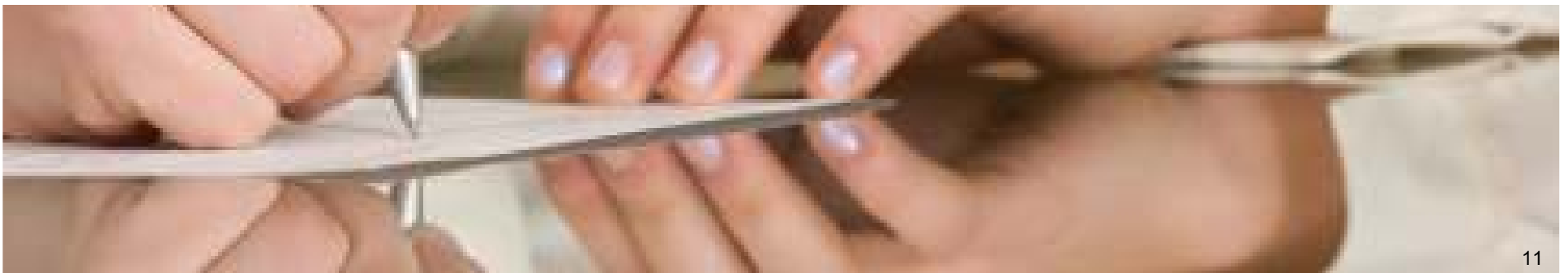
PROCEDURE FOR TERMINATING

- Must serve notice on the grantee or grantee's successor
- Either by personal service (delivery) or first-class mail
- See 37 C.F.R. Section 201.10(d)(1)
- Record notice of termination with the Copyright Office



FAILURE TO TERMINATE

- Termination is use-it-or-lose it
- If you don't terminate within the deadlines, the grant of rights continues as before
- Termination rights themselves cannot be contracted away or waived in advance



NOTEWORTHY CASES: Digital Millennium Copyright Act

- *Perfect 10 v. Google, Inc.*, 2010 U.S. Dist LEXIS 75071 (C.D. Cal. Jul. 26, 2010).
 - To invoke a search engine provider's takedown obligations under Section 512(d) of the DMCA, copyright holders must provide adequate notice of purported infringements. This requires the following steps:
 - (1) identify the work claimed to be infringed;
 - (2) identify the reference or link claimed to be infringing;
 - (3) provide enough information to allow the service provider to locate the reference or link
 - Perfect 10 did not provide Google with adequate notice with respect to nearly all of the purportedly infringing images linked to by Google's web and image search services.
 - Google was not required to have a "repeat infringer policy" under Section 512(i)(1) for services that do not have account holders or subscribers (i.e., text and image search services).



NOTEWORTHY CASES: Digital Millennium Copyright Act

- *Viacom v. YouTube*, 718 F. Supp. 2d 514 (S.D.N.Y. 2010)
 - Big victory for internet service providers
 - Safe harbor under the Section 512 of the DCMA:
 - (1) No “actual knowledge . . . that material on the system or network is infringing;
 - (2) No awareness of “facts and circumstances from which infringing activity is apparent”;
 - (3) Upon notification of infringement, provider “responds expeditiously to remove” the allegedly infringing material
 - **Issue in *Viacom*:** Does “actual knowledge” or “facts and circumstances from which infringing activity is apparent” mean general awareness of infringements or actual/constructive knowledge of specific infringements?
 - **Held:** “General knowledge that infringement is 'ubiquitous' does not impose a duty on the service provider to monitor or search its service for infringements.” *Id.* at 525.



NOTEWORTHY CASES: LICENSES

- *Vernor v. Autodesk*, 621 F.3d 1102 (9th Cir. 2010)
 - Held*: First sale doctrine does not apply to licensee of software.
 - Three considerations for determining whether a software owner is a licensee rather than an owner (all three met = license not sale):
 - (1) whether the copyright owner specifies that the user is granted a license;
 - (2) whether the copyright owner significantly restricts the user's ability to transfer the software;
 - (3) whether the copyright owner imposes notable use restrictions

NOTEWORTHY CASES: LICENSES

- *MDY v. Blizzard Entertainment* , 629 F.3d 928 (9th Cir. 2010)
 - Applying *Vernor*, the court held that video game purchasers were licensees, not owners, of a particular copy of a video game.
 - Though players of Blizzard's World of Warcraft who used MDY's "bot" may have violated Blizzard's EULA, they did not infringe Blizzard's copyright because infringement by **breach of condition only occurs when the breach "exceeds the scope of the license in a manner that implicates one of the licensor's exclusive statutory rights."**
 - But use of MDY's bot did violate the anticircumvention provision of the DCMA (section 1201(a)(2)) **even though such use did not infringe Blizzard's copyright** because the bot was designed to circumvent Blizzard's protective measures



NOTEWORTHY CASES: LICENSES

- *UMG Recordings, Inc. v. Augusto*, 628 F.3d 1175 (9th Cir. 2011)
 - *Issue*: A music company sends unsolicited, promotional CDs to a large group of recipients. The CDs are marked with language purporting to constitute a limited license to recipients that purported to prevent recipients from reselling the CDs. License or sale?
 - *Held*: Distribution of the promotional CDs constituted a sale (not a license) for purposes of the first-sale doctrine. The music company's rights to prevent recipients from reselling the promotional CDs were therefore exhausted.



UNIVERSAL MUSIC GROUP

FIRST SALE

Costco v. Omega, 541 F.3d 982(9th Cir. 2008), affirmed 131 S.Ct. 565 (2010)

- Omega claimed Costco infringed distribution and importation rights by the unauthorized sale of authentic, imported watches that bore a design registered in the U.S. Copyright Office. Costco claimed the “first sale” doctrine provided a defense.
 - 9th Circuit
 - First sale doctrine was unavailable as a defense
 - The watches were not “lawfully made under this title” (Copyright Act) because they were not created in the U.S. subject to U.S. law
 - Supreme Court (4-4 split)
 - Affirmed by an equally divided court



FIRST SALE

- *John Wiley & Sons v. Kirtsaeng*, 2011 WL 356003 (2nd Cir. 2011)
 - The Court affirmed an award of statutory damages to the plaintiff publisher of textbooks that were manufactured overseas and imported into the United States by the defendant without the authorization of the copyright owner.
 - *Issue*: When goods are manufactured overseas are the goods “lawfully made under [the Copyright Act]” and thus subject to the first sale doctrine?
 - *Held*: that the first sale doctrine does not apply to works manufactured outside the United States.
 - The Court read the Copyright Act to limit the scope of the first sale doctrine to goods manufactured within the United States.



FIRST SALE

- *Pearson v. Liu*, 656 F.Supp.2d 407 (S.D.N.Y., Sep. 25, 2009), certificate for of appealability granted, 2010 WL 623470, S.D.N.Y., Feb. 22, 2010
 - Judgment for plaintiff *dubitante*
 - Appeal stayed pending *Kirtsaeng* (5/21/10)
- *Pearson v. Kumar*, 721 F.Supp.2d 166, (S.D.N.Y. 2010) , aff'd, ___ Fed. Appx. ___, 2011 WL 4348010, (2nd Cir. Sep. 19, 2011)
 - First sale not available for foreign manufactured works after *Kirtsaeng*

IN RE LITERARY WORKS IN ELECTRONIC DATABASES LITIGATION

- Did licenses for publication in a print work cover subsequent electronic use? Class action settlement rejected.
 - 2nd Circuit - 509 F.3d 116, 2nd Cir.(N.Y.2007)
 - Vacated settlement based on lack of jurisdiction for vast number of claims with no copyright registration
 - Supreme Court - 130 S.Ct. 1237176 (2010)
 - Reversed and remanded – claims processing rather than a jurisdictional bar
 - 2nd Circuit - ___ F.3d. ____, 2011 WL 3606725
 - Settlement rejected – class of plaintiffs with unregistered works were not adequately represented

GOOGLE BOOKS UPDATE

– Timeline

- 2004 Google begins scanning books
- 2005 two lawsuits filed – later consolidated class action
- 2008 settlement reached
- 2011 court rejects settlement (March)
- Trial schedule set Sept. 15, 2011

– Updates

- “Freelancer” case settlement rejected with the 2nd Circuit saying “the district court abused its discretion in certifying the class and approving the Settlement, because the named plaintiffs failed to adequately represent the interests of all class members.” Seals the fate of the Google Settlement.
- Author’s Guild and other file suit against Hathi Trust and several universities who planned to make “orphan works” available
- Hathi Trust postpones release of “orphan works” after flaws in identification process found



AUTHOR'S GUILD v. HATHI TRUST

Claims similar to those in Google Books

– Hathi Trust Project

- Collection of digital works – most from Google Books project
- Orphan Works
 - Research rights and identify orphan works
 - Post a list of those works online
 - If owner does not come forward, release work
 - Project put on hold until process improved
- Non-orphan, in-copyright works
 - Full-text search
 - Metadata only
- No monetary damages sought
 - Sovereign immunity
 - Injunctive relief



Google™

HOT NEWS

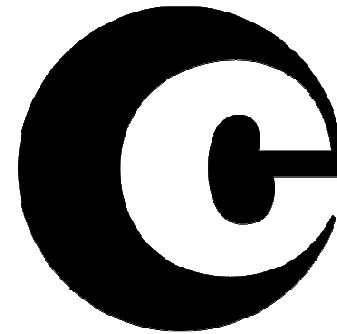
State tort law

- *Barclays v. Theflyonthewall.com*, _____ F3d. _____ (2nd. Cir. 2011)
 - Reduced the role of the tort
 - Underlying content not protected by copyright, but within the subject matter of copyright, therefore preemption possible.
 - Reports that culminated in recommendations are within © scope (they are recommendations based on facts – not the facts themselves.)
 - No “extra element”
 - Fly not free-riding – reporting the news of Plaintiff’s recommendations
- What does this mean?
 - The tort remains, but is significantly limited
 - First Amendment questions have not been addressed



COPYRIGHT OFFICE

- Changes in the Office
 - New Register – Maria Pallante
- Issues
 - Rogue website legislation
 - Gap in termination of transfer provisions – grants before 1/1/78 for works not created until after 1/1/78 (finds that they are governed under post 1978 law)
 - Modification of regulations related to automated databases consisting primarily of photographs
 - Discussions around potential changes for mandatory deposit



LEGISLATIVE

PROTECT IP Act “PIPA”(S.968)

- Rogue websites – dedicated to infringing activities – located outside US
- Government and copyright owners can ask a judge for an injunction against rogue sites and then seek to have service providers, payment processors and the like cut off access
- Criticized by technology groups

Innovative Design Protection and Piracy Prevention Act (H.R. 2511)

- Limited time protection for fashion designs outside of their functional qualities
- Home sewing exemption



FAIR USE

§ 107 “... for purposes such as criticism, comment, news reporting, teaching, ... scholarship or research”

Four factors

- Purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes
- Nature of the copyrighted work
- Amount and substantiality of the portion used
- Effect of the use on the potential market

Recent trend toward transformative use being key.

CARIOU v. PRINCE, 2011 WL 1044915 (S.D.N.Y. 2011) – appeal filed

Photos of Rastafarians used by
“appropriation artist” not fair
use.

- Prince was not commenting
on Cariou’s photos or subject
matter therein
- In addition to other factors,
use of photos was not
transformative



LaCHAPELLE v. FENTY(Rhianna), 2011 WL 2947007 (S.D.N.Y. 2011)

Images substantially similar to photos by LaChapelle's used in Rhianna's video.

- Fair use claim based on commentary on how Rhianna is treated by the press
- Court – to be transformative it must related to the original

Exhibit C:
"Latex" (top) and "Pink Hood Scene" (bottom)



Now for a mini-exam





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