

COPYRIGHT LAW

GENERALLY

Copyrightable Subject Matter

The Constitution of the United States provides Congress with the power to grant authors and inventors the exclusive right to their respective writings and discoveries as necessary to promote the progress of science and useful arts. Congress established copyright laws to provide copyright owners with a specific set of exclusive rights with regard to the material they create. Copyright ownership can be obtained in the following categories of materials (17 U.S.C. § 102(a)):

- (1) Literary works;
- (2) Musical works (including lyrics);
- (3) Dramatic works (including music);
- (4) Pantomimes/choreographic works;
- (5) Pictorial, graphic, and sculptural works;
- (6) Motion picture/audio visual works;
- (7) Sound recordings; and
- (8) Architectural works.

To the extent that any of the above works are original works of authorship fixed in a tangible medium of expression, they are entitled to protection under the copyright laws. The work must be original and creative, but not necessarily novel as is required in patent law. The work must simply be an independent creation that is not copied from any other work. See *Feist Publications Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991).

A database may qualify as copyrightable subject matter. While

individual facts or ideas are not copyrightable, a collection of data that is selected or arranged in a unique way may constitute a compilation and may be protected under the United States Copyright Act (17 U.S.C. § 101). According to *Feist*, a compilation must, however, contain a minimum level of creativity to be copyrightable. The database must be original in its selection, coordination, and arrangement. *Feist* rejected the “sweat of the brow” argument, which took into consideration the time and effort expended to create the database. Even uncopyrightable databases may be protected through a contract or license that limits the use of the database. See *ProCD, Inc. v Zeidenberg Inc.*, 86 F.3d 1447 (7th Cir. 1996). While acknowledging in *ProCD* that the database at issue - a compilation of names, addresses and phone numbers - may not have been sufficiently original to be copyrightable, the defendant in *ProCD* was still held liable for breach of contract based upon the terms of the shrink-wrap license.

Computer programs have also been deemed copyrightable subject matter. Computer programs receive protection under the category of literary works. The most protectable elements of computer programs reside with the object and source codes. See *Control Data Sys., Inc. v Infoware, Inc.*, 903 F. Supp. 1316 (D. Minn. 1995). This is because such codes represent expressions, rather than ideas. According to *Control Data*, the program’s main purpose and structure receive the least protection because such elements constitute abstract ideas, and ideas are never entitled to copyright protection.

Obtaining Copyright Protection

Copyright protection attaches immediately when the work is established in a fixed form. To obtain copyright protection you need not register or submit an application. There are, however, significant advantages to federal registration, which may warrant the copyright owner’s pursuit and compliance with the formalities of registering their copyright with the United States Copyright Office. Registration preserves statutory damages and the right to

obtain attorneys fees if you prevail in a copyright infringement action. Registration is also required prior to suing in any federal court and provides some evidence of presumed ownership.

In addition, a copyright notice is also no longer required to maintain copyright protection. There remain, however, significant advantages under United States copyright laws to include such a notice on any published work. To be effective, the copyright notice must contain three elements:

- (1) The letter “c” in a circle, such as “©,” the word “Copyright,” or the abbreviation “Copr.”;
- (2) The year of first publication of the work; and
- (3) The full name of the owner of the copyright.

In some countries, “All Rights Reserved” must appear and only the © is acceptable. A copyright notice might therefore appear as follows:

© Copyright 2001 XYZ, Inc. All Rights Reserved.

While it is impossible to copyright an idea, once the idea is expressed in a tangible form, the fixed tangible expression itself becomes subject to the copyright laws. Therefore, works of authorship fixed in digital storage devices are within the scope of copyright protection.

COPYRIGHTED MATERIALS ON THE INTERNET

If you transmit images via the Internet or allow for such transmission, you may also be considered a publisher of copyrighted material. As noted above, many different types of materials may be protected by copyright, including audiovisual works, musical compositions, sound recordings, visual art, photographs, graphics, animation, databases and computer programs. Such copyrightable materials are used throughout the Internet.

The creators of these original works of authorship retain the exclusive rights to: (1) make copies; (2) prepare derivative works; (3) distribute the copies of the work; (4) publicly perform literary, musical, dramatic, choreographic, pantomime, motion picture, and other audiovisual works; (5) publicly display literary, musical, dramatic, choreographic, pantomime, pictorial, graphical, sculptural, and individual images of audiovisual works; and (6) publicly perform sound recordings through digital audio transmission. These rights exist even without federal registration of the copyright. The right to prevent copying may be infringed as the Internet creates electronic access to copyrighted material, allowing reproduction of such materials to occur. For example:

- Copyrighted material may be copied into the memory of a computer;
- A printed document may be converted into a digital file;
- Photographs, motion video and sound recordings may be converted into digital form;
- A digital file may be uploaded or downloaded to a bulletin board system or other server;
- A file may be transferred from one user on a network to another;
- Browsing a document that resides on a web site may require the creation of a copy to display the information on another computer screen;
- Audio or audiovisual files may be transmitted; and
- Web sites may be cached, which creates copies of a web page and its content.

All of the above might be construed as an infringement of the exclusive right of the copyright owner to make copies of and distribute their work. On the Internet, however, where an

unlimited number of copyrighted materials can be made instantaneously available to a large number of people around the world, and each of these people can interact with and manipulate that material quickly and easily, it is difficult to enforce the copyright laws. At the same time, virtually every transmission on the Internet is likely to implicate some right of copyright owners, because copies of material can be made and distributed continually without explicit permission. To protect copyrights, many web sites contain explicit statements that restrict copying and require information to be used for personal use only. (For a discussion of web site disclaimers and notices see the section entitled Contracts Web Site Disclaimers and Notices).

Website and Data Not Copyright Infringement

A Florida court found no copyright infringement when a competitor website used an Internet “spider” software program to extract and copy information from a competitor’s website. The court determined that the extraction of what were deemed facts and their copying constituted fair use. Both websites allowed brokers to post listings of boats available for sale including pictures and descriptions. The Court determined that the individual brokers and not the website owner owned the copyrights in the pictures and descriptions posted on the website. The Court also rejected Plaintiff’s claims that the compilation of listings, the headings used on the website, or the “look and feel” of the website were infringed by Defendant. *Nautical Solutions Marketing Inc. v. Boats.com* 2004 WL 73121 (M.D.FLA. April 1, 2004).

DATABASE PROTECTION

Although there have been many recent attempts to increase copyright protection for databases in the United States, Congress has yet to find a solution that would allow protection beyond the mere selection and arrangement of the work without providing the copyright owner with a monopoly in the information contained in the database. Proposed legislation such as the Database Investment

and Intellectual Property Anti Piracy Act of 1996 (HR 3531) demonstrate efforts to extend protection to the creators and owners of databases that are not currently protected under United States copyright laws. *This legislation has not to date been enacted in the United States.*

Currently, databases are given greater protection in Europe. In 1996, the European Union adopted the Directive on the Legal Protection of Databases (“EU Directive”). The EU Directive basically rewards the “sweat of the brow” approach rejected by the United States Supreme Court in *Feist*. The EU Directive allows for protection of a database if it is sufficiently original or if its creation required a substantial investment of time and effort to compile the data. The Database Directive applies, however, only to databases created by developers whose countries provide reciprocal rights to databases developed by companies within the European Union. The United States does not have such reciprocal rights. Therefore, the EU Directive could have a significant impact on United States companies conducting business in the European Union because the U.S. companies will not be afforded the same, broader, protection for their databases.

My Web Grocer LLC v. Hometown Info Inc. 375 F.3rd 190 (2nd Cir. July 13, 2004) illustrates the difficulty in protecting databases based upon copyright solely based upon the selection and arrangement of information. The Court denied a preliminary injunction that would have prevented Defendant from using grocery product descriptions for on-line shopping that had been developed and copyrighted by Plaintiff. The Court questioned whether the product descriptions constituted copyrightable subject matter.

USE OF LICENSING

The exclusive rights held by the copyright owner can be licensed to other parties. This license provides the user with permission to use the copyrighted work without infringing the copyright. Therefore, it is essential that any on-line business that makes

considerable use of another party's copyrightable subject matter determine to what extent a clearance of rights is necessary or if a license should be obtained.

When seeking a license from the copyright owner, one should make sure that the party granting the license is in fact authorized to provide the license. In *Tasini v. New York Times Co.*, 972 F. Supp. 804 (S.D.N.Y. 1997), a group of freelance writers sued the owner of an electronic database and the producer of CD-ROM products as well as several newspaper and magazine publishing companies, alleging the electronic distribution of their articles infringed their copyrights. The freelance writers contributed articles to be included as part of a collection of works within the newspapers and magazines. The Second Circuit Court of Appeals, in *Tasini v. New York Times Co.*, 206 F.3d 161 (2nd Cir. 1999), reversed the lower court ruling, which found that the placement of copyrighted works on databases is merely an "editorial revision" and therefore not infringing. The Second Circuit Court of Appeals reasoned that just as a publisher, who is granted the right to distribute an article as part of a collection, is not permitted to sell a hard copy of an individual article without the author's consent, the publisher is also not allowed to sell such an article through electronic means. The Supreme Court affirmed, emphasizing that while the publishers owned the copyright to the collective works, the authors retained all other rights related to their individual contributions to the collection, absent an express transfer of such rights. See *New York Times Co. v. Tasini*, 121 S. Ct. 2381 (2001).

When considering publication rights, it is important to consider the scope of the license. Some previously obtained license agreements may not have granted broad enough rights to cover the Internet and may even be limited to rights appropriate to motion picture and television only. If a company is currently preparing an agreement, it should make sure that the language is broad enough to cover all media and methods or technologies that are now known or will be created in the future. Content providers and publishers/distributors of content on the Internet must consider the copyright laws and how they impact specific

activities. It is recommended that written agreements be entered into with any content provider, on-line network service, or other parties to the extent copyrighted material will be created or distributed via the Internet.

INTERNET SERVICE PROVIDERS

Liability Of Internet Service Providers

Internet service providers (“ISPs”) provide their subscribers with on-line Internet access. This raises the question of whether the ISP or the individual subscriber is liable for potential copyright infringement.

Prior to the enactment of the Digital Millennium Copyright Act (“DCMA”), the law was unclear on the extent to which ISPs could be held liable for infringement by their subscribers. In *Playboy Enterprises Inc. v. Frena*, 839 F.Supp. 1552 (M.D. Fla. 1993), Playboy obtained summary judgment for copyright infringement against a bulletin board operator who allowed Playboy photographs to be uploaded, displayed, and downloaded. The Court found direct copyright infringement even though the bulletin board operator testified that he did not know, and had no reason to know, of the infringements. In *Sega Entertainment, Ltd. v. Maphia*, 857 F.Supp. 679 (N.D. Cal. 1994), Sega obtained a preliminary injunction against a bulletin board operator who encouraged the uploading and downloading of Sega games. The United States Copyright Act, through the enactment of the DMCA, now provides Internet service providers with some additional protections.

Safe Harbors For Internet Service Providers

The DMCA, Title II, Public Law 105-304, which is codified in 17 U.S.C. § 512 of the Copyright Act, provides safe harbors from copyright infringement liability for ISPs (including company bulletin boards and intra-company e-mail). To qualify for any of the safe harbors provided by the DMCA, an ISP must adopt, implement, and inform subscribers of a policy of termination for repeat infringers. In addition, the ISP must accommodate

standard copyright protection measures. There are four categories of safe harbors provided by the DMCA: (1) transitory digital network communications; (2) system caching; (3) information residing on systems or networks at direction of users; and (4) information location tools. To receive the benefit of limited liability under any one of these safe harbors, the ISP must meet certain requirements. The safe harbors allow ISPs to avoid monetary damages, and, in most cases, injunctive relief for copyright infringement.

To be eligible for the transitory digital network communications safe harbor, an ISP cannot initiate the transmission of copyrighted material, the transmission must be carried out through an automatic technical process, the ISP must not select the recipients of the copyrighted material, and the ISP must not store the material any longer than is necessary to transmit it to the recipient. In this type of situation, the ISP is merely acting as a passive conduit for the material. See 17 U.S.C. § 512(a).

The system caching safe harbor requires that the copyrighted material is made available by someone other than the ISP, that the material pass through the ISP to another person, and that the transmission is carried out through an automatic technical process. Additionally, the ISP must not modify the transmitted material, must comply with the rules regarding refreshing and reloading set forth by whoever made the material available, and must not interfere with the technology that returns the material to whoever made the material available. The ISP can only remove or disable access to the material if the material is first removed or disabled from the originating site, or a court order has been entered requiring removal or disablement. See 17 U.S.C. § 512(b).

Information residing on systems or networks at direction of users allows the ISP to limit their liability for the storage of infringing material for subscribers on a system or network operated by the ISP. This safe harbor requires that the ISP has no actual knowledge of the infringing activity and does not receive a financial benefit from the infringing material. The ISP must also act expeditiously,

once notice is received, to remove or disable any allegedly infringing material. Because of the notice requirement, an ISP must have a designated agent to receive notice on file with the Copyright Office. See 17 U.S.C. § 512(c).

One should be careful when sending out cease and desist letters to ISPs based on the DMCA. Diebold, Inc., the manufacturer of voting machines, sent out many cease and desist letters to ISPs after internal documents describing problems with the Diebold software were published on the Internet, including several college sites. After receiving a letter from Diebold, Swarthmore College required students to remove the allegedly infringing material. Diebold stopped sending cease and desist letters after being challenged in a lawsuit filed by the Online Policy Group on behalf of two Swarthmore College students. The judge, however, found that Diebold was liable for damages, since it knowingly and materially misrepresented that copyright infringement had occurred and that no reasonable copyright holder could have believed that portions of emails discussing possible technical problems with voting machines were protected by copyright. *Online Policy Group v. Diebold, Inc.*, 337 F. Supp. 2d 1195 (September 2004).

Finally, information location tools qualify as a safe harbor. Information location tools allow ISPs to refer or link subscribers to other on-line locations, some of which may contain infringing material. The ISP must not have actual knowledge of the infringing activity and if knowledge is present must act expeditiously to remove or disable any infringing material, and must not receive a financial benefit from the infringing activity. The ISP is only required to comply with these requirements if notice of the infringement sufficiently identifies the material or activity to allow the ISP to locate the allegedly infringing material. See 17 U.S.C. § 512(d).

FAIR USE

Along with the previously discussed alternatives for avoiding or limiting liability for infringement (see discussion of licensing in

the section of this Guide entitled Copyright Law, Safe Harbors for On-Line Service Providers) there is the doctrine of fair use. Fair use is a defense to copyright infringement, which is codified in 17 U.S.C. § 107 of the Copyright Act. Fair use allows copyrighted work to be used without authorization from the copyright owner for purposes such as criticism, comment, news reporting, education, and parody. The copyright holder's rights are balanced with the public's interest in the work by considering the following four factors: (1) the purpose and character of the use, including its commercial nature; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion that is used compared to the entire work; and (4) the effect on the potential market for the copyrighted work.

The four fair use factors are applied the same in the on-line context as they would be with a more traditional form of alleged copyright infringement. In *L.A. Times v. Free Republic*, 54 U.S.P.Q.2d 1453 (C.D. Cal. 2000), a publisher sued the owner and operator of an electronic bulletin board for copying and posting the publisher's news articles on the bulletin board. Although the bulletin board functioned mostly as a site for political commentary, the court rejected the defense of fair use because the amount of copying and the effect on the potential market for the copyrighted work both weighed in favor of protecting the publisher's rights.

WORK-MADE-FOR-HIRE

It is important to recognize that in most cases, the original creator or author of the copyrighted work is the owner of the copyright. If an employee of a company creates the work, the copyright may belong to the company under the work-made-for-hire doctrine of the United States Copyright Act (17 U.S.C. § 201(b)), provided the work is created within the scope of his or her employment. If an independent contractor is hired by the company to develop copyrightable subject matter, the contractor will remain the owner of the copyright unless the parties agree in writing that the work is a work-made-for-hire and that the work fits within certain enumerated categories listed in 17 U.S.C. § 101. To be sure that ownership is transferred, a company should identify, in any agreements with independent contractors, that the resulting work is deemed a work-made-for-hire in accordance with the United States Copyright Act and, if not, that the independent contractor will agree to assign their rights to the company. This issue is of particular importance when an outside contractor is hired to develop a web site. If the hiring company does not get a written assignment from the contractor, the contractor will remain the copyright owner and may prevent the company from hiring a new party to assist in further web site development or modifications, since such activities may infringe the original developer's copyright. Such an assignment of rights should be included in a web site development agreement. If an independent contractor is hired to develop any Internet related technology or other form of intellectual property for a company, the hiring party should consider an assignment of rights as part of their written agreement.