

COPYRIGHT LAW

ESSENTIAL CASES AND MATERIALS

Third Edition

2020 CASE SUPPLEMENT

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Preface

We originally planned to publish a 4th edition of our casebook in 2020, but decided to wait because the U.S. Supreme Court postponed its decision in *Google v. Oracle*. This case has the potential to greatly affect the field, making us reluctant to release a new text that might become outdated within months. Nevertheless, we believe that enough has changed since the 2016 publication of our 3rd edition to warrant an update. This case supplement therefore includes many of the new cases and statutory changes that our new edition will include. We of course remain open to your comments and thoughts about these materials and others you may think of.

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Chapter Two

COPYRIGHTABLE SUBJECT MATTER

SECTION C. IDEAS

[p. 99, insert after Note 3]

4. In late 2019, the U.S. Supreme Court granted *certiorari* in *Google v. Oracle America*, a case that has the potential to dramatically affect the copyrightability of certain important aspects of computer programs, specifically so-called application programming interfaces (APIs). At issue in *Google* is the copyrightability of approximately 7,000 lines of software code found in Google’s Android operating system for mobile phones. Those lines of code were written in Java, a programming language that was originally created in 1996 by Sun Microsystems, which was subsequently acquired by Oracle in 2010.

As part of the Java development kit, which programmers used to create their own programs, Sun wrote and made available to programmers a library of ready-to-use programs that performed certain common computer functions (for example, common mathematical or computer graphic functions). Programmers could then use this pre-written code in their own programs to accomplish these common tasks, rather than writing their own programs from scratch. The code for each function was known as a “method.” By 2008, the Java development kit included more than 6,000 methods, grouped into more than 600 “classes,” which were organized into 166 “packages.”

Each method consisted of two types of code: (1) declaring code or header, and (2) implementing code. The declaring code consisted of one or two lines of code, describing the specific function to be performed by the method, along with the function’s name, specific inputs required, expected outputs, and other information. When a programmer invoked the method in a program via the declaring code, a computer would then execute the implementing code associated with that method. The implementing code is thus the actual functional code that causes the computer to perform the

relevant function. The lower court in *Google v. Oracle America* provided the following example:

To use the district court’s example, one of the Java API packages at issue is “java.lang.” Within that package is a class called “math,” and within “math” there are several methods, including one that is designed to find the larger of two numbers: “max.” The declaration for the “max” method, as defined for integers, is: “public static int max(int x, int y),” where the word “public” means that the method is generally accessible, “static” means that no specific instance of the class is needed to call the method, the first “int” indicates that the method returns an integer, and “int x” and “int y” are the two numbers (inputs) being compared. A programmer calls the “max” method by typing the name of the method stated in the declaring code and providing unique inputs for the variables “x” and “y.” The expressions used command the computer to execute the implementing code that carries out the operation of returning the larger number.

Oracle America v. Google, 750 F.3d 1339, 1349-50 (Fed. Cir. 2014).

When Google began developing the Android operating system for mobile devices, it used the Java programming language as the basis for its platform. In doing so, Google created its own library of common methods, which developers of programs for the Android system could use to perform common functions on the associated mobile devices. The Android platform eventually included 168 packages of such methods. For all of the methods in these packages, Google independently wrote its own implementing code, i.e. the actual code that caused the mobile devices to perform the relevant function. However, for 37 of these packages, Google copied the declaring code from 37 corresponding Java packages that performed the same functions. These are the APIs at issue in the case. Google did this because it believed that programmers writing software for the Android system would want to invoke the same functionality using the same terms they were already familiar with. Thus in the end:

Google copied the declaring source code from the 37 Java API packages verbatim, inserting that code into parts of its Android software. In doing so, Google copied the elaborately organized taxonomy of all the names of methods, classes, interfaces, and packages—the “overall system of organized names—covering 37 packages, with over six hundred classes, with over six thousand methods.” The parties and district court referred to this taxonomy of expressions as the “structure, sequence, and organization” or “SSO” of the 37 packages. It is undisputed, however, that Google wrote its own implementing code

Id. (Note that the declaring code copied by Google amounted to approximately 3% of the total code for those 37 packages. The implementing code independently written by Google represented the remaining 97%).

In 2010, Oracle sued Google for infringing upon its copyright in the

declaring code (both the code itself and the overall structure and organization) from the 37 Java packages, seeking \$8.8 billion in damages. The U.S. District court held that, although the implementing code in the Java libraries was copyrightable, the APIs – the declaring code and the structure and organization of the 37 packages, which Google had copied – were not copyrightable. With respect to the declaring code itself, the court held that there was only one way to practically write the declaring code for a particular method, and thus the expression merged with the underlying function. With respect to the structure, sequence, and organization of the declaring code, the court held that, unlike the declaring code, there was sufficient originality. However, the district court found no protection because the structure, sequence, and organization constituted a “method of operation” under 102(b), since it was necessary for Google to include the structure, sequence, and organization in order to make other Java programs interoperable with its Android operating system.

On appeal, the U.S. Court of Appeals for the Federal Circuit reversed. The court held first that the declaring code for each method did not merge with the underlying function, as there were a number of different ways in which Sun could have written the declaring code. (Using the precise example mentioned above, the “java.lang Math max” method could have been titled “Math.maximum” or “arith.larger”). The court also held that the structure, sequence, and organization of the 37 APIs were sufficiently original, and rejected the argument that the the structure, sequence, and organization constituted an uncopyrightable “method of operation” under 102(b). Finally, the court rejected the argument that the APIs were uncopyrightable because they were necessary for Google to make already-existing Java programs interoperable with its Android platform, instead holding that this was an issue of fair use, not copyrightability. Google subsequently petitioned the U.S. Supreme Court for *certiorari*, which was granted in late 2019.¹

Is the Federal Circuit’s approach in *Oracle v. Google* consistent with the First Circuit’s approach in *Lotus v. Borland*? In both cases, the courts are addressing the copyrightability of set of words or short phrases in a computer program, organized in a particular hierarchy. In both cases, there were several different ways in which the original authors could have expressed and organized the basic functions being performed. Yet the two courts reached very different results. The Federal Circuit in *Oracle* dealt with *Lotus* by both distinguishing it on its facts and holding that *Lotus* was inconsistent with circuit precedent. Can you distinguish the results in *Oracle* and *Lotus*?

The eventual Supreme Court decision in *Google v. Oracle* will be closely watched because it may have significant implications for the computer software industry. Many existing software applications and libraries make use of APIs from other software products, in order to facilitate

¹ In a separate opinion, the Federal Circuit panel also reversed a jury verdict that Google’s copying of the Java APIs was privileged under the fair use defense. That ruling is also before the Supreme Court and will be discussed *infra* in Chapter 6.

interoperability for programmers. This is particularly the case for a number of open-source software platforms. As a result, if the Supreme Court upholds the Federal Circuit's decision on copyrightability, many of these existing software programs may be found infringing. A decision from the Supreme Court is expected in 2020.

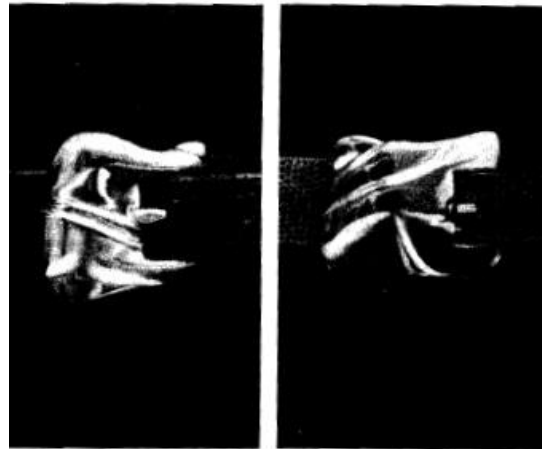
SECTION D. USEFUL ARTICLE DOCTRINE

[p. 102, after Note 4, replace pp. 102-114 with the following]

Case Law After Mazer v. Stein

The copyrightability of useful articles has proven very difficult for courts to explain. Courts agree that copyright protects useful articles only when the object in question has aesthetic features separate from any underlying utilitarian function. But how do we know whether, for example, the shape of a lamp base is separable from its function? On one hand, the shape of every lamp base is separable from its function because there are an infinite number of shapes that could serve as lamp bases. On the other hand, the shape of every lamp base is entwined with its function because there are some shapes that would not work as lamp bases. Three cases from the Second Circuit illustrate how courts have tried to find a position in between these extremes after *Mazer v. Stein*.

In *Kieselstein-Cord v. Accessories by Pearl*,² the plaintiff sued the defendant for copying designer belt buckles made by the plaintiff and sold under the names "Winchester" and "Vaquero."



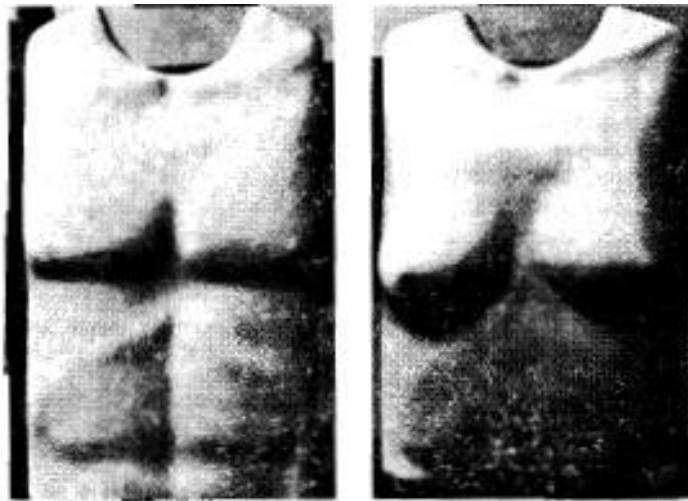
Winchester

Vaquero

² 632 F.2d 989 (2d Cir. 1980).

The defendant asserted that copyright did not protect the buckles because the objects were useful articles. The Second Circuit disagreed, finding that the buckles were sculptures that exhibited aesthetic features separable from any underlying utilitarian function. In so ruling, the court did not explain which surfaces or shapes found in the buckles were aesthetic, nor how any aesthetic features were separable. Instead, the court relied on two observations. First, the court recited that the plaintiff found inspiration for the shape of the buckles in a Winchester rifle and Spanish architecture. This implied that the plaintiff had chosen the shape of the buckles in the same way an ordinary sculptor would choose the shape for her art. Additionally, the court gave significance to how observers of the buckles reacted to them. Among other things, the Metropolitan Museum of Art accepted the buckles into its collection, and people sometimes wore the belt buckles as jewelry without attaching them to belts. According to the court, this proved that the buckles were effectively sculptures exhibiting aesthetic features separable from any underlying function.

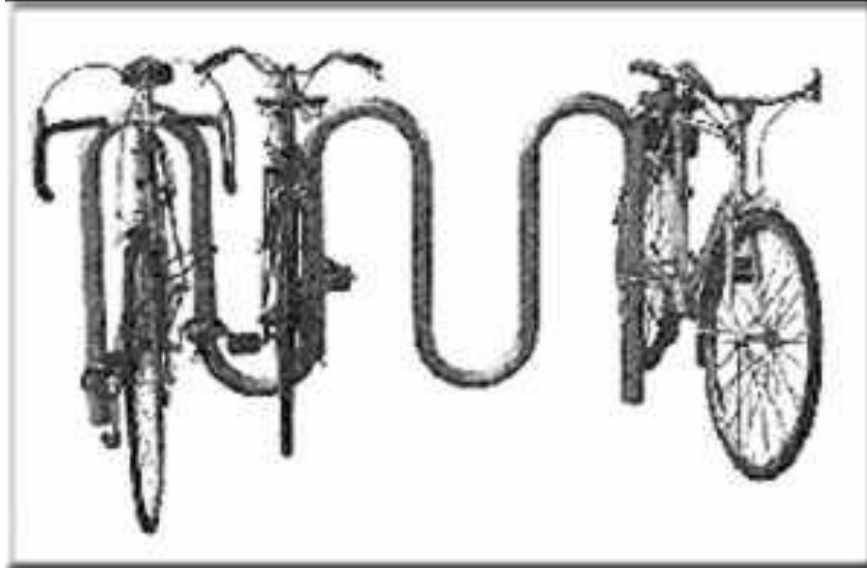
In *Carol Barnhart v. Economy Cover Corp.*,³ the same court responded very differently in a case involving the copyrightability of styrofoam mannequins:



The defendant argued that these objects were uncopyrightable useful articles because they were used to hang and display clothes. The plaintiff responded with arguments inspired by *Kieselstein-Cord*. First, the plaintiff argued that the mannequins were made from hand sculpted clay forms. Second, the plaintiff pointed out that purchasers of the mannequins sometimes displayed them without clothes. The Second Circuit rejected this invitation to conclude that the mannequins were sculptures with aesthetically separable features. Instead, the court explained at some length how none of the mannequins' surfaces and shapes had aesthetic appeal separate from the function of displaying clothes.

³ 773 F.2d 411 (2d Cir. 1985).

Finally, in *Brandir Int'l v. Cascade Pacific Lumber Co.*,⁴ the Second Circuit used yet another analysis to hold that a serpentine sculpture converted to a bicycle rack was a useful article.



The plaintiff argued that the bicycle rack was a form of minimalist sculpture. And indeed, one could easily imagine an artist creating sculpture of this shape and displaying it without holding bicycles. This did not matter to the Second Circuit because, according to the court, the question of separability depended on the mental process used by the plaintiff to create the object in question. If the plaintiff had chosen the shape and materials for purely aesthetic reasons, then the object would be sculpture and copyrightable. However, in the case at hand, the plaintiff modified his original sculpture to make it usable as a bicycle rack. This implied that the plaintiff's mental process reflected both aesthetic and functional considerations that could not be separated. This made the object an uncopyrightable useful article.

Cases like these eventually led the Supreme Court to consider the useful article doctrine again. We turn next to that opinion.

Star Athletica v. Varsity Brands

137 S. Ct. 1002 (2017)

JUSTICE THOMAS delivered the opinion of the Court.

Congress has provided copyright protection for original works of art, but not for industrial designs. The line between art and industrial design,

⁴ 834 F.2d 1142 (2d Cir. 1987).

however, is often difficult to draw. This is particularly true when an industrial design incorporates artistic elements. Congress has afforded limited protection for these artistic elements by providing that “pictorial, graphic, or sculptural features” of the “design of a useful article” are eligible for copyright protection as artistic works if those features “can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” 17 U.S.C. § 101.

We granted certiorari to resolve widespread disagreement over the proper test for implementing § 101’s separate-identification and independent-existence requirements. We hold that a feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article into which it is incorporated. Because that test is satisfied in this case, we affirm.

I

Respondents Varsity Brands, Inc., [et al.] design, make, and sell cheerleading uniforms. Respondents have obtained or acquired more than 200 U.S. copyright registrations for two-dimensional designs appearing on the surface of their uniforms and other garments. These designs are primarily “combinations, positionings, and arrangements of elements” that include “chevrons ..., lines, curves, stripes, angles, diagonals, inverted [chevrons], coloring, and shapes.”.... Petitioner Star Athletica, L.L.C., also markets and sells cheerleading uniforms. Respondents sued petitioner for infringing their copyrights in the five designs....

II

... In this case, our task is to determine whether the arrangements of lines, chevrons, and colorful shapes appearing on the surface of respondents’ cheerleading uniforms are eligible for copyright protection as separable features of the design of those cheerleading uniforms....

B

We must now decide when a feature incorporated into a useful article “can be identified separately from” and is “capable of existing independently of” “the utilitarian aspects” of the article. This is not a free-ranging search for the best copyright policy, but rather “depends solely on statutory interpretation.” *Mazer v. Stein*, 347 U.S. 201, 214 (1954)....

1

The statute provides that a “pictorial, graphic, or sculptural featur[e]” incorporated into the “design of a useful article” is eligible for copyright protection if it (1) “can be identified separately from,” and (2) is “capable of existing independently of, the utilitarian aspects of the article.” § 101. The first requirement—separate identification—is not onerous. The decisionmaker need only be able to look at the useful article and spot some

two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities.

The independent-existence requirement is ordinarily more difficult to satisfy. The decisionmaker must determine that the separately identified feature has the capacity to exist apart from the utilitarian aspects of the article. In other words, the feature must be able to exist as its own pictorial, graphic, or sculptural work as defined in § 101 once it is imagined apart from the useful article. If the feature is not capable of existing as a pictorial, graphic, or sculptural work once separated from the useful article, then it was not a pictorial, graphic, or sculptural feature of that article, but rather one of its utilitarian aspects.

Of course, to qualify as a pictorial, graphic, or sculptural work on its own, the feature cannot itself be a useful article or “[a]n article that is normally a part of a useful article” (which is itself considered a useful article). § 101. Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.

2

The statute as a whole confirms our interpretation. The Copyright Act provides “the owner of [a] copyright” with the “exclusive righ[t] ... to reproduce the copyrighted work in copies.” § 106(1). The statute clarifies that this right “includes the right to reproduce the [copyrighted] work in or on any kind of article, whether useful or otherwise.” § 113(a). Section 101 is, in essence, the mirror image of § 113(a). Whereas § 113(a) protects a work of authorship first fixed in some tangible medium other than a useful article and subsequently applied to a useful article, § 101 protects art first fixed in the medium of a useful article. The two provisions make clear that copyright protection extends to pictorial, graphic, and sculptural works regardless of whether they were created as freestanding art or as features of useful articles. The ultimate separability question, then, is whether the feature for which copyright protection is claimed would have been eligible for copyright protection as a pictorial, graphic, or sculptural work had it originally been fixed in some tangible medium other than a useful article before being applied to a useful article.

3

This interpretation is also consistent with the history of the Copyright Act. In *Mazer*, a case decided under the 1909 Copyright Act, the respondents copyrighted a statuette depicting a dancer. The statuette was intended for use as a lamp base, “with electric wiring, sockets and lamp shades attached.” Copies of the statuette were sold both as lamp bases and separately as statuettes. The petitioners copied the statuette and sold lamps with the statuette as the base. They defended against the respondents’ infringement suit by arguing that the respondents did not have a copyright in a statuette intended for use as a lamp base.

Two of *Mazer*'s holdings are relevant here. First, the Court held that the respondents owned a copyright in the statuette even though it was intended for use as a lamp base. In doing so, the Court approved the Copyright Office's regulation extending copyright protection to works of art that might also serve a useful purpose.

Second, the Court held that it was irrelevant to the copyright inquiry whether the statuette was initially created as a freestanding sculpture or as a lamp base. *Mazer* thus interpreted the 1909 Act consistently with the rule discussed above: If a design would have been copyrightable as a standalone pictorial, graphic, or sculptural work, it is copyrightable if created first as part of a useful article.

Shortly thereafter, the Copyright Office enacted a regulation implementing the holdings of *Mazer*. As amended, the regulation introduced the modern separability test to copyright law:

"If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration." 37 C.F.R. § 202.10(c) (1960) (punctuation altered).

Congress essentially lifted the language governing protection for the design of a useful article directly from the post-*Mazer* regulations and placed it into § 101 of the 1976 Act. Consistent with *Mazer*, the approach we outline today interprets §§ 101 and 113 in a way that would afford copyright protection to the statuette in *Mazer* regardless of whether it was first created as a standalone sculptural work or as the base of the lamp.

C

In sum, a feature of the design of a useful article is eligible for copyright if, when identified and imagined apart from the useful article, it would qualify as a pictorial, graphic, or sculptural work either on its own or when fixed in some other tangible medium.

Applying this test to the surface decorations on the cheerleading uniforms is straightforward. First, one can identify the decorations as features having pictorial, graphic, or sculptural qualities. Second, if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium—for example, on a painter's canvas—they would qualify as "two-dimensional ... works of ... art," § 101. And imaginatively removing the surface decorations from the uniforms and applying them in another medium would not replicate the uniform itself. Indeed, respondents have applied the designs in this case to other media of expression—different types of clothing—without replicating the uniform. The decorations are

therefore separable from the uniforms and eligible for copyright protection.⁵

The dissent argues that the designs are not separable because imaginatively removing them from the uniforms and placing them in some other medium of expression—a canvas, for example—would create “pictures of cheerleader uniforms.” Petitioner similarly argues that the decorations cannot be copyrighted because, even when extracted from the useful article, they retain the outline of a cheerleading uniform.

This is not a bar to copyright. Just as two-dimensional fine art corresponds to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied. A fresco painted on a wall, ceiling panel, or dome would not lose copyright protection, for example, simply because it was designed to track the dimensions of the surface on which it was painted. Or consider, for example, a design etched or painted on the surface of a guitar. If that entire design is imaginatively removed from the guitar’s surface and placed on an album cover, it would still resemble the shape of a guitar. But the image on the cover does not “replicate” the guitar as a useful article. Rather, the design is a two-dimensional work of art that corresponds to the shape of the useful article to which it was applied. The statute protects that work of art whether it is first drawn on the album cover and then applied to the guitar’s surface, or vice versa. Failing to protect that art would create an anomaly: It would extend protection to two-dimensional designs that cover a part of a useful article but would not protect the same design if it covered the entire article. The statute does not support that distinction, nor can it be reconciled with the dissent’s recognition that “artwork printed on a t-shirt” could be protected.

To be clear, the only feature of the cheerleading uniform eligible for a copyright in this case is the two-dimensional work of art fixed in the tangible medium of the uniform fabric. Even if respondents ultimately succeed in establishing a valid copyright in the surface decorations at issue here, respondents have no right to prohibit any person from manufacturing a cheerleading uniform of identical shape, cut, and dimensions to the ones on which the decorations in this case appear. They may prohibit only the reproduction of the surface designs in any tangible medium of expression—a uniform or otherwise.⁶

D

⁵ [FN1] We do not today hold that the surface decorations are copyrightable. We express no opinion on whether these works are sufficiently original to qualify for copyright protection, or on whether any other prerequisite of a valid copyright has been satisfied.

⁶ [FN2] The dissent suggests that our test would lead to the copyrighting of shovels. But a shovel, like a cheerleading uniform, even if displayed in an art gallery, is “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.” 17 U.S.C. § 101. It therefore cannot be copyrighted. A drawing of a shovel could, of course, be copyrighted. And, if the shovel included any artistic features that could be perceived as art apart from the shovel, and which would qualify as protectable pictorial, graphic, or sculptural works on their own or in another medium, they too could be copyrighted. But a shovel as a shovel cannot.

Petitioner and the Government raise several objections to the approach we announce today. None is meritorious.

1

Petitioner first argues that our reading of the statute is missing an important step. It contends that a feature may exist independently only if it can stand alone as a copyrightable work and if the useful article from which it was extracted would remain equally useful. In other words, copyright extends only to “solely artistic” features of useful articles. According to petitioner, if a feature of a useful article “advance[s] the utility of the article,” then it is categorically beyond the scope of copyright. The designs here are not protected, it argues, because they are necessary to two of the uniforms’ “inherent, essential, or natural functions”—identifying the wearer as a cheerleader and enhancing the wearer’s physical appearance. Because the uniforms would not be equally useful without the designs, petitioner contends that the designs are inseparable from the “utilitarian aspects” of the uniform.

The Government raises a similar argument, although it reaches a different result. It suggests that the appropriate test is whether the useful article with the artistic feature removed would “remain similarly useful.” In the view of the United States, however, a plain white cheerleading uniform is “similarly useful” to uniforms with respondents’ designs.

The debate over the relative utility of a plain white cheerleading uniform is unnecessary. The focus of the separability inquiry is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require the decisionmaker to imagine a fully functioning useful article without the artistic feature. Instead, it requires that the separated feature qualify as a non-useful pictorial, graphic, or sculptural work on its own.

Of course, because the removed feature may not be a useful article—as it would then not qualify as a pictorial, graphic, or sculptural work—there necessarily would be some aspects of the original useful article “left behind” if the feature were conceptually removed. But the statute does not require the imagined remainder to be a fully functioning useful article at all, much less an equally useful one. Indeed, such a requirement would deprive the *Mazer* statuette of protection had it been created first as a lamp base rather than as a statuette. Without the base, the “lamp” would be just a shade, bulb, and wires. The statute does not require that we imagine a nonartistic replacement for the removed feature to determine whether that feature is capable of an independent existence.

Petitioner’s argument follows from its flawed view that the statute protects only “solely artistic” features that have no effect whatsoever on a useful article’s utilitarian function. This view is inconsistent with the statutory text. The statute expressly protects two- and three-dimensional “applied art.” § 101. “Applied art” is art “employed in the decoration, design, or execution of useful objects,” WEBSTER’S THIRD NEW INTERNATIONAL DICTIONARY 105 (1976) (emphasis added), or “those arts or crafts that

have a primarily utilitarian function, or ... the designs and decorations used in these arts,” RANDOM HOUSE DICTIONARY 73 (1966) (emphasis added); *see also* 1 OED 576 (2d ed. 1989) (defining “applied” as “[p]ut to practical use”). An artistic feature that would be eligible for copyright protection on its own cannot lose that protection simply because it was first created as a feature of the design of a useful article, even if it makes that article more useful.

Indeed, this has been the rule since *Mazer*. In holding that the statuette was protected, the Court emphasized that the 1909 Act abandoned any “distinctions between purely aesthetic articles and useful works of art.” Congress did not enact such a distinction in the 1976 Act. Were we to accept petitioner’s argument that the only protectable features are those that play absolutely no role in an article’s function, we would effectively abrogate the rule of *Mazer* and read “applied art” out of the statute.

Because we reject the view that a useful article must remain after the artistic feature has been imaginatively separated from the article, we necessarily abandon the distinction between “physical” and “conceptual” separability, which some courts and commentators have adopted based on the Copyright Act’s legislative history. According to this view, a feature is physically separable from the underlying useful article if it can “be physically separated from the article by ordinary means while leaving the utilitarian aspects of the article completely intact.” COMPENDIUM § 924.2(A). Conceptual separability applies if the feature physically could not be removed from the useful article by ordinary means.

The statutory text indicates that separability is a conceptual undertaking. Because separability does not require the underlying useful article to remain, the physical-conceptual distinction is unnecessary.

2

Petitioner next argues that we should incorporate two “objective” components, into our test to provide guidance to the lower courts: (1) “whether the design elements can be identified as reflecting the designer’s artistic judgment exercised independently of functional influence,” and (2) whether “there is [a] substantial likelihood that the pictorial, graphic, or sculptural feature would still be marketable to some significant segment of the community without its utilitarian function.”

We reject this argument because neither consideration is grounded in the text of the statute. The first would require the decisionmaker to consider evidence of the creator’s design methods, purposes, and reasons. The statute’s text makes clear, however, that our inquiry is limited to how the article and feature are perceived, not how or why they were designed. *See Brandir Int’l, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1152 (C.A.2 1987) (Winter, J., concurring in part and dissenting in part) (The statute “expressly states that the legal test is how the final article is perceived, not how it was developed through various stages”).

The same is true of marketability. Nothing in the statute suggests that copyrightability depends on market surveys. Moreover, asking

whether some segment of the market would be interested in a given work threatens to prize popular art over other forms, or to substitute judicial aesthetic preferences for the policy choices embodied in the Copyright Act. See *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits”)....

III

We hold that an artistic feature of the design of a useful article is eligible for copyright protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article. Because the designs on the surface of respondents’ cheerleading uniforms in this case satisfy these requirements, the judgment of the Court of Appeals is affirmed.

It is so ordered.

APPENDIX TO OPINION OF THE COURT



JUSTICE GINSBURG, concurring in the judgment.

I concur in the Court’s judgment but not in its opinion. Unlike the majority, I would not take up in this case the separability test appropriate under 17 U.S.C. § 101. Consideration of that test is unwarranted because the designs at issue are not designs of useful articles. Instead, the designs are themselves copyrightable pictorial or graphic works reproduced on useful articles.

A pictorial, graphic, or sculptural work (PGS work) is copyrightable. PGS works include “two-dimensional and three-dimensional works of fine, graphic, and applied art.” § 101. Key to this case, a copyright in a standalone PGS work “includes the right to reproduce the work in or on any kind of article, whether useful or otherwise.” § 113(a). Because the owner of a copyright in a pre-existing PGS work may exclude a would-be

infringer from reproducing that work on a useful article, there is no need to engage in any separability inquiry to resolve the instant petition.

The designs here in controversy are standalone pictorial and graphic works that respondents Varsity Brands, Inc., et al. (Varsity) reproduce on cheerleading uniforms. Varsity's designs first appeared as pictorial and graphic works that Varsity's design team sketched on paper. Varsity then sought copyright protection for those two-dimensional designs, not for cheerleading costumes; its registration statements claimed "2-Dimensional artwork" and "fabric design (artwork)." Varsity next reproduced its two-dimensional graphic designs on cheerleading uniforms, also on other garments, including T-shirts and jackets.

In short, Varsity's designs are not themselves useful articles meet for separability determination under § 101; they are standalone PGS works that may gain copyright protection as such, including the exclusive right to reproduce the designs on useful articles.

JUSTICE BREYER, with whom JUSTICE KENNEDY joins, dissenting.

I agree with much in the Court's opinion. But I do not agree that the designs that Varsity Brands, Inc., submitted to the Copyright Office are eligible for copyright protection. Even applying the majority's test, the designs cannot "be perceived as ... two- or three-dimensional work[s] of art separate from the useful article."

Look at the designs that Varsity submitted to the Copyright Office. You will see only pictures of cheerleader uniforms. And cheerleader uniforms are useful articles. A picture of the relevant design features, whether separately "perceived" on paper or in the imagination, is a picture of, and thereby "replicate[s]," the underlying useful article of which they are a part. Hence the design features that Varsity seeks to protect are not "capable of existing independently of[f] the utilitarian aspects of the article." 17 U.S.C. § 101...

Notes and Questions

1. The Supreme Court granted certiorari in *Star Athletica* "to resolve widespread disagreement over the proper test" for separability. The Court's opinion did not, however, describe earlier case law or conflicting tests for separability. Do *Kieselstein-Cord*, *Carol Barnhart*, and *Brandir* conflict with one another? And if so, does the test articulated in *Star Athletica* resolve those conflicts without changing the results of those cases, or does *Star Athletica* implicitly overrule one or more of them?

2. The first step of the Court's test asks whether a decisionmaker can perceive an artistic feature as a two- or three-dimensional "work of art" that is separate from the "useful article." How should a decisionmaker determine what constitutes a "work of art" and what constitutes the "useful article" from which it may be separable? Justice Thomas states that this

determination does not involve questions of policy and is strictly a matter of statutory interpretation. Do you agree that the words of the Copyright Act dictate the analytical approach and result in this case?

Regardless of who the decisionmaker is, how should she identify the underlying “useful article” from which the aesthetic features must be separable? Take, for example, the ribbon bicycle rack in *Brandir* (one of the cases summarized above). What is the “useful article”? Is it the bicycle rack in the form of the ribbon rack? If so, then it would be difficult if not impossible to separate the design from the useful article. Or is it some hypothetical generic bicycle rack? Does the Copyright Act provide an answer as Justice Thomas claims?

3. Recall that earlier cases grappled with the question of the proper perspective for determining whether a feature is separable. Does the Court satisfactorily address this question? At various points, the Court mentions that “the decisionmaker” must make these assessments. But who is the decisionmaker, and what perspective should the decisionmaker apply? For example, when a judge rules on a useful article question, should the judge rely on her own subjective perception about whether the features of a work are aesthetic, or should the judge apply the objective perception of an ordinary observer, a work’s audience, or consumers?

4. The Court rejects the argument that an artistic feature of a useful article can only be copyrighted if, after it is extracted from the useful article, what remains is either equally or similarly useful. In other words, the Court rejects the argument that the artistic feature can only be protected so long as it does not contribute to the usefulness of the underlying article. The Court acknowledges that this means that a feature that conveys some practical benefit to a useful article could be protected by copyright. What reasons did the court give for rejecting this argument? Are you persuaded?

5. Although Justice Breyer’s dissent adopts the majority’s test, it disagrees with the application of the test to the facts of this case. According to Justice Breyer, the drawings depict the useful article (cheerleading uniforms), and thus cannot be perceived as existing independently of the underlying useful article. Do you agree? Justice Ginsburg’s concurrence would avoid the separability question entirely by concluding that the copyrighted work is simply a pictorial work that was later applied to a useful article. Does this seem a better fit to the facts of this case?

Problems

1. Acme Hunting Supplies, Inc. recently started selling a new camouflaged hunting outfit, consisting of a new and unique pattern of abstract shapes, colors, and lines. The new camouflage pattern differs significantly from existing patterns, in its use of sharp lines, angled patterns, and bright colors. In fact, the pattern more closely resembles works of abstract

art than any previously-sold camouflage pattern. However, Acme's research found that the new pattern is in fact 20% more effective in hiding hunters from certain species of deer. A competitor has copied the pattern and is selling an exact replica of the pattern on its hunting outfits. Can Acme successfully sue the competitor for copyright infringement?

2. Acme Gardening Supplies, Inc. recently started selling a new garden shovel, with a decorative blade in the shape of a large leaf. The blade is colored bright green, the outline of the blade mimics the outline of a leaf, and the surface of the blade includes a central rib and radiating smaller ribs, resembling those of a leaf. The shovel has been very popular and won a number of design awards. A competitor has copied the shovel design, and is selling an exact replica. Can Acme successfully sue the competitor for copyright infringement?

SECTION F. GOVERNMENT WORKS

[p. 119, replace Section F with the following]

It is important to note that § 105 of the Copyright Act denies protection to works authored by the United States government, even if those works otherwise meet basic requirements of originality and fixation. Section 105 does not, however, prevent the federal government from holding copyrights it acquires from others, nor does it prohibit copyright in works authored by state governments.

The section 105 denial of copyright can be justified on the ground that the federal government does not author works in hopes of financial gain. Indeed, one could argue that society has already paid for the development of government-authored work through taxes. Do you accept this reasoning? If so, what about works authored by state (as opposed to federal) governments? Shouldn't they also be in the public domain?

Although § 105 expressly applies only to works authored by the federal government, and thus does not apply to works authored by state or local governments, courts have held that certain types of works created by such governments are not subject to copyright. Specifically, under the judicially-created "government edicts doctrine," certain works, such as statutes and judicial opinions, are excluded from copyright protection, due to the fundamental nature of such works and the need for individuals to know the law in order to comply with it. *See, e.g., Banks v. Manchester*, 128 U.S. 244 (1988) (opinions of state court judges not copyrightable). *See also Veeck v. S. Bldg. Code Congress*, 293 F.3d 791 (5th Cir. 2002) (en banc) (model building codes enter public domain once enacted into law). *But see City of Suffolk v. First American Real Estate*, 261 F.3d 179 (2d Cir. 2001) (local municipality can retain copyright in tax maps).

In 2020, the Supreme Court extended the government edicts doctrine to include explanatory material beyond statutes and judicial opinions, particularly annotations to the statutes that included history, commentary, cross-references, editor’s notes, summaries of opinions, and other reference material.

Georgia v. Public.Resource.Org

140 S. Ct. 1498 (2020)

CHIEF JUSTICE ROBERTS delivered the opinion of the Court.

The Copyright Act grants potent, decades-long monopoly protection for “original works of authorship.” The question in this case is whether that protection extends to the annotations contained in Georgia’s official annotated code. ...

I

A

The State of Georgia has one official code—the “Official Code of Georgia Annotated,” or OCGA. ... The OCGA includes the text of every Georgia statute currently in force, as well as various non-binding supplementary materials. At issue in this case is a set of annotations that appear beneath each statutory provision. The annotations generally include summaries of judicial decisions applying a given provision, summaries of any pertinent opinions of the state attorney general, and a list of related law review articles and similar reference materials. In addition, the annotations often include editor’s notes that provide information about the origins of the statutory text, such as whether it derives from a particular judicial decision or resembles an older provision that has been construed by Georgia courts.

The OCGA is assembled by a state entity called the Code Revision Commission. In 1977, the Georgia Legislature established the Commission to recodify Georgia law for the first time in decades. The Commission was (and remains) tasked with consolidating disparate bills into a single Code for reenactment by the legislature and contracting with a third party to produce the annotations. A majority of the Commission’s 15 members must be members of the Georgia Senate or House of Representatives. ...

Each year, the Commission submits its proposed statutory text and accompanying annotations to the legislature for approval. The legislature then votes to do three things: (1) “enact[]” the “statutory portion of the codification of Georgia laws”; (2) “merge[]” the statutory portion “with [the] annotations”; and (3) “publish[]” the final merged product “by authority of the state” as “the ‘Official Code of Georgia Annotated.’”

The annotations in the current OCGA were prepared in the first instance by Matthew Bender & Co., Inc., a division of the LexisNexis Group, pursuant to a work-for-hire agreement with the Commission. The agreement between Lexis and the Commission states that any copyright in the

OCGA vests exclusively in “the State of Georgia, acting through the Commission.” Lexis and its army of researchers perform the lion’s share of the work in drafting the annotations, but the Commission supervises that work and specifies what the annotations must include in exacting detail. Under the agreement, Lexis enjoys the exclusive right to publish, distribute, and sell the OCGA. In exchange, Lexis has agreed to limit the price it may charge for the OCGA and to make an unannotated version of the statutory text available to the public online for free. A hard copy of the complete OCGA currently retails for \$412.00.

B

Public.Resource.Org (PRO) is a nonprofit organization that aims to facilitate public access to government records and legal materials. Without permission, PRO posted a digital version of the OCGA on various websites, where it could be downloaded by the public without charge. PRO also distributed copies of the OCGA to various organizations and Georgia officials.

In response, the Commission sent PRO several cease-and-desist letters asserting that PRO’s actions constituted unlawful copyright infringement. When PRO refused to halt its distribution activities, the Commission sued PRO on behalf of the Georgia Legislature and the State of Georgia for copyright infringement. The Commission limited its assertion of copyright to the annotations described above; it did not claim copyright in the statutory text or numbering. PRO counterclaimed, seeking a declaratory judgment that the entire OCGA, including the annotations, fell in the public domain.

II

We hold that the annotations in Georgia’s Official Code are ineligible for copyright protection. A careful examination of our government edicts precedents reveals a straightforward rule based on the identity of the author. Under the government edicts doctrine, judges—and, we now confirm, legislators—may not be considered the “authors” of the works they produce in the course of their official duties as judges and legislators. That rule applies regardless of whether a given material carries the force of law. And it applies to the annotations here because they are authored by an arm of the legislature in the course of its official duties.

A

We begin with precedent. The government edicts doctrine traces back to a trio of cases decided in the 19th century. In this Court’s first copyright case, *Wheaton v. Peters*, 8 Pet. 591, 8 L.Ed. 1055 (1834), the Court’s third Reporter of Decisions, Wheaton, sued the fourth, Peters, unsuccessfully asserting a copyright interest in the Justices’ opinions. In Wheaton’s view, the opinions “must have belonged to some one” because “they were new, original,” and much more “elaborate” than law or custom required. Wheaton argued that the Justices were the authors and had assigned their ownership interests to him through a tacit “gift.” The Court unanimously rejected that argument, concluding that “no reporter has or can

have any copyright in the written opinions delivered by this court” and that “the judges thereof cannot confer on any reporter any such right.”

That conclusion apparently seemed too obvious to adorn with further explanation, but the Court provided one a half century later in *Banks v. Manchester*, 128 U.S. 244 (1888). That case concerned whether Wheaton’s state-court counterpart, the official reporter of the Ohio Supreme Court, held a copyright in the judges’ opinions and several non-binding explanatory materials prepared by the judges. The Court concluded that he did not, explaining that “the judge who, in his judicial capacity, prepares the opinion or decision, the statement of the case and the syllabus or head note” cannot “be regarded as their author or their proprietor, in the sense of [the Copyright Act].” Pursuant to “a judicial *consensus*” dating back to *Wheaton*, judges could not assert copyright in “whatever work they perform in their capacity as judges.” *Banks*, 128 U.S. at 253 (emphasis in original). Rather, “[t]he whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all.”

In a companion case decided later that Term, *Callaghan v. Myers*, 128 U.S. 617 (1888), the Court identified an important limiting principle. As in *Wheaton* and *Banks*, the Court rejected the claim that an official reporter held a copyright interest in the judges’ opinions. But, resolving an issue not addressed in *Wheaton* and *Banks*, the Court upheld the reporter’s copyright interest in several explanatory materials that the reporter had created himself: headnotes, syllabi, tables of contents, and the like. Although these works mirrored the judge-made materials rejected in *Banks*, they came from an author who had no authority to speak with the force of law. Because the reporter was not a judge, he was free to “obtain[] a copyright” for the materials that were “the result of his [own] intellectual labor.”

These cases establish a straightforward rule: Because judges are vested with the authority to make and interpret the law, they cannot be the “author” of the works they prepare “in the discharge of their judicial duties.” This rule applies both to binding works (such as opinions) and to non-binding works (such as headnotes and syllabi). It does not apply, however, to works created by government officials (or private parties) who lack the authority to make or interpret the law, such as court reporters.

The animating principle behind this rule is that no one can own the law. ... Our cases give effect to that principle in the copyright context through construction of the statutory term “author.” Rather than attempting to catalog the materials that constitute “the law,” the doctrine bars the officials responsible for creating the law from being considered the “author[s]” of “whatever work they perform in their capacity” as lawmakers. Because these officials are generally empowered to make and interpret law, their “whole work” is deemed part of the “authentic exposition and interpretation of the law” and must be “free for publication to all.”

If judges, acting as judges, cannot be “authors” because of their authority to make and interpret the law, it follows that legislators, acting as

legislators, cannot be either. Courts have thus long understood the government edicts doctrine to apply to legislative materials.

Moreover, just as the doctrine applies to “whatever work [judges] perform in their capacity as judges,” it applies to whatever work legislators perform in their capacity as legislators. That of course includes final legislation, but it also includes explanatory and procedural materials legislators create in the discharge of their legislative duties. In the same way that judges cannot be the authors of their headnotes and syllabi, legislators cannot be the authors of (for example) their floor statements, committee reports, and proposed bills. These materials are part of the “whole work done by [legislators],” so they must be “free for publication to all.”

Under our precedents, therefore, copyright does not vest in works that are (1) created by judges and legislators (2) in the course of their judicial and legislative duties.

B

1

Applying that framework, Georgia’s annotations are not copyrightable. The first step is to examine whether their purported author qualifies as a legislator.

As we have explained, the annotations were prepared in the first instance by a private company (Lexis) pursuant to a work-for-hire agreement with Georgia’s Code Revision Commission. The Copyright Act therefore deems the Commission the sole “author” of the work. Although Lexis expends considerable effort preparing the annotations, for purposes of copyright that labor redounds to the Commission as the statutory author. Georgia agrees that the author is the Commission. ...

If there were any doubt about the link between the Commission and the legislature, the Georgia Supreme Court has dispelled it by holding that, under the Georgia Constitution, “the work of the Commission; *i.e.*, selecting a publisher and contracting for and supervising the codification of the laws enacted by the General Assembly, including court interpretations thereof, *is within the sphere of legislative authority.*” *Harrison Co.*, 244 Ga. at 330, 260 S.E.2d at 34 (emphasis added). That holding is not limited to the Commission’s role in codifying the statutory text. The Commission’s “legislative authority” specifically includes its “codification of ... court interpretations” of the State’s laws. Thus, as a matter of state law, the Commission wields the legislature’s authority when it works with Lexis to produce the annotations. All of this shows that the Commission serves as an extension of the Georgia Legislature in preparing and publishing the annotations. ...

2

The second step is to determine whether the Commission creates the annotations in the “discharge” of its legislative “duties.” It does. Although the annotations are not enacted into law through bicameralism and pre-

sentment, the Commission’s preparation of the annotations is under Georgia law an act of “legislative authority,” and the annotations provide commentary and resources that the legislature has deemed relevant to understanding its laws. ...

In light of the Commission’s role as an adjunct to the legislature and the fact that the Commission authors the annotations in the course of its legislative responsibilities, the annotations in Georgia’s Official Code fall within the government edicts doctrine and are not copyrightable.

III

...

Turning to our government edicts precedents, Georgia insists that they can and should be read to focus exclusively on whether a particular work has “the force of law.” Justice Thomas appears to endorse the same view. But that framing has multiple flaws.

Most obviously, it cannot be squared with the reasoning or results of our cases—especially *Banks*. *Banks*, following *Wheaton* and the “judicial consensus” it inspired, denied copyright protection to judicial opinions without excepting concurrences and dissents that carry no legal force. ...

Indeed, *Banks* went even further and withheld copyright protection from headnotes and syllabi produced by judges. Surely these supplementary materials do not have the force of law, yet they are covered by the doctrine. The simplest explanation is the one *Banks* provided: These non-binding works are not copyrightable because of who creates them—judges acting in their judicial capacity.

The same goes for non-binding legislative materials produced by legislative bodies acting in a legislative capacity. There is a broad array of such works ranging from floor statements to proposed bills to committee reports. Under the logic of Georgia’s “force of law” test, States would own such materials and could charge the public for access to them. ...

Georgia minimizes the OCGA annotations as non-binding and non-authoritative, but that description undersells their practical significance. Imagine a Georgia citizen interested in learning his legal rights and duties. If he reads the economy-class version of the Georgia Code available online, he will see laws requiring political candidates to pay hefty qualification fees (with no indigency exception), criminalizing broad categories of consensual sexual conduct, and exempting certain key evidence in criminal trials from standard evidentiary limitations—with no hint that important aspects of those laws have been held unconstitutional by the Georgia Supreme Court. Meanwhile, first-class readers with access to the annotations will be assured that these laws are, in crucial respects, unenforceable relics that the legislature has not bothered to narrow or repeal.

If everything short of statutes and opinions were copyrightable, then States would be free to offer a whole range of premium legal works for those who can afford the extra benefit. A State could monetize its entire suite of legislative history. With today’s digital tools, States might even

launch a subscription or pay-per-law service.

There is no need to assume inventive or nefarious behavior for these concerns to become a reality. Unlike other forms of intellectual property, copyright protection is both instant and automatic. It vests as soon as a work is captured in a tangible form, triggering a panoply of exclusive rights that can last over a century. If Georgia were correct, then unless a State took the affirmative step of transferring its copyrights to the public domain, all of its judges' and legislators' non-binding legal works would be copyrighted. And citizens, attorneys, nonprofits, and private research companies would have to cease all copying, distribution, and display of those works or risk severe and potentially criminal penalties. Some affected parties might be willing to roll the dice with a potential fair use defense. But that defense, designed to accommodate First Amendment concerns, is notoriously fact sensitive and often cannot be resolved without a trial. The less bold among us would have to think twice before using official legal works that illuminate the law we are all presumed to know and understand.

Thankfully, there is a clear path forward that avoids these concerns—the one we are already on. Instead of examining whether given material carries “the force of law,” we ask only whether the author of the work is a judge or a legislator. If so, then whatever work that judge or legislator produces in the course of his judicial or legislative duties is not copyrightable. That is the framework our precedents long ago established, and we adhere to those precedents today.

Notes and Questions

1. In *Veeck v. S. Bldg. Code Congress*, 293 F.3d 791 (5th Cir. 2002), the Fifth Circuit also relied on *Banks* to hold that copyright no longer protected a model building code once a municipality had adopted the code into law. In so ruling, the court placed great reliance on “the Supreme Court’s holding that ‘the law’ is not copyrightable.” This principle would appear to exclude fewer works from copyright than the Court’s approach in *Public.Resource.Org*. Would this be a better approach? For example, a legislator might take notes about debates over legislation, with commentary about the reasons for various positions taken by other legislators. Would copyright protect those notes after *Public.Resource.Org*? Should it?

2. In *Public.Resource.Org*, Georgia contracted with LexisNexis to produce the annotations. This could have meant that LexisNexis authored the annotations, not the Georgia Legislature. Luckily, the Court avoided this problem because the parties apparently agreed that LexisNexis’ work product was a work made for hire. This meant that Copyright Act would

treat the Georgia legislature as the author of the annotations.⁷ It is worth noting, however, that it would be fairly easy for Georgia (or any state) to contract with a third party to produce annotations in ways that would not produce a work made for hire. Would such a transaction avoid the *Public.Resource.Org* result because the legislature was no longer the author?

⁷ We will study the work made for hire doctrine later in Chapter 3.

Chapter Five

EXCLUSIVE RIGHTS AND INFRINGEMENT

SECTION A. BASIC INFRINGEMENT: COPYING AND IMPROPER APPROPRIATION

[p. 275, replace Section 3, pp. 275-278, with the following]

3. SOUND RECORDINGS

Our examination of infringement has shown that a copyright holder's § 106(1) right of reproduction includes the ability to recover from some defendants whose work resembles, but does not duplicate, the copyrighted work of the plaintiff. While this is true for most copyrighted works, it is not true for one specific subset of works: sound recordings. Indeed, sound recordings are subject to a number of special rules and limitations that are important to understand, as they underpin and explain the structure of the music industry.

Sound recordings are defined as “works that result from the fixation of a series of musical, spoken, or other sounds.” 17 U.S.C. § 101. Sound recordings are often made of musical works (i.e. the tune and lyrics of a song), although they need not be (as in the case of a sound recording of ambient nature sounds). Any additional original creative expression embodied in the sound recording (for example in the interpretation, arrangement, and performance of an underlying musical work), can give rise to a separate and independent copyright in the sound recording.

So, for example, a digital MP3 file of a particular piece of recorded music may be protected by multiple copyrights. First, there may be a copyright in the underlying musical work, i.e. the melody and lyrics, which may be owned by a particular songwriter or composer. (Note this is not always the case, as the underlying musical work could be in the public

domain, for example in the case of a recording of a performance of a Mozart symphony). Second, there is a separate and independent copyright in the sound recording, i.e. the particular performance of the musical work fixed in the digital file, which may be owned by the performer or the record company.

Congress added sound recordings to the list of works protected under federal copyright in 1972. Prior to 1972, sound recordings were protected, if at all, by state common law copyright. When Congress sought to bring sound recordings within federal copyright, it met some resistance from established elements of the music industry (particularly the broadcast radio industry), who did not want to have to pay licensing fees to sound recording copyright owners, in addition to the licensing fees they were already paying to musical work copyright owners.

As part of a legislative compromise, Congress in 1972 extended federal copyright protection to sound recordings, but limited the scope of the copyright in several ways. First, although sound recording copyright owners have many of the same exclusive rights enjoyed by other copyright owners (e.g. the right to make copies, to publicly distribute the work, to make derivative works), they do not have a general right to control public performances of their sound recordings. 17 U.S.C. § 114(a). We will consider this important limitation in more detail in our discussion of the public performance right, *infra*.

Second, and more relevant to our current discussion, although Congress granted sound recording copyright owners the exclusive right to make copies, they limited the scope of that right. Section 114(b) of the Copyright Act states that the exclusive right to reproduce a sound recording is limited to “the right to duplicate the sound recording in the form of phonorecords or copies that directly or indirectly recapture the actual sounds fixed in the recording.” This means that a recording artist cannot stop others from independently recording the same music and imitating his performance, even though that performance may include significant amounts of original and creative expression. Infringement occurs only when a defendant mechanically reproduces the actual sounds found in a recording. It is perfectly legal to imitate slavishly the recordings of others, as long as one has permission to record the underlying musical composition.

To make this more concrete, imagine that you hired a number of musicians and vocalists to perfectly mimic the recorded performance of a particular musical work made by a famous performer. Imagine also that you secured a license from the owner of the copyright in the underlying musical work. You could then make and sell sound recordings that sounded identical to the sound recording made by the famous performer, without having to pay any licensing fee to that performer. This is the case even though you are copying the original creative expression that the famous performer embodied in her sound recording. This reflects the fact that Congress intended the sound recording copyright to apply only to literal copying of the actual fixed sounds in the sound recording itself.

The narrower scope of the reproduction right in sound recordings is potentially relevant for copyright claims brought against sampling, the common practice in some musical genres (e.g. rap and hip hop) of taking short clips from existing sound recordings and incorporating them into new sound recordings. Sampling potentially infringes upon at least two separate copyrights, the copyright in the sound recording and the copyright in the underlying musical work, and it is instructive to look at how the courts have treated both types of claims.

VMG Salsoul v. Madonna

824 F.3d 871 (9th Cir. 2016)

GRABER, Circuit Judge:

In the early 1990s, pop star Madonna Louise Ciccone, commonly known by her first name only, released the song *Vogue* to great commercial success. In this copyright infringement action, Plaintiff VMG Salsoul, LLC, alleges that the producer of *Vogue*, Shep Pettibone, copied a 0.23-second segment of horns from an earlier song, known as *Love Break*, and used a modified version of that snippet when recording *Vogue*. Plaintiff asserts that Defendants Madonna, Pettibone, and others thereby violated Plaintiff's copyrights to *Love Break*....

FACTUAL AND PROCEDURAL HISTORY

... In the early 1980s, Pettibone recorded the song *Ooh I Love It (Love Break)*, which we refer to as *Love Break*. In 1990, Madonna and Pettibone recorded the song *Vogue*, which would become a mega-hit dance song after its release on Madonna's albums. Plaintiff alleges that, when recording *Vogue*, Pettibone "sampled" certain sounds from the recording of *Love Break* and added those sounds to *Vogue*. "Sampling" in this context means the actual physical copying of sounds from an existing recording for use in a new recording, even if accomplished with slight modifications such as changes to pitch or tempo. See *Newton v. Diamond*, 388 F.3d 1189, 1192 (9th Cir. 2004).

Plaintiff asserts that it holds copyrights to the composition and to the sound recording of *Love Break*. Plaintiff argues that, because *Vogue* contains sampled material from *Love Break*, Defendants have violated both copyrights.... Plaintiff ... asserts a sole theory of infringement: When creating two commercial versions of *Vogue*, Pettibone sampled a "horn hit" from *Love Break*, violating Plaintiff's copyrights to both the composition and the sound recording of *Love Break*.

The horn hit appears in *Love Break* in two forms. A "single" horn hit in *Love Break* consists of a quarter-note chord comprised of four notes—E-flat, A, D, and F—in the key of B-flat. The single horn hit lasts for 0.23 seconds. A "double" horn hit in *Love Break* consists of an eighth-note chord of those same notes, followed immediately by a quarter-note chord of the

same notes. Plaintiff's expert identified the instruments as "predominantly" trombones and trumpets.

The alleged source of the sampling is the "instrumental" version of Love Break, which lasts 7 minutes and 46 seconds. The single horn hit occurs 27 times, and the double horn hit occurs 23 times. The horn hits occur at intervals of approximately 2 to 4 seconds in two different segments: between 3:11 and 4:38, and from 7:01 to the end, at 7:46. The general pattern is single-double repeated, double-single repeated, single-single-double repeated, and double-single repeated. Many other instruments are playing at the same time as the horns.

The horn hit in Vogue appears in the same two forms as in Love Break: single and double. A "single" horn hit in Vogue consists of a quarter-note chord comprised of four notes—E, A-sharp, D-sharp, and F-sharp—in the key of B-natural. A double horn hit in Vogue consists of an eighth-note chord of those same notes, followed immediately by a quarter-note chord of the same notes.

The two commercial versions of Vogue that Plaintiff challenges are known as the "radio edit" version and the "compilation" version. The radio edit version of Vogue lasts 4 minutes and 53 seconds. The single horn hit occurs once, the double horn hit occurs three times, and a "breakdown" version of the horn hit occurs once. They occur at 0:56, 1:02, 3:41, 4:05, and 4:18. The pattern is single-double-double-double-breakdown. As with Love Break, many other instruments are playing at the same time as the horns.

The compilation version of Vogue lasts 5 minutes and 17 seconds. The single horn hit occurs once, and the double horn hit occurs five times. They occur at 1:14, 1:20, 3:59, 4:24, 4:40, and 4:57. The pattern is single-double-double-double-double-double. Again, many other instruments are playing as well.

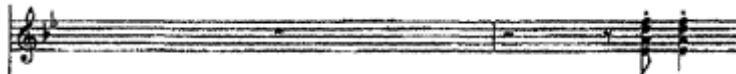
One of Plaintiff's experts transcribed the composition of the horn hits in the two songs as follows. Love Break's single horn hit:



Vogue's single horn hit:



Love Break's double horn hit:



Vogue's double horn hit:



...

DISCUSSION

Plaintiff has submitted evidence of actual copying. In particular, Tony Shimkin has sworn that he, as Pettibone’s personal assistant, helped with the creation of *Vogue* and that, in Shimkin’s presence, Pettibone directed an engineer to introduce sounds from *Love Break* into the recording of *Vogue*.... Taking the facts in the light most favorable to Plaintiff, Plaintiff has demonstrated actual copying. Accordingly, our analysis proceeds to the next step....

We explained in *Newton* that proof of actual copying is insufficient to establish copyright infringement:

For an unauthorized use of a copyrighted work to be actionable, the use must be significant enough to constitute infringement. This means that even where the fact of copying is conceded, no legal consequences will follow from that fact unless the copying is substantial. The principle that trivial copying does not constitute actionable infringement has long been a part of copyright law.... This principle reflects the legal maxim, *de minimis non curat lex* (often rendered as, “the law does not concern itself with trifles”).

Newton, 388 F.3d at 1192–93. In other words, to establish its infringement claim, Plaintiff must show that the copying was greater than *de minimis*.

Plaintiff’s claim encompasses two distinct alleged infringements: infringement of the copyright to the composition of *Love Break* and infringement of the copyright to the sound recording of *Love Break*. We squarely held in *Newton*, 388 F.3d at 1193, that the *de minimis* exception applies to claims of infringement of a copyrighted composition. But it is an open question in this circuit whether the exception applies to claims of infringement of a copyrighted sound recording....

A. Application of the De Minimis Exception

A “use is *de minimis* only if the average audience would not recognize the appropriation.” *Newton*, 388 F.3d at 1193. Accordingly, we must determine whether a reasonable juror could conclude that the average audience would recognize the appropriation. We will consider the composition and the sound recording copyrights in turn.

1. Alleged Infringement of the Composition Copyright

When considering an infringement claim of a copyrighted musical composition, what matters is not how the musicians actually played the notes but, rather, a “generic rendition of the composition.” That is, we must compare the written compositions of the two pieces.

Viewing the evidence in the light most favorable to Plaintiff, Defendants copied two distinct passages in the horn part of the score for Love Break. First, Defendants copied the quarter-note single horn hit. But no additional part of the score concerning the single horn hit is the same, because the single horn hit appears at a different place in the measure. In Love Break, the notes for the measure are: half-note rest, quarter-note rest, single horn hit. In Vogue, however, the notes for the measure are: half-note rest, eighth-note rest, single horn hit, eighth-note rest. Second, Defendants copied a full measure that contains the double horn hit. In both songs, the notes for the measure are: half-note rest, eighth-note rest, eighth-note horn hit, quarter-note horn hit. In sum, Defendants copied, at most, a quarter-note single horn hit and a full measure containing rests and a double horn hit.

After listening to the recordings, we conclude that a reasonable jury could not conclude that an average audience would recognize the appropriation of the composition. Our decision in *Newton* is instructive. That case involved a copyrighted composition of “a piece for flute and voice.” *Newton*, 388 F.3d at 1191. The defendants used a six-second sample that “consist[ed] of three notes, C—D flat—C, sung over a background C note played on the flute.” *Id.* The composition also “require[d] overblowing the background C note that is played on the flute.” *Id.* The defendants repeated a six-second sample “throughout [the song], so that it appears over forty times in various renditions of the song.” *Id.* at 1192. After listening to the recordings, we affirmed the grant of summary judgment because “an average audience would not discern [the composer’s] hand as a composer.” *Id.* at 1196.

The snippets of the composition that were (as we must assume) taken here are much smaller than the sample at issue in *Newton*. The copied elements from the Love Break composition are very short, much shorter than the six-second sample in *Newton*. The single horn hit lasts less than a quarter-second, and the double horn hit lasts—even counting the rests at the beginning of the measure—less than a second. Similarly, the horn hits appear only five or six times in Vogue, rather than the dozens of times that the sampled material in *Newton* occurred in the challenged song in that case. Moreover, unlike in *Newton*, in which the challenged song copied the entire composition of the original work for the given temporal segment, the sampling at issue here involves only one instrument group out of many. As noted above, listening to the audio recordings confirms what the foregoing analysis of the composition strongly suggests: A reasonable jury could not conclude that an average audience would recognize an appropriation of the Love Break composition.

2. Alleged Infringement of the Sound Recording Copyright

When considering a claimed infringement of a copyrighted sound recording, what matters is how the musicians played the notes, that is, how their rendition distinguishes the recording from a generic rendition of the same composition. Viewing the evidence in the light most favorable to Plaintiff, by accepting its experts’ reports, Pettibone sampled one single

horn hit, which occurred at 3:35 in Love Break. Pettibone then used that sampled single horn hit to create the double horn hit used in Vogue.

The horn hit itself was not copied precisely. According to Plaintiff's expert, the chord "was modified by transposing it upward, cleaning up the attack slightly in order to make it punchier [by truncating the horn hit] and overlaying it with other sounds and effects. One such effect mimicked the reverse cymbal crash.... The reverb/delay 'tail' ... was prolonged and heightened." Moreover, as with the composition, the horn hits are not isolated sounds. Many other instruments are playing at the same time in both Love Break and Vogue.

In sum, viewing the evidence in the light most favorable to Plaintiff, Pettibone copied one quarter-note of a four-note chord, lasting 0.23 seconds; he isolated the horns by filtering out the other instruments playing at the same time; he transposed it to a different key; he truncated it; and he added effects and other sounds to the chord itself. For the double horn hit, he used the same process, except that he duplicated the single horn hit and shortened one of the duplicates to create the eighth-note chord from the quarter-note chord. Finally, he overlaid the resulting horn hits with sounds from many other instruments to create the song Vogue.

After listening to the audio recordings submitted by the parties, we conclude that a reasonable juror could not conclude that an average audience would recognize the appropriation of the horn hit. That common-sense conclusion is borne out by dry analysis. The horn hit is very short—less than a second. The horn hit occurs only a few times in Vogue. Without careful attention, the horn hits are easy to miss. Moreover, the horn hits in Vogue do not sound identical to the horn hits from Love Break. As noted above, assuming that the sampling occurred, Pettibone truncated the horn hit, transposed it to a different key, and added other sounds and effects to the horn hit itself. The horn hit then was added to Vogue along with many other instrument tracks. Even if one grants the dubious proposition that a listener recognized some similarities between the horn hits in the two songs, it is hard to imagine that he or she would conclude that sampling had occurred....

In sum, the district court correctly held that summary judgment to Defendants was appropriate on the issue of de minimis copying.

B. The De Minimis Exception and Sound Recordings

Plaintiff argues, in the alternative, that even if the copying here is trivial, that fact is irrelevant because the de minimis exception does not apply to infringements of copyrighted sound recordings. Plaintiff urges us to follow the Sixth Circuit's decision in *Bridgeport Music, Inc. v. Dimension Films*, 410 F.3d 792 (6th Cir. 2005), which adopted a bright-line rule: For copyrighted sound recordings, any unauthorized copying—no matter how trivial—constitutes infringement.

The rule that infringement occurs only when a substantial portion is copied is firmly established in the law. The leading copyright treatise traces the rule to the mid-1800s. 4 Melville B. Nimmer & David Nimmer,

NIMMER ON COPYRIGHT § 13.03[A][2][a], at 13-56 to 13-57, 13-57 n.102 (2013) We recognized the rule as early as 1977: “If copying is established, then only does there arise the second issue, that of illicit copying (unlawful appropriation). On that issue the test is the response of the ordinary lay hearer....” *Sid & Marty Krofft Television Prods., Inc. v. McDonald’s Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977). The reason for the rule is that the “plaintiff’s legally protected interest [is] the potential financial return from his compositions which derive from the lay public’s approbation of his efforts.” *Krofft*, 562 F.2d at 1165. If the public does not recognize the appropriation, then the copier has not benefitted from the original artist’s expressive content. Accordingly, there is no infringement....

Plaintiff nevertheless argues that Congress intended to create a special rule for copyrighted sound recordings, eliminating the de minimis exception. We begin our analysis with the statutory text.

Title 17 U.S.C. § 102, titled “Subject matter of copyright: In general,” ... treats sound recordings identically to all other types of protected works; nothing in the text suggests differential treatment, for any purpose, of sound recordings compared to, say, literary works. Similarly, nothing in the neutrally worded statutory definition of “sound recordings” suggests that Congress intended to eliminate the de minimis exception.

Title 17 U.S.C. § 106, titled “Exclusive rights in copyrighted works,” [lists the exclusive rights owned by copyright owners]. Again, nothing in that provision suggests differential treatment of de minimis copying of sound recordings compared to, say, sculptures....

Instead, Plaintiff’s statutory argument hinges on the third sentence of 17 U.S.C. § 114(b), which states:

The exclusive rights of the owner of copyright in a sound recording under clauses (1) and (2) of section 106 do not extend to the making or duplication of another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording.

Like all the other sentences in § 114(b), the third sentence imposes an express limitation on the rights of a copyright holder: “The exclusive rights of the owner of a copyright in a sound recording ... do not extend to the making or duplication of another sound recording [with certain qualities].” *Id.* (emphasis added). We ordinarily would hesitate to read an implicit expansion of rights into Congress’ statement of an express limitation on rights. Given the considerable background of consistent application of the de minimis exception across centuries of jurisprudence, we are particularly hesitant to read the statutory text as an unstated, implicit elimination of that steadfast rule.

A straightforward reading of the third sentence in § 114(b) reveals Congress’ intended limitation on the rights of a sound recording copyright holder: A new recording that mimics the copyrighted recording is not an infringement, even if the mimicking is very well done, so long as there was no actual copying. That is, if a band played and recorded its own version

of Love Break in a way that sounded very similar to the copyrighted recording of Love Break, then there would be no infringement so long as there was no actual copying of the recorded Love Break. But the quoted passage does not speak to the question that we face: whether Congress intended to eliminate the longstanding *de minimis* exception for sound recordings in all circumstances even where, as here, the new sound recording as a whole sounds nothing like the original....

In coming to a different conclusion, the Sixth Circuit reasoned as follows:

[T]he rights of sound recording copyright holders under clauses (1) and (2) of section 106 “do not extend to the making or duplication of another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording.” 17 U.S.C. § 114(b) (emphasis added). The significance of this provision is amplified by the fact that the Copyright Act of 1976 added the word “entirely” to this language. In other words, a sound recording owner has the exclusive right to “sample” his own recording.

Bridgeport, 410 F.3d at 800–01.

We reject that interpretation of § 114(b). *Bridgeport* ignored the statutory structure and § 114(b)’s express limitation on the rights of a copyright holder....

Close examination of *Bridgeport*’s interpretive method further exposes its illogic. In effect, *Bridgeport* inferred from the fact that “exclusive rights ... do not extend to the making or duplication of another sound recording that consists entirely of an independent fixation of other sounds,” the conclusion that exclusive rights do extend to the making of another sound recording that does not consist entirely of an independent fixation of other sounds. As pointed out by Nimmer, *Bridgeport*’s interpretive method “rests on a logical fallacy.” Nimmer § 13.03[A][2][b], at 13-61. A statement that rights do not extend to a particular circumstance does not automatically mean that the rights extend to all other circumstances. In logical terms, it is a fallacy to infer the inverse of a conditional from the conditional....

The Sixth Circuit also looked beyond the statutory text, to the nature of a sound recording, and reasoned:

[E]ven when a small part of a sound recording is sampled, the part taken is something of value. No further proof of that is necessary than the fact that the producer of the record or the artist on the record intentionally sampled because it would (1) save costs, or (2) add something to the new recording, or (3) both. For the sound recording copyright holder, it is not the “song” but the sounds that are fixed in the medium of his choice. When those sounds are sampled they are taken directly from that fixed medium. It is a physical taking rather than an intellectual one.

Bridgeport, 410 F.3d at 801–02 (footnote omitted).

We disagree for three reasons. *First*, the possibility of a “physical taking” exists with respect to other kinds of artistic works as well, such as photographs, as to which the usual de minimis rule applies.... *Second*, even accepting the premise that sound recordings differ qualitatively from other copyrighted works and therefore could warrant a different infringement rule, that theoretical difference does not mean that Congress actually adopted a different rule. *Third*, the distinction between a “physical taking” and an “intellectual one,” premised in part on “sav[ing] costs” by not having to hire musicians, does not advance the Sixth Circuit’s view. The Supreme Court has held unequivocally that the Copyright Act protects only the expressive aspects of a copyrighted work, and not the “fruit of the [author’s] labor.” *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349, (1991). Indeed, the Supreme Court in *Feist* explained at length why, though that result may seem unfair, protecting only the expressive aspects of a copyrighted work is actually a key part of the design of the copyright laws. Accordingly, all that remains of *Bridgeport’s* argument is that the second artist has taken some expressive content from the original artist. But that is always true, regardless of the nature of the work, and the de minimis test nevertheless applies.

Because we conclude that Congress intended to maintain the “de minimis” exception for copyrights to sound recordings, we take the unusual step of creating a circuit split by disagreeing with the Sixth Circuit’s contrary holding in *Bridgeport*....

Finally, Plaintiff advances several reasons why *Bridgeport’s* rule is superior as a matter of policy. For example, the Sixth Circuit opined that its bright-line rule was easy to enforce; that “the market will control the license price and keep it within bounds”; and that “sampling is never accidental” and is therefore easy to avoid. *Bridgeport*, 410 F.3d at 801. Those arguments are for a legislature, not a court. They speak to what Congress could decide; they do not inform what Congress actually decided.⁸

We hold that the “de minimis” exception applies to actions alleging infringement of a copyright to sound recordings.

SILVERMAN, Circuit Judge, dissenting:

The plaintiff is the owner of a copyright in a fixed sound recording. This is a valuable property right, the stock-in-trade of artists who make their living recording music and selling records. The plaintiff alleges that

⁸ [FN11] It also is not clear that the cited policy reasons are necessarily persuasive. For example, this particular case presents an example in which there is uncertainty as to enforcement—musical experts disagree as to whether sampling occurred. As another example, it is not necessarily true that the market will keep license prices “within bounds”—it is possible that a bright-line rule against sampling would unduly stifle creativity in certain segments of the music industry because the licensing costs would be too expensive for the amateur musician. In any event, even raising these counter-points demonstrates that the arguments, as Plaintiff concedes, rest on policy considerations, not on statutory interpretation. One cannot answer questions such as how much licensing cost is too much without exercising value judgments—matters generally assigned to the legislature.

the defendants, without a license or any sort of permission, physically copied a small part of the plaintiff's sound recording—which, to repeat, is property belonging to the plaintiff—and, having appropriated it, inserted into their own recording. If the plaintiff's allegations are to be believed, the defendants deemed this maneuver preferable to paying for a license to use the material, or to hiring their own musicians to record it. In any other context, this would be called theft. It is no defense to theft that the thief made off with only a “de minimis” part of the victim's property.

The majority chooses to follow the views of a popular treatise instead of an on-point decision of the Sixth Circuit, a decision that has governed the music industry in Nashville—“Music City”—and elsewhere for over a decade without causing either the sky to fall in, or Congress to step in. And just exactly what is the Sixth Circuit's radical holding in *Bridgeport Music, Inc. v. Dimension Films* that the majority finds so distasteful? It's this: if you want to use an identical copy of a portion of a copyrighted fixed sound recording—we're not talking about “substantially similar” tunes or rhythms, but an actual identical copy of a sound that has already been recorded in a fixed medium—get a license.

As the majority acknowledges, after *Newton v. Diamond*, 388 F.3d 1189 (9th Cir. 2003), it is an “open question” in the Ninth Circuit whether a de minimis defense applies to fixed sound recordings as it does to less tangible works. The Bridgeport court explained why it should not.

First, by statute, sound recording copyright holders have an exclusive right to sample their own recordings. It's an exclusive right; the statute does not give that right to others. Under 17 U.S.C. §§ 106 and 114, the holder of a copyright in a sound recording (but not others) has the exclusive right to reproduce the work in copies or records “that directly or indirectly recapture the actual sounds fixed in the recording,” as well as the exclusive right to prepare derivative works “in which the actual sounds fixed in the sound recording are rearranged, remixed, or otherwise altered in sequence or quality.” Congress clearly qualified these exclusive rights, writing that “another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording” are not within the scope of the copyright holder's exclusive rights. In other words, the world at large is free to imitate or simulate the creative work fixed in the recording (like a tribute band, for example) so long as an actual copy of the sound recording itself is not made.

The majority rejects this straightforward reading, explaining by way of a rhetorical exercise that *Bridgeport's* reading of § 114(b) is a logical fallacy, expanding the rights of copyright holders beyond that allowed under the judicial de minimis rule. As I see it, it is the majority that tortures the natural reading of these provisions. Bear in mind that § 114(b) simply explains the scope of exclusive rights already granted to copyright holders under § 106. These two provisions must be read together, as the Sixth Circuit did. When read together, their message is clear: copyright holders have exclusive rights to their recordings, but cannot be heard to complain

(i.e., there can be no infringement of those exclusive rights) where a new recording consists entirely of independently created sounds, such as might be found in a very good imitation. By the same token, if a new recording includes something other than independently created sounds, such as a blatant copy, the copyright holder whose work was sampled has a legitimate gripe. That right was not invented by the Sixth Circuit: it already exists in the statutes. And these statutes say nothing about the de minimis exception.

The second reason the Sixth Circuit gave for not adopting the de minimis rule is that sound recordings are different than their compositional counterparts: when a defendant copies a recording, he or she takes not the song but the sounds as they are fixed in the medium of the copyright holders' choice. In other words, the very nature of digital sampling makes a de minimis analysis inapplicable, since sampling or pirating necessarily involves copying a fixed performance. The defendants wanted horns to punctuate their song, so they took the plaintiff's copyrighted recording of horns. The horn hit is brief, but clearly perceptible and does its job. This is unlike indiscernible photographs used, not for their content (which cannot be made out), but to dress a movie set.

This is a physical taking, not an intellectual one. Sampling is never accidental. As the Sixth Circuit observed, it is not like the case of a composer who has a melody in his head, perhaps not even realizing that the reason he hears this melody is that it is the work of another that he has heard before. When you sample a sound recording you know you are taking another's work product. Accordingly, the pertinent inquiry in a sampling case is not whether a defendant sampled a little or a lot, but whether a defendant sampled at all....

In short, the majority's fuzzy approach would require a factual and largely visceral inquiry into whether each and every instance of sampling was "substantial," whereas *Bridgeport* provides in the case of a fixed sound recording a bright-line rule, and I quote: "Get a license or do not sample." True, Get a license or do not sample doesn't carry the same divine force as Thou Shalt Not Steal, but it's the same basic idea. I would hold that the de minimis exception does not apply to the sampling, copying, stealing, pirating, misappropriation—call it what you will—of copyrighted fixed sound recordings. Once the sound is fixed, it is tangible property belonging to the copyright holder, and no one else has the right to take even a little of it without permission. I therefore respectfully dissent.

Notes and Questions

1. You can hear clips of the original sound recordings and the samples at issue in *Bridgeport* and *VMG Salsoul* at:

<https://blogs.law.gwu.edu/mcir/case/bridgeport-music-v-dimension-films-et-al/>

<https://blogs.law.gwu.edu/mcir/case/vmg-salsoul-llc-v-madonna-louise-ciccone-et-al/>

Upon listening to the clips, can you recognize and identify the samples? If, in neither case, the samples are recognizable, should liability nevertheless attach? Why or why not? Are you persuaded that sound recordings should be treated differently from other copyrighted works? Which opinion from *VMG Salsoul* do you find more persuasive, the majority's or the dissent's?

2. As noted above, copyright in sound recordings extends only to "the right to duplicate the sound recording in the form of phonorecords or copies that directly or indirectly recapture the actual sounds fixed in the recording." Are there good reasons to give those who create sound recordings fewer rights than most other copyright holders?

3. How do the rules proposed by *VMG Salsoul* and *Bridgeport* affect the behavior of artists who are interested in sampling a pre-existing work? If you represented an artist in the Sixth Circuit who wanted to sample, how would you advise her to proceed? What about the Ninth Circuit?

4. More broadly, to what extent should artists be permitted to sample pre-existing copyrighted works (whether sound recordings or musical works) without permission in creating their own works? Many genres of music rely heavily upon such sampling. The cases above involve short three-second and 0.23-second samples, which may or may not be *de minimis*. What about more extensive sampling? For example, what about a longer 6-second sample that is clearly recognizable as deriving from a pre-existing work? Should the new artist have to get permission from the prior artist?

5. *Pre-1972 Sound Recordings*. As noted above, prior to 1972, sound recordings were not protected under federal copyright law, but were instead protected, if at all, by state common law copyright. The 1972 Act brought sound recordings into federal copyright law, but only did so prospectively, applying to sound recordings published with notice after February 15, 1972. Sound recordings created and published prior to that date (which include many very famous and popular sound recordings) remained governed by state common law. This led to a good deal of uncertainty and inconsistency with respect to copyright rights in pre-1972 sound recordings.

In 2018, as part of the Music Modernization Act, Congress addressed this situation by bringing all pre-1972 sound recordings within federal copyright law. See Classics Protection and Access Act (CPAA), 17 U.S.C. § 1401. Broadly speaking, pre-1972 sound recordings now have the same set of rights and limitations as post-1972 sound recordings. There are, however, a number of differences. First, pre-1972 sound recordings are technically governed by a separate part of the Copyright Act, rather than simply being incorporated into the existing statute. Second, although the term of protection is broadly the same as for other works published before the 1976 Act (i.e. 95 years from publication), there are a number of provisions that, under some circumstances, lengthen the term of protection to

account for the “transition” from state copyright to federal copyright. 17 U.S.C. § 1401(a)(2)(B). Finally, pre-1972 sound recordings are subject to an additional defense of “noncommercial use,” which, under certain circumstances, provides immunity from liability for certain uses of “orphan” sound recordings, i.e. recordings whose copyright owners cannot easily be identified. 17 U.S.C. § 1401(c).

SECTION E. PUBLIC PERFORMANCE

[p. 315, after Note 3, replace Sections 1-3, pp. 315-321, with the following]

1. STATUTORY LIMITS ON PUBLIC PERFORMANCE RIGHTS

The decision to give copyright holders control over all public performances creates the possibility of unintuitive results in at least some cases. For example, what happens if a group of friends turns on a portable radio in a public park? Or what about a teacher who shows a film to her class? Such acts constitute public performances under the definition provided in § 101. Do people really owe royalties for such ordinary, everyday behavior? Congress has responded to this problem by enacting a series of limitations on the right of public performance in § 110 of the Copyright Act. These limitations permit public performances, under certain limited circumstances, for:

- (1) Face-to-face teaching activities
- (2) Instructional broadcasting and distance learning
- (3) Religious services
- (4) Live performances of musical and literary works with no commercial advantage
- (5) Reception of broadcasts in a public place
- (6) Performance of music by agricultural fairs
- (7) Performance of music in connection with sale of phonorecords or sheet music
- (8) and (9) Noncommercial performances for the deaf and blind
- (10) Charitable performances by veterans and fraternal organizations

Each of these limitations is subject to specific requirements and conditions. *See* 17 U.S.C. § 110 for detailed provisions.

These limitations reflect a mix of pragmatic policy and political compromise, making their coverage spotty and sometimes difficult to understand. For example, it is easy to explain § 110(1) and (2), which exempt from the § 106 performance right the performance or display of works in the course of face-to-face teaching and instructional activities transmitted over digital networks. It is also fairly easy to make sense of § 110(4), which

exempts the non-profit performance of nondramatic literary and musical works, although you might wonder why the same exemption does not exist for the non-profit performance of other works. By contrast, it seems harder to explain why § 106(6) exempts the “performance of a nondramatic musical work by a governmental body or a nonprofit agricultural or horticultural organization, in the course of an annual agricultural or horticultural fair or exhibition conducted by such body or organization,” but not other fairs conducted by similar organizations.

Perhaps the most complex of these provisions is § 110(5). At root, its basic provision, § 110(5)(A), exempts from the public performance right those performances accomplished by turning on a radio or other device “of a kind commonly used in private homes,” as long as there is no charge. Thus, the friends who turn on a portable radio in a public park do not commit infringement. However, complications quickly follow in § 110(5)(B), which contains more detailed provisions that govern the use of equipment in retail stores, depending on their square footage. Why would Congress choose to regulate the public performance of music in this way? The answer lies once again in the peculiar history of the Copyright Act.

From 1931 until the enactment of the 1976 Act, the Supreme Court struggled to define coherently infringing public performances of copyrighted works. Many of these cases involved the retransmission of radio or television signals, a subject now regulated by sections 110(5), 111, 119 and 122 of the Copyright Act. Then, in 1975, the Court decided *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975). In *Aiken*, the plaintiff claimed that the defendant committed infringement by playing a conventional radio through a system of four in-ceiling speakers that could be heard by customers and employees at the defendant’s fast food restaurant. The intuition behind the plaintiff’s claim was simple. The defendant would need a license if he wanted a live band to play the plaintiff’s music in the restaurant. Why should the result be any different if the defendant accomplished that result by using a radio? The defendant’s response was equally simple. The plaintiff had already received compensation for the performance via payment from the radio stations whose broadcasts were heard in the restaurant. The Court decided against the plaintiff on the ground that *Aiken* did not perform the plaintiff’s music. The Court considered a contrary result inequitable for two reasons:

First, a person in *Aiken*’s position would have no sure way of protecting himself from liability for copyright infringement except by keeping his radio set turned off. For even if he secured a license from ASCAP,⁹ he would have no way of either foreseeing or controlling the broadcast of compositions whose copyright was held by someone else. Secondly, to hold that all in *Aiken*’s position “performed” these musical compositions would be to authorize the sale of an untold number of licenses for what is basically a single public rendition of a copyrighted work. The exaction of such multiple

⁹ Editor’s note: ASCAP is a collective rights organization that provides blanket licenses for public performance of musical works. See the next section, *infra*.

tribute would go far beyond what is required for the economic protection of copyright owners, and would be wholly at odds with the balanced congressional purpose behind [the Copyright Act].¹⁰

Congress responded to the *Aiken* decision in the 1976 Act. The legislative history clearly takes the position that the § 106(4) public performance right included multiple transmissions of a single origin performance:

[A] singer is performing when he or she sings a song; a broadcasting network is performing when it transmits his or her performance (whether simultaneously or from records); a local broadcaster is performing when it transmits the network broadcast; a cable television system is performing when it retransmits the broadcast to its subscribers, and any individual is performing whenever he or she plays a phonorecord embodying the performance or communicates the performance by turning on a receiving set.

This position obviously reflected some sympathy for the position taken by the plaintiff in *Aiken*, but it also created problems because, as noted in the quotation above, a person turning the radio on performs the works heard. Limitations therefore became necessary in order to avoid making ordinary radio listeners into infringers. Congress accomplished this through a series of statutory limitations on the general public performance right that included § 110(5).

When originally enacted, § 110(5) had only a single provision that is now § 110(5)(A). That provision exempted those performers who received transmission “on a single receiving apparatus of a kind commonly used in private homes,” a clear nod to the facts and result of *Aiken*. Predictably, this led to litigation over the kind of equipment that qualified as “commonly used in private homes” as larger, better funded commercial establishments used higher quality, more powerful sound systems to avoid paying license fees for having the radio on. The resulting patchwork of confusing decisions, along with aggressive claims made by the owners of music copyrights, led Congress to amend § 110(5) by adding § 110(5)(B). That section adopted a bright-line, square foot limit approach to the kinds of establishments that would owe a license fee for having the radio or television on.

2. SOUND RECORDINGS: DIGITAL PUBLIC PERFORMANCE

In our prior discussion of the reproduction right, we noted that Congress singled out sound recordings for special treatment by limiting the scope of the reproduction right for sound recordings. Congress similarly treated sound recordings in a disparate fashion when it came to the public performance right. Section 106(4) of the Copyright Act conspicuously

¹⁰ *Aiken*, 422 U.S. 151, 163 (1975).

omits sound recordings from the list of works whose copyright holders have a right of public performance. Thus, whenever a piece of recorded music is played in public—for example over the radio, at a ballpark, in a department store, or by a DJ at a club—the owners of the sound recording copyright are not entitled to any licensing fees. Instead, only the owners of the copyright in the underlying musical work are entitled to receive licensing fees. This is the case even though the performers of the sound recording may be far more famous than the individual who wrote the song.

This omission exists because of the peculiar history of copyright protection for sound recordings. As noted above, before 1972, state law provided the only protection for sound recordings, and the spottiness of those rights created an environment in which piracy flourished. The recording industry understandably wanted federal copyright protection and lobbied for change, but it faced a significant obstacle. The absence of federal protection for sound recordings meant that those who publicly performed recorded music, particularly radio stations, owed royalties only to composers of music or their successors in interest. They owed nothing to the performers and predictably resisted the recording industry's entreaties for change. Eventually, the two sides compromised. In 1972, The Sound Recording Amendment Act changed federal copyright law to prohibit only the unauthorized mechanical reproduction of sound recordings. The recording industry could now bring federal copyright actions against record pirates, but radio stations remained free to perform recorded music without paying royalties to performers.

The limited protection of sound recordings carried over into the 1976 Act. This did not mean that the recording industry was satisfied. Performers contribute a great deal when they record music written by others, so why shouldn't they share in the profits from public performances of recorded music? The recording industry regularly advanced this argument to Congress in an attempt to add full performance rights to the Copyright Act, but to no avail. However, Congress did eventually enact additional limited performance rights.

In the late 20th Century, the advent of digital technology raised the possibility that consumers might stop purchasing traditional recorded music like CDs and listen instead to music transmitted over the Internet. This possibility would, if fully realized, damage the revenue stream traditionally relied upon by the recording industry, which relied primarily on the sale of copies of sound recordings. Congress responded in 1995 by enacting § 106(6) of the Copyright Act, which gives copyright holders the exclusive right to publicly perform sound recordings by means of "digital audio transmission."

The precise contours of digital music performance rights are quite complicated, and full consideration is beyond the scope of a basic course in copyright. It is, however, worth noting the rough contours of those rights as expressed in § 114(d) of the Copyright Act. In particular, the Copyright Act sets up a three-tiered system for digital sound recording performance rights:

1. *Performances requiring a license from the sound recording owner.* Digital performances that are “interactive,” i.e. that allow a consumer to choose which songs are performed and to significantly control the playback of the song, require an express license from the sound recording owner. These kinds of performances are most likely to substitute for purchases of copies of sound recordings, and sound recording owners therefore have the strongest rights in this area. 17 U.S.C. § 114(d)(2)(A)(i). Online music services such as Spotify, Apple Music, and Google Play generally fall into this category.

2. *Performances subject to a compulsory license.* Digital performances that are “non-interactive,” i.e. that transmit sound recordings in a manner that is largely not controlled by the consumer, are subject to a statutory license. 17 U.S.C. § 114(d)(2). The Copyright Act sets forth detailed requirements for this license, including limitations on pre-announcing upcoming songs, the number of songs by a given artist or from a certain album that can be played in a given time period, etc. Royalty levels are set through voluntary industry negotiation, subject to administrative determination if the parties cannot reach agreement. Many music webcasting services (e.g. Pandora) are designed to fall within this category. We will consider compulsory licenses in more detail *infra*.

3. *Performances exempt from any license.* Digital over-the-air broadcasts provided without subscription are completely exempt from either negotiated or compulsory licenses, and therefore not subject to the digital public performance right. 17 U.S.C. § 114(d)(1). Thus, for example, FCC-licensed digital radio broadcasts would be exempt from any licensing requirement. Note that this exemption applies only to over-the-air digital broadcasts, so does not apply to traditional analog radio stations who wish to re-broadcast their content over the Internet. *See Bonneville Int’l Corp. v. Peters*, 347 F.3d 485 (3d Cir. 2003). Such rebroadcasts would require either an express or compulsory license.

As noted above, the provisions dealing with digital sound recording licenses are extremely complicated, reflecting detailed bargaining between numerous industry participants. To some extent, the complexity of these provisions can make it difficult to engage with these aspects of the copyright system. However, it is important to note that these provisions directly govern a significant part of the music industry and are responsible for its current shape and structure. As more sound recording performances are delivered in digital form, we can expect these complicated provisions to gain increasing importance and have a greater effect on the shape and structure of the music industry.

Finally, note that the complicated digital public performance provisions above cover only the copyrights in the *sound recordings*. Any company wishing to provide digital public performances would, in addition to complying with the complicated provisions above, also have to secure licenses for publicly performing all of the *musical works* that are embodied in the sound recordings. Thus, such companies would be required to secure licenses at least twice over. Licensing of the public performance rights in

musical works is typically handled by collective rights organizations, described in the next section, *infra*.

3. MUSICAL WORKS: PERFORMING RIGHTS ORGANIZATIONS

If musical work copyright holders get to collect royalties for public performances of their works, how do they enforce their rights? It would be extremely burdensome, if not impossible, for a single individual to detect unauthorized public performances (for example, in restaurants, retail stores, or other establishments across the country) or to handle all the license requests that would come in daily for a popular piece of music. It would also be extremely difficult for a commercial establishment like a nightclub, restaurant, or retail store to get licenses for every individual musical work that might be performed there.

Performing rights organizations offer a solution to this problem by collecting the rights to perform numerous works and licensing those rights on a collective basis. This enables radio stations, restaurants, and other public places to buy licenses (so-called “blanket licenses”) for thousands of works at one time for a single fee. The performing rights organizations then distribute the collected money to the various copyright holders according to some predetermined formula. Performing rights organizations also watch for and bring enforcement actions against those who perform works in the organization’s library without consent. For ordinary public performance of music, the primary such organizations are the American Society of Composers, Authors and Publishers (ASCAP), Broadcast Music, Inc. (BMI), and the Society of European Stage Authors and Composers (SESAC). Other organizations exist to collect royalties for digital performances of music.

The convenience of a blanket license from organizations like ASCAP comes at a price. It may work well for a business that wants to perform a significant part of ASCAP’s library (perhaps true of some radio stations), but what about someone who wants to perform only a small portion of that library, or someone who wants to perform works only infrequently? In theory, ASCAP could offer licenses to fit every conceivable purchaser, but it has not. Those unhappy with the choices offered by performing rights organizations have brought antitrust suits. These suits have not generally succeeded, but they have led the Justice Department to scrutinize the behavior of ASCAP and BMI, who now operate under consent decrees that submit disputes about to blanket license fees to federal district court.

SECTION F. COMPULSORY LICENSING

[p. 322, replace Section F, pp. 322-323, with the following]

Copyright holders generally have complete control over the rights they hold. For example, the owner of the copyright in a book sets the terms and conditions for adapting a book into a movie, or he can decide to prohibit the use. Such exclusivity parallels the general operation of property rights in our society. However, the Copyright Act imposes a number of statutory or “compulsory” licenses that disrupt this system of exclusivity. Although the details of various compulsory licenses differ, they all force copyright holders to permit certain otherwise infringing uses of their works at statutorily prescribed rates.

Musical works are subject to a number of compulsory licenses. The oldest and best-known of these is the so-called “mechanical” or “cover” license found in §115. This compulsory license gives record producers the right to make and distribute phonorecords of nondramatic musical works as long as they pay the fee set by a panel of administrative Copyright Royalty Judges. To appreciate how this license works, keep in mind that in its absence, the copyright holder in a musical work decides whether to exploit the work through recording, and if so, by whom and at what price. This means that the copyright holder could decide to allow only himself to make such records, or he could permit only those whose performances he liked to do so.

Section 115 of the Copyright Act changes this by allowing any person to make recordings of a musical work if the copyright holder has authorized the manufacture and distribution of at least one recording of the work. Once this condition has been satisfied, a person wanting to make and sell a recording of the work need only give notice of such recording, comply with various statutory formalities, and arrange to pay the prescribed fee. The copyright holder therefore controls only the decision about whether the work will be recorded at all. Once such a recording gets made and distributed, anyone can do so without the copyright holder’s permission. Indeed, the recording artist can even arrange the work to suit his or her recording style, even if the copyright holder dislikes the resulting performance (although the recording artist may not go so far as to “change the basic melody or fundamental character of the work”). All the copyright holder gets to do is collect royalties.

Congress first enacted an early version of this compulsory license in 1909 because it worried about the potential concentration of market power in the mechanical reproduction of music, particularly through player piano rolls. Without the compulsory license, companies holding copyright in large numbers of songs might monopolize the industry, reducing competition and availability to consumers. The compulsory license prevented this from happening by forcing copyright holders to accept competition in the market for mechanically reproduced music. The same compulsory license

also applied to the developing technology of phonograph recording, and it prevented copyright holders from leveraging their rights into control over the new technology. Over time, the music industry adapted to the compulsory license and even opposed its elimination during the drafting of the 1976 Act. Congress therefore retained this compulsory license in the 1976 Act, recognizing a right to deliver nondramatic musical works fixed in “phonorecords.” And in 1995, Congress further extended the scope of the license to include “digital phonorecord delivery,” i.e. distribution of sound recordings fixed in digital form.

Although the license was created in response to concerns about market power and anticompetitive behavior, today the § 115 compulsory license is most often used in connection with the recording of so-called “covers” of musical works. Instead of recording a new musical work, a recording artist may choose to record her own version of an existing musical work that has already been recorded by another artist, putting her own interpretation of the song. Some famous covers include Jimi Hendrix’s recording of “All Along the Watchtower” (originally recorded by Bob Dylan), Aretha Franklin’s recording of “Respect,” (originally recorded by Otis Redding), and Sinéad O’Connor’s recording of “Nothing Compares 2 U” (originally recorded by Prince).¹¹

In addition to the mechanical license mentioned above, Congress recently amended § 115 as part of the Music Modernization Act of 2018 to create a new, separate, and independent compulsory license for musical works, the so-called “blanket license.” This new compulsory license is scheduled to go into effect on January 1, 2021, and gives “digital music providers” the right to obtain a license to reproduce and publicly distribute musical works (fixed in the form of sound recordings) via “digital phonorecord delivery,” which is defined as including permanent downloads, limited downloads, or interactive streaming. The license is a blanket license in that it applies to all musical works subject to compulsory licensing under § 115 (i.e. any musical work whose copyright owner has authorized distribution of sound recordings embodying the musical work).

The new blanket license is intended to provide a more efficient mechanism for digital music companies to secure permission from musical work owners in order to sell digital copies or interactive streams of recorded music. Currently, companies that wish to sell digital copies of recorded music must secure express licenses from the musical work owners (either the songwriters or more typically the music publishing companies to whom the copyrights have been transferred). After January 1, 2021, these companies may instead elect to take advantage of the blanket license and pay royalties to a statutorily-designated “mechanical licensing collective” at rates set by the Copyright Royalty Board, a rate-setting body within

¹¹ Although § 115 provides a statutory mechanism for licensing sound recordings, it turns out that relatively few recording artists actually use this mechanism to record and sell covers. Instead, the Harry Fox Agency has emerged as the private commercial entity that grants mechanical reproduction licenses, collects and distributes royalties, and enforces copyright infringement claims. The § 115 royalty rates act as a ceiling on rates set through Harry Fox, whose operations are outlined at their website, www.harryfox.com.

the Copyright Office. The mechanical licensing collective is charged, *inter alia*, with the task of collecting royalties and distributing them to the copyright owners.¹² Because this is an entirely new compulsory license, many details about the operation of this license will need to be worked out in the years after it goes into affect, and these details are beyond the scope of an introductory copyright law class.

Although the compulsory license in § 115 was the first example of a compulsory license in U.S. copyright law, Congress has since created compulsory licenses in other areas as well. These include compulsory licenses for:

- Secondary transmissions of audio visual works by cable television companies, § 111(c)
- Ephemeral reproductions of copyrighted works in the course of authorized transmissions of those works to the public, §112
- Digital public performances of sound recordings via non-interactive streaming, § 114(d) (discussed *supra*)
- Public performances of nondramatic musical works by jukeboxes, § 116
- Use of nondramatic musical works and pictorial, graphic, and sculptural works by public television companies, § 118
- Secondary transmission of “superstation” programs, § 119.

Each of these compulsory licenses has very specific and often extremely complicated provisions that govern details such as: the works covered, the rights subject to license, the conditions under which the license may be granted, the licensing fee, how the licensing revenues are to be distributed, and many other details that are beyond the scope of an introductory copyright law class.

Notes and Questions

1. Copyright owners, like the owners of other forms of property, generally have an absolute right to refuse to license or permit uses of their copyrighted works. Thus, for example, if J. D. Salinger does not want anyone to make a movie version of his novel *The Catcher in the Rye*, he can absolutely refuse to license that use. If he did decide to allow it, he could condition his permission on editorial or artistic control over the final product.

Compulsory licenses represent an exception to the general rule, and it is worth thinking about why Congress might want to enact a compulsory license, forcing the copyright owner to permit third party uses of the work. In some cases, a compulsory license may be imposed because Congress is worried about concentration of market power, as in the case of the original

¹² Note that digital music providers may also elect to forego the blanket license and enter into express licensing agreements with musical work owners.

mechanical license later embodied in §115. The compulsory license thus promotes competition by allowing third parties to make use of copyrighted works. In other cases, a compulsory license may be imposed because Congress worries that the ordinary operation of the market will not result in efficient licensing. This may be, for example, because of transactions costs (in the case of the need to secure licenses to a large number of works) or bargaining breakdowns. In still other cases, Congress might be so concerned about ensuring access to particular works that it mandates such access by law.

2. Although compulsory licenses may offer certain benefits, they come with certain costs. One cost is complexity, as the terms of the license must be set forth with some specificity. Another complication is that, when Congress establishes a compulsory license, someone must set the price of the license, since the market no longer does so. The original mechanical license in 1909 set a price per copy in the Copyright Act itself. Today, most of the compulsory license rates are set by the Copyright Royalty Board (CRB), a body within the Copyright Office that is charged with establishing fees for many compulsory licenses.

3. Having seen how compulsory licenses work, what do you think of compulsory licensing as a mechanism for structuring copyright relations? Does compulsory licensing improve markets by lowering the costs of obtaining licenses, or does it harm markets by preventing copyright holders from exploiting their works as they see fit? Alternatively, is it fair to deprive copyright holders of the ability to control their works, especially when compulsory licenses affect only some copyright holders while leaving other copyright holders untouched? These are not idle questions, for people have proposed compulsory licensing in many areas affected by copyright, including the online swapping of music files. Do you favor widespread use of compulsory licensing?

Problem: The Music Industry

As we have seen above, the list of exclusive rights set forth in § 106 of the Copyright Act has been heavily customized with respect to the music industry, with special rules set forth for musical works and sound recordings, as well as specific exceptions, detailed compulsory licenses, and private ordering through performing rights organizations. The result is a very complex and detailed regulatory structure for parts of the music industry. Let's see if you can put these rules together in response to a number of concrete problems:

1. You have a client who wants to use a popular piece of recorded music as part of a soundtrack to a motion picture that she is producing. What potential copyrights will you need to license?

2. You have a client who would like to make and sell a “cover” of a piece of popular music made famous by an extremely successful recording artist. What options does your client have?

3. You have a client who is a budding hip hop artist. She would like to incorporate a number of digital “samples” of existing recorded music into her new song. What advice would you give her?

4. You have a client who is planning to create an internet radio service similar to Pandora. Customers subscribing to this service will be able to use their internet browsers or a smartphone app to tune in to various “stations.” These stations will operate in a fashion similar to broadcast radio stations, with particular genres of music for each station. Customers will not be able to pick specific songs to be played next, although they can “skip” the song that is currently playing. What copyright rights will your client need to be aware of?

5. You have a client who is planning to create an internet music streaming service. Your client would like to give subscribers the freedom and ability to select any song to be streamed at any particular moment. What copyright issues do you see?

6. You have a client who would like to create a music download service, under which customers could download and permanently keep digital copies of recorded music on their computers and devices. What copyrights will your client need to clear?

Notes and Questions

1. The detailed statutory structure surrounding musical works, sound recordings, and public performance rights represents an extreme example of the Copyright Act tailoring its rights and limitations to the peculiarities of a specific industry. Much of this structure can be explained as a response to historical happenstance as well as interest group pressure and bargaining. But does it make sense from a policy perspective? If you could start from scratch, would you design a statutory structure that resembles the one we have? If not, how would you change it?

2. In 2015, the Copyright Office issued a comprehensive report on music licensing, in which it noted:

There is a widespread perception that our licensing system is broken. Songwriters and recording artists are concerned that they cannot make a living under the existing structure, which raises serious and systemic concerns for the future. Music publishers and performance rights organizations are frustrated that so much of their licensing activity is subject to government control, so they are constrained in the marketplace. Record labels and digital services complain that the licensing process is burdensome and inefficient, making it difficult to innovate.

U.S. Copyright Office, *Copyright and the Music Marketplace: A Report of the Register of Copyrights*, at 1 (Feb. 2015). The Copyright Office noted that, although there was a general consensus that some reform is needed, there was far less agreement about precisely what should be done. In the end, the Office proposed a number of changes that would seek to simplify the regulatory structure, treat musical works and sound recordings more consistently, make the music licensing process simpler and more transparent, and reduce the scope of government involvement in the details of the music industry. In 2018, Congress passed the Music Modernization Act, relevant portions of which are discussed *supra*, in an attempt to address some of these issues.

Chapter Six

FAIR USE AND OTHER DEFENSES

SECTION A. FAIR USE

6. INTEROPERABILITY

[p. 464, after Note 4, insert the following]

5. As mentioned in Chapter 2, *supra*, the U.S. Supreme Court recently granted *certiorari* in *Google v. Oracle America*, and the Court’s resolution of that case may have much to say about the scope of fair use for purposes of interoperability. Recall that in that case, Oracle sued Google for copying into its Android operating system the declaring code for 37 packages of pre-written Java software methods (the “API packages”). Although Google independently wrote its own implementing code for those methods, it copied the declaring code verbatim from Java to make it easier for programmers to write software for the Android platform. As noted *supra* in Chapter 2, the U.S. Court of Appeals for the Federal Circuit held that the declaring code – both the code for each method and the structure, sequence, and organization of the methods – was copyrightable, and that ruling is on appeal to the Supreme Court.

In addition, Google argued that, even if the Java APIs were copyrightable, Google’s incorporation of them into its Android software was fair use. At trial, the jury agreed and found Google’s use fair. On appeal, however, the Federal Circuit overturned the jury’s finding of fair use. *Oracle America v. Google*, 886 F.3d 1179 (Fed. Cir. 2018). First, the court held that the purpose of Google’s use was commercial and non-transformative. The court rejected Google’s argument that it had transformed the 37 API packages by writing its own implementing code and placing it a new context, namely software for mobile devices. Instead, the court held that Google copied the code verbatim, and that the copied code served exactly the same function in the Android platform as it did in the Java platform, and thus did not represent a transformation in purpose.

Second, the court found that the nature of the copyrighted work was relatively functional, which favored fair use. Third, the court found that the amount of the copyrighted work was substantial. Google argued, and the trial court agreed, that, by copying only the declaring code, it had used only so much as necessary to make it easier for programmers to write software for the Android system. The court rejected this argument, finding that the desire to make it easier for programmers to write software for Android was not a legitimate purpose. Finally, the court held Google's copying caused market harm. Specifically, the court pointed to the fact that Oracle and licensed certain versions of Java for use on mobile phones and tablets, and that Google's Android operating system directly competed with the use of Java on mobile devices.

The Federal Circuit's ruling on fair use is also on appeal before the Supreme Court, and an opinion is expected some time in 2020.

Chapter Seven

THIRD PARTY LIABILITY

SECTION D. DIGITAL MILLENNIUM COPYRIGHT ACT AND INTERNET SERVICE PROVIDER LIABILITY

[p. 540, replace *Viacom v. YouTube* and the rest of the chapter, pp. 540-552, with the following]

Our next cases examine what a copyright holder needs to prove in order to strip an ISP of its safe harbor protection and the possible consequences for the policies behind the DMCA.

Capitol Records v. Vimeo 826 F.3d 78 (2d Cir. 2016)

LEVAL, CIRCUIT JUDGE:

The [Digital Millennium Copyright Act of 1998 (“DMCA”)] establishes a safe harbor in § 512(c), which gives qualifying Internet service providers protection from liability for copyright infringement when their users upload infringing material on the service provider’s site and the service provider is unaware of the infringement. Defendant Vimeo, LLC is an Internet service provider, which operates a website on which members can post videos of their own creation, which are then accessible to the public at large. Plaintiffs are record companies and music publishing companies, which own copyrights in sound recordings of musical performances. Their complaint alleges that Vimeo is liable to Plaintiffs for copyright infringement by reason of 199 videos posted on the Vimeo website, which contained allegedly infringing musical recordings for which Plaintiffs owned the rights.

The district court ruled on motions for partial summary judgment addressed to whether Vimeo was entitled to the DMCA's safe harbor protections. As for videos that allegedly infringed pre-1972 sound recordings, the court ruled in Plaintiffs' favor on the theory that § 512(c)'s safe harbor absolves a service provider only from copyright liability based on the *federal* copyright statute, which does not apply to pre-1972 sound recordings, which are protected only by *state* copyright laws.¹³ With respect to post-1972 sound recordings (which all agree are protected by the DMCA's safe harbor when its conditions are met), the district court granted summary judgment to Vimeo as to 153 videos, mostly on the basis that Plaintiffs lacked evidence that Vimeo's employees had viewed them. The court rejected Plaintiffs' arguments that knowledge should be imputed to Vimeo by reason of its alleged general policy of willful blindness to infringement of sound recordings. And as for the remaining challenged videos that incorporated post-1972 sound recordings, the court denied summary judgment to either side, concluding that there was a question of material fact whether Vimeo possessed so-called "red flag" knowledge of circumstances that made infringement apparent, which would make Vimeo ineligible for the protection of the safe harbor under the terms of § 512(c). This interlocutory appeal focuses on three issues: (i) whether the safe harbor of § 512(c) applies to pre-1972 sound recordings; (ii) whether evidence of some viewing by Vimeo employees of videos that played all or virtually all of "recognizable" copyrighted songs was sufficient to satisfy the standard of red flag knowledge, which would make Vimeo ineligible for the DMCA safe harbor; and (iii) whether Plaintiffs have shown that Vimeo had a general policy of willful blindness to infringement of sound recordings, which would justify imputing to Vimeo knowledge of the specific infringements.

We affirm the district court's rulings in part and vacate in part. (i) On the first question—whether the safe harbor protects service providers from infringement liability under state copyright laws—we conclude it does and accordingly vacate the district court's grant of partial summary judgment to Plaintiffs on this question. (ii) As to whether some viewing by a service provider's employee of a video that plays all or virtually all of a recognizable copyrighted song is sufficient to establish red flag knowledge, disqualifying the service provider from the benefits of the safe harbor, we rule that, under the standard set forth in *Viacom International, Inc. v. YouTube, Inc.*, 676 F.3d 19, 26 (2012), it does not. We therefore remand for reconsideration of the various denials of summary judgment in Vimeo's favor. (iii) On whether Plaintiffs showed a general policy of willful blindness that disqualifies Vimeo from claiming protection of the safe harbor, we agree with the district court's ruling in Vimeo's favor.

BACKGROUND

I. The DMCA

¹³ Editor's note: this has since been changed by passage of the Music Modernization Act of 2018, which brought pre-1972 sound recordings within the federal copyright system. *See supra* Chapter 5.A.3, note 5.

[The court's summary of the DMCA is omitted.]

II. Vimeo's Website

Vimeo has had great success as a site for the storage and exhibition of videos. Its Website hosts a wide array of home videos, documentaries, animation, and independent films. Founded in 2005, as of 2012 it hosted more than 31 million videos and had 12.3 million registered users in 49 countries. Approximately 43,000 new videos are uploaded to Vimeo each day. Users post videos onto the website without the intervention or active involvement of Vimeo staff, and Vimeo staff do not watch or prescreen videos before they are made available on the website. When a video is uploaded, it is automatically converted to Vimeo's format and stored on Vimeo's servers. Users can view the videos stored on Vimeo servers through a "streaming" process by visiting the website, and in many instances can download them. ...

Vimeo employs a "Community Team" of 16 employees to curate content. These employees identify some videos with a "like" sign, occasionally prepare commentary on a video, offer technical assistance to users, participate in forum discussions, and at times inspect videos suspected of violating Vimeo's policies. So far as we are aware, the record does not indicate that the videos as to which the district court denied summary judgment were inspected by the Community Team for the purpose of detecting infringement. ...

Vimeo uses multiple computer programs ("Mod Tools") that assist its Community Team in locating and removing videos that may contain content that violates the Terms of Service. When videos and/or users are identified by one of these tools, Vimeo staff review them individually. Vimeo also enables users to "flag" videos that they believe violate the Terms of Service. Community Moderators evaluate the flagged content and decide whether or not to remove it. The flagging interface also explains how to submit a DMCA claim.

Between October 2008 and November 2010, Vimeo deleted at least 4,000 videos in response to takedown notices by copyright owners. On the three identified occasions in which Plaintiffs had sent Vimeo takedown notices, the district court found that Vimeo had responded "expeditious[ly]." Plaintiffs did not send takedown notices regarding the videos involved in this suit.

While it appears that Vimeo followed a practice of screening the *visual* content of posted videos for infringement of films, it did not screen the *audio* portions for infringement of sound recordings. Plaintiffs contend that this fact, together with statements made by Vimeo employees (found in emails), show indifference and willful blindness to infringement of recorded music, and that Vimeo has furthermore actively encouraged users to post infringing videos. Plaintiffs' evidence of such statements by Vimeo employees included the following:

- Dalas Verdugo, a "Community Director" at Vimeo, responded to a user's question that he "see[s] all the time at vime[o] videos, (for

example Lip-dub) music being used that is copyrig[ht]ed, is there any problem with this?” by telling the user “[w]e allow it, however, if the copyright holder sent us a legal takedown notice, we would have to comply.”

- Blake Whitman, a member of Vimeo’s Community Team, responded to a question regarding Vimeo’s “policy with copyrighted music used as audio for original video content” by telling the user, “[d]on’t ask, don’t tell ;).”
- On another occasion, Whitman responded to a user who asked about using a Radiohead song in a posted video by writing, “We can’t officially tell you that using copyright music is okay. But”
- Andrea Allen, a member of Vimeo’s Community Team, received a message from a user providing a link to a video and stating, “I have noticed several people using copyrighted music on Vimeo. What do you do about this?” Allen forwarded the e-mail internally with the comment “[i]gnoring, but sharing.”
- In a response to an email asking whether a user would have copyright “issues” with adding the copyrighted song “Don’t Worry, Be Happy” by Bobby McFerrin as the “soundtrack” to a home video, Allen responded: “The Official answer I must give you is: While we cannot opine specifically on the situation you are referring to, adding a third party’s copyrighted content to a video generally (but not always) constitutes copyright infringement under applicable laws ... Off the record answer ... Go ahead and post it”
- In an e-mail sent to Whitman and Verdugo (and also to all@vimeo.com), Andrew Pile, the Vice President of Product and Development at Vimeo, wrote: “Who wants to start the felons group, where we just film shitty covers of these [Plaintiff EMI] songs and write ‘FUCK EMI’ at the end?” ...

DISCUSSION

I. Pre-1972 Recordings

[Discussion about the pre-1972 works is omitted. The court found that the DMCA protected ISPs concerning sound recordings from this period.]

II. Red Flag Knowledge of Infringement

The second certified question is “Whether, under *Viacom Int’l, Inc. v. YouTube, Inc.*, a service provider’s viewing of a user-generated video containing all or virtually all of a recognizable, copyrighted song may establish ‘facts and circumstances’ giving rise to ‘red flag’ knowledge of infringement” within the meaning of § 512(c)(1)(A)(ii). We consider this question in relation to the district court’s denial of Vimeo’s motion for summary judgment on a number of videos that conform to the facts specified in the district court’s question. The district court’s formulation of the question in

connection with its ruling suggests that the court based its denial on the presence of the facts specified in the question. We conclude that Plaintiffs' establishment of those facts is insufficient to prove red flag knowledge. We therefore vacate the court's order denying Vimeo summary judgment as to red flag knowledge with respect to those videos.

Our court explained in *Viacom* that, in order to be disqualified from the benefits of the safe harbor by reason of red flag knowledge under § 512(c)(1)(A)(ii), the service provider must have actually known facts that would make the specific infringement claimed objectively obvious to a reasonable person.

The difference between actual and red flag knowledge is ... not between specific and generalized knowledge, but instead between a subjective and an objective standard. In other words, the actual knowledge provision turns on whether the provider actually or 'subjectively' knew of specific infringement, while the red flag provision turns on whether the provider was subjectively aware of facts that would have made the specific infringement 'objectively' obvious to a reasonable person.

The hypothetical "reasonable person" to whom infringement must be obvious is an ordinary person—not endowed with specialized knowledge or expertise concerning music or the laws of copyright. Furthermore, as noted above, § 512(m) makes clear that the service provider's personnel are under no duty to "affirmatively seek[]" indications of infringement. The mere fact that an employee of the service provider has viewed a video posted by a user (absent specific information regarding how much of the video the employee saw or the reason for which it was viewed), and that the video contains all or nearly all of a copyrighted song that is "recognizable," would be insufficient for many reasons to make infringement *obvious* to an ordinary reasonable person, who is not an expert in music or the law of copyright. Because the district court's denial of Vimeo's motion for summary judgment and concomitant certification of this question suggest that the district court believed that the evidence described in the question, without more, could render the service provider ineligible for the safe harbor, and relied on this proposition to deny summary judgment in every instance in which there was evidence that an employee of Vimeo had seen at least a portion of a video that contained substantially all of a "recognizable" copyrighted song, we vacate the district court's ruling on this question and remand for reconsideration in light of our further discussion of the standard for red flag knowledge.

A significant aspect of our ruling relates to the burdens of proof on the question of the defendant's entitlement to the safe harbor—particularly with respect to the issue of red flag knowledge. The issue is potentially confusing because of the large numbers of factual questions that can arise in connection with a claim of the safe harbor. A service provider's entitlement to the safe harbor is properly seen as an affirmative defense, and therefore must be raised by the defendant. The defendant undoubtedly bears the burden of raising entitlement to the safe harbor and of demonstrating that it has the status of service provider, as defined, and has

taken the steps necessary for eligibility. On the other hand, on the question whether the service provider should be disqualified based on the copyright owner's accusations of misconduct—i.e., by reason of the service provider's failure to act as the statute requires after receiving the copyright owner's notification or otherwise acquiring actual or red flag knowledge—the burden of proof more appropriately shifts to the plaintiff. The service provider cannot reasonably be expected to prove broad negatives, providing affidavits of every person who was in its employ during the time the video was on its site, attesting that they did not know of the infringement and did not know of the innumerable facts that might make infringement obvious. And to read the statute as requiring a trial whenever the plaintiff contests the credibility of such attestations would largely destroy the benefit of the safe harbor Congress intended to create. ...

Proper allocation of the burden of proof will necessarily have an important bearing on determining entitlements to summary judgment. ... [I]t appears that a defendant would, in the first instance, show entitlement to the safe harbor defense by demonstrating its status as a service provider that stores users' material on its system, that the allegedly infringing matter was placed on its system by a user, and that it has performed precautionary, protective tasks required by § 512 as conditions of eligibility, including that it adopted and reasonably implemented a policy designed to exclude users who repeatedly infringe, that it designated an agent for receipt of notices of infringement, and that it accommodates standard technical measures used by copyright owners to detect infringements.

On the issue of disqualifying knowledge, however, the burden falls on the copyright owner to demonstrate that the service provider acquired knowledge of the infringement, or of facts and circumstances from which infringing activity was obvious, and failed to promptly take down the infringing matter, thus forfeiting its right to the safe harbor. The plaintiff is, of course, entitled to take discovery of the service provider to enable it to make this showing.

A copyright owner's mere showing that a video posted by a user on the service provider's site includes substantially all of a recording of recognizable copyrighted music, and that an employee of the service provider saw at least some part of the user's material, is insufficient to sustain the copyright owner's burden of proving that the service provider had either actual or red flag knowledge of the infringement. That is so for many reasons.

First, the employee's viewing might have been brief. The fact that an employee viewed enough of a video to post a brief comment, add it to a channel (such as *kitten videos*) or hit the "like" button, would not show that she had ascertained that its audio track contains all or virtually all of a piece of music.

Second, the insufficiency of *some* viewing by a service provider's employee to prove the viewer's awareness that a video contains all or virtually all of a song is all the more true in contemplation of the many different

business purposes for which the employee might have viewed the video. The purpose of the viewing might include application of technical elements of computer expertise, classification by subject matter, sampling to detect inappropriate obscenity or bigotry, and innumerable other objectives having nothing to do with recognition of infringing music in the soundtrack. Furthermore, the fact that music is “recognizable” (which, in its dictionary definition of “capable of being recognized” would seem to apply to all music that is original and thus distinguishable from other music), or even *famous* (which is perhaps what the district court meant by “recognizable”), is insufficient to demonstrate that the music was in fact recognized by a hypothetical ordinary individual who has no specialized knowledge of the field of music. Some ordinary people know little or nothing of music. Lovers of one style or category of music may have no familiarity with other categories. For example, 60-year-olds, 40-year-olds, and 20-year-olds, even those who are music lovers, may know and love entirely different bodies of music, so that music intimately familiar to some may be entirely unfamiliar to others.

Furthermore, employees of service providers cannot be assumed to have expertise in the laws of copyright. Even assuming awareness that a user posting contains copyrighted music, the service provider’s employee cannot be expected to know how to distinguish, for example, between infringements and parodies that may qualify as fair use. Nor can every employee of a service provider be automatically expected to know how likely or unlikely it may be that the user who posted the material had authorization to use the copyrighted music. Even an employee who was a copyright expert cannot be expected to know when use of a copyrighted song has been licensed. Additionally, the service provider is under no legal obligation to have its employees investigate to determine the answers to these questions.

It is of course entirely possible that an employee of the service provider who viewed a video did have expertise or knowledge with respect to the market for music and the laws of copyright. The employee may well have known that the work was infringing, or known facts that made this obvious. The copyright owner is entitled to discovery in order to obtain the specific evidence it needs to sustain its burden of showing that the service provider did in fact know of the infringement or of facts that made infringement obvious. But the mere fact that a video contains all or substantially all of a piece of recognizable, or even famous, copyrighted music and was to some extent viewed (or even viewed in its entirety) by some employee of a service provider would be insufficient (without more) to sustain the copyright owner’s burden of showing red flag knowledge.

Plaintiff argues that, under this interpretation of the standard for finding red flag knowledge, red flag knowledge is so similar to actual knowledge of infringement as to violate the rule of statutory interpretation that no portion of the statute should be interpreted in a manner that renders it superfluous. This argument has no merit. While the difference between actual knowledge of infringement under § 512(c)(1)(A)(i) and red flag knowledge under § 512(c)(1)(A)(ii) may not be vast, it is nonetheless

a real difference. If the facts actually known by an employee of the service provider make infringement obvious, the service provider cannot escape liability through the mechanism of the safe harbor on the ground that the person with knowledge of those facts never thought of the obvious significance of what she knew in relation to infringement. Plaintiffs further argue that this understanding of red flag knowledge reduces it to a very small category. Assuming this is so, it is of no significance. The fact that Congress was unwilling to extend the safe harbor to circumstances where the service provider did not subjectively know that the posted material infringed, but did know facts that made infringement objectively obvious, does not compel the conclusion that Congress expected this extension to cover a large number of instances. That is especially so in view of the fact that the purpose of § 512(c) was to give service providers immunity, in exchange for augmenting the arsenal of copyright owners by creating the notice-and-takedown mechanism.

In sum, a showing by plaintiffs of no more than that some employee of Vimeo had some contact with a user-posted video that played all, or nearly all, of a recognizable song is not sufficient to satisfy plaintiffs' burden of proof that Vimeo forfeited the safe harbor by reason of red flag knowledge with respect to that video. As it appears that the district court employed that inappropriate standard as the basis for its denial of Vimeo's motion for summary judgment on numerous videos conforming to that description, we vacate those rulings and remand for further consideration. Vimeo is entitled to summary judgment on those videos as to the red flag knowledge issue, unless plaintiffs can point to evidence sufficient to carry their burden of proving that Vimeo personnel either knew the video was infringing or knew facts making that conclusion obvious to an ordinary person who had no specialized knowledge of music or the laws of copyright.

III. Willful Blindness

Our final issue on this appeal involves Plaintiffs' contention that the district court, in rejecting their claim of willful blindness, misapplied our teachings in *Viacom*, which recognized that "the willful blindness doctrine may be applied, in appropriate circumstances, to demonstrate knowledge or awareness of specific instances of infringement under the DMCA." We disagree with Plaintiffs' argument and see no reason to disturb the district court's ruling.

Plaintiffs essentially make three arguments. First, based on evidence that Vimeo monitored videos for infringement of *visual* content but not for infringement of *audio* content, they argue that they have demonstrated willful blindness to infringement of music, which justifies liability under *Viacom*. Their second argument is that Vimeo's awareness of facts suggesting a likelihood of infringement gave rise to a duty to investigate further, and that Vimeo's failure to do so showed willful blindness that justifies liability. Finally, they argue that, having encouraged users to post infringing matter, Vimeo could not then close its eyes to the resulting infringements without liability.

The first two arguments are easily disposed of. As we made clear in *Viacom*, §512(m) relieves the service provider of obligation to monitor for infringements posted by users on its website. We see no reason why Vimeo's voluntary undertaking to monitor videos for infringement of visual material should deprive it of the statutory privilege not to monitor for infringement of music. Plaintiffs' argument is refuted by §512(m).

Their second argument, that awareness of facts suggesting a likelihood of infringement gave rise to a duty to investigate further, does not fare better. Section 512(c) specifies the consequences of a service provider's knowledge of facts that might show infringement. If the service provider knows of the infringement, or learns of facts and circumstances that make infringement obvious, it must act expeditiously to take down the infringing matter, or lose the protection of the safe harbor. But we can see no reason to construe the statute as vitiating the protection of § 512(m) and requiring investigation merely because the service provider learns facts raising a *suspicion* of infringement (as opposed to facts making infringement *obvious*). Protecting service providers from the expense of monitoring was an important part of the compromise embodied in the safe harbor. Congress's objective was to serve the public interest by encouraging Internet service providers to make expensive investments in the expansion of the speed and capacity of the Internet by relieving them of burdensome expenses and liabilities to copyright owners, while granting to the latter compensating protections in the service providers' takedown obligations. If service providers were compelled constantly to take stock of all information their employees may have acquired that might suggest the presence of infringements in user postings, and to undertake monitoring investigations whenever some level of suspicion was surpassed, these obligations would largely undo the value of § 512(m). We see no merit in this argument.

Plaintiffs' third argument may fare better in theory, but is not supported by the facts of this case, at least as we understand them. In *Viacom* we made clear that actual and red flag knowledge under the DMCA ordinarily must relate to "specific infringing material," and that, because willful blindness is a proxy for knowledge, it too must relate to specific infringements. Plaintiffs argue, however, that Vimeo, in order to expand its business, actively encouraged users to post videos containing infringing material. They argue that, notwithstanding the formulation in *Viacom*, a service provider cannot adopt a general policy of urging or encouraging users to post infringing material and then escape liability by hiding behind a disingenuous claim of ignorance of the users' infringements.

We need not decide whether Plaintiffs' proposed gloss on *Viacom* is correct as a matter of law. Assuming that it is, Plaintiffs still cannot rely on such a theory in this instance. The evidence cited to us by Plaintiffs, consisting of a handful of sporadic instances (amongst the millions of posted videos) in which Vimeo employees inappropriately encouraged users to post videos that infringed music cannot support a finding of the sort of generalized encouragement of infringement supposed by their legal theory. It therefore cannot suffice to justify stripping Vimeo completely of the

protection of § 512(m). Moreover, because that evidence was not shown to relate to any of the videos at issue in this suit, it is insufficient to justify a finding of red flag knowledge, under the principle of *Viacom*, as to those specific videos. Thus, notwithstanding a few unrelated instances in which its employees improperly encouraged specific infringements, Vimeo can still assert the protection of § 512(m) for the present suit, and claim the benefit of the safe harbor, in the absence of a showing by Plaintiffs of facts sufficient to demonstrate that Vimeo, having actual or red flag knowledge of infringement in the videos that are the subject of Plaintiffs' suit, failed to promptly take them down.

CONCLUSION

We conclude: (1) The safe harbor of § 512(c) of the DMCA does apply to pre-1972 sound recordings, and therefore protects service providers against liability for copyright infringement under state law with respect to pre-1972 sound recordings, as well as under the federal copyright law for post-1972 recordings. The district court's grant of partial summary judgment to Plaintiffs with respect to Vimeo's entitlement to the safe harbor for infringements of pre-1972 recordings is therefore vacated. (2) The various factual issues that arise in connection with a service provider's claim of the safe harbor of § 512(c) are subject to shifting burdens of proof, as described above. Because, on a defendant's claim of the safe harbor of § 512(c), the burden of showing facts supporting a finding of red flag knowledge shifts to the plaintiff, and the district court appears to have denied Vimeo's motion for summary judgment as to a number of videos on this issue based on a test that would improperly deny service providers access to the safe harbor, we vacate the court's denial of Vimeo's motion for summary judgment on that issue, and remand for reconsideration and further proceedings. (3) We reject Plaintiffs' argument that the district court erred in its ruling in Vimeo's favor as to the Plaintiffs' reliance on the doctrine of willful blindness.

The district court's rulings are accordingly affirmed in part and vacated in part and the matter is remanded for further proceedings.

Notes and Questions

1. Courts have generally rejected the argument that an ISP's knowledge about the general prevalence of infringement on its site destroys safe harbor protection. Instead, ISPs must have knowledge about specific instances of infringement before they risk losing the DMCA safe harbor. This is because ISPs lose their DMCA safe harbors when they have knowledge of infringement and fail to remove the infringing material. However, an ISP cannot reasonably be expected to remove infringement of which it is only generally aware because removal implies acting against one or more specific instances of infringement. The only way an ISP could find infringing material would be to search for it, and this would

conflict with §512(m), which states that the safe harbor cannot be conditioned upon an ISP “monitoring its service of affirmatively seeking facts indicating infringing activity.” See *Viacom v. YouTube*, 676 F.3d 19 (2d Cir. 2013). If § 512(c) gives ISPs protection against liability in exchange for ISPs behaving responsibly, does this interpretation of the law upset the bargain by allowing irresponsible ISPs to profit from infringement with effective impunity? After all, a large ISP like Vimeo surely knows that many of its users infringe, and that many viewers come to view infringing posts. To the extent that ISPs do nothing to stop these infringements, they profit from the existence of widespread infringement but owe copyright holders nothing. Is this the right outcome?

2. Summary judgment plays an important role in understanding how § 512(c) works. If ISPs can consistently win at summary judgment, then the safe harbors provide fairly strong protection from liability, because ISPs can dispose of third party liability claims quickly and without the expense of trial. If, however, ISPs cannot shield themselves at summary judgment, the expense and uncertainty of trial significantly diminish the value of the safe harbor because ISPs will feel significantly exposed to liability. In *Vimeo*, the District Court refused to grant summary judgment to the defendant, but the Second Circuit reversed and remanded for further reconsideration. How easy do you think it should be for ISPs to defeat at summary judgment claims that they have lost their DMCA safe harbors?

3. Take a moment to consider red flag liability. The DMCA clearly provides that ISPs lose safe harbor protection by failing to remove infringing material identified in official DMCA notices. If that were the only way for ISPs to lose such protection, ISPs would enjoy very secure safe harbors by making sure they handle DMCA compliant notices properly. The DMCA also clearly states, however, that an ISP can lose safe harbor protection by having certain kinds of knowledge developed independently from any DMCA compliant notice. This raises anew the question of how easily an ISP can acquire knowledge outside the DMCA notification process. In *Vimeo*, the plaintiff had evidence that many Vimeo employees had seen specific instances of infringement, but the court held that this, in and of itself, would not be enough to establish red flag knowledge. What more does a plaintiff need to establish to demonstrate red flag liability, and do you think this burden is sufficient to forestall a general obligation to monitor?

As you ponder this question, consider whether *any* definition of red flag knowledge can meaningfully preserve safe harbors. Remember the importance of summary judgment in preserving the value of safe harbors. Social media sites are full of user postings that infringe music, movies, and other works. If this is so, can an ISP possibly operate without developing knowledge that arguably destroys the DMCA safe harbor, at least to the point of making it very difficult for an ISP to successfully assert the safe harbor at summary judgment? For example, employees (including executives) of Vimeo probably view their websites for job-related reasons or watch their children surf the site at home. Do you think they can do this

for long without seeing specific examples of obvious copyright infringement, especially given their experience with the music and copyright?

4. Although the *Vimeo* court clearly rejects the idea that ISPs have an affirmative duty to search for infringement, the court leaves open the possibility that an ISP could lose safe harbor protection by deliberately avoiding information that would create red flag knowledge. How easy is it for an ISP to run afoul of willful blindness? For example, a private citizen could send an email to YouTube with URLs of infringing material that he watches. Does an ISP who receives such a letter have an affirmative obligation to investigate on pain of losing safe harbor protection? Or, if an ISP has employees that monitor a site for criminal behavior, must it train them to also be aware of possible copyright infringement? Either way, what would the consequences be for the viability of § 512(c)'s safe harbors and the value of the entire notice and take-down process?

EMI Christian Music Group v. MP3Tunes

844 F.3d 79 (2d Cir. 2016)

LOHIER, CIRCUIT JUDGE:

... Plaintiffs-appellees-cross-appellants are all record companies and music publishers. They filed this copyright infringement lawsuit against MP3tunes, LLC and its founder and Chief Executive Officer Michael Robertson, alleging that two internet music services created by MP3tunes infringed their copyrights in thousands of sound recordings and musical compositions. The two services are MP3tunes.com, which primarily operated as a locker service for storing digital music, and sideload.com, which allowed users to search for free music on the internet.

On summary judgment, the United States District Court for the Southern District of New York (Pauley, J.) granted partial summary judgment to the defendants. ... we REVERSE the District Court's grant of judgment as a matter of law to the defendants on claims that MP3tunes permitted infringement of plaintiffs' copyrights in pre-2007 MP3s and Beatles songs because there was sufficient evidence to allow a reasonable jury to conclude that MP3tunes had red-flag knowledge of, or was willfully blind to, infringing activity involving those categories of protected material. ...

BACKGROUND

I. MP3tunes.com and Sideload.com

Robertson founded MP3tunes in 2005. It is undisputed that, by then, Robertson was familiar with both the online music industry and copyright litigation, having previously run the music site MP3.com, against which a copyright infringement judgment was entered in 2000. While recruiting for MP3tunes several years later, Robertson emphasized, "[T]his will be

VERY big news. Major labels selling MP3s. MP3.com guy back to rejuvenate MP3 business. Largest copyright infringer of all time back at it again. Lots of juicy press angles.”

MP3tunes.com was MP3tunes’s first project. Initially, customers could visit MP3Tunes.com and purchase MP3 versions of music created by musicians who were not associated with major record labels. In 2005 MP3tunes.com added a “locker storage” service, which charged users a fee to store music on the MP3tunes server. A user who uploaded songs to her “locker” (through LockerSync, a free plugin on the site) could play the music through other internet-enabled devices.

MP3tunes owned and operated a second website, sideload.com, that allowed users to search for free music on the internet. Sideload.com offered a free plug-in to enable users to “sideload” (or, to use Robertson’s definition of “sideload,” enabled users to “download[]” directly to their MP3tunes lockers) free songs that they found on the internet. Songs sideloaded into users’ lockers were then added to sideload.com’s index of searchable songs. This meant that the more songs users sideloaded from the internet, the more free music became available for sideload.com users to stream, download, or sideload into their own lockers. MP3tunes’s executives, including Robertson, used their own accounts with MP3tunes to store sideloaded songs. ...

II. Procedural History

In 2010 the parties cross-moved for summary judgment. The District Court granted the plaintiffs’ summary judgment motion on certain claims that are not the subject of this appeal. ... The District Court also granted the defendants summary judgment on other claims on the ground that MP3tunes qualified for safe harbor protection under the DMCA and that the safe harbor barred the plaintiffs’ state-law claims for infringement of recordings “fixed” before February 15, 1972. ...

Prompted by our subsequent decision in *Viacom International, Inc. v. YouTube, Inc.*, 676 F.3d 19 (2d Cir. 2012), the District Court partially reconsidered its ruling that MP3tunes qualified for safe harbor protection under the DMCA. Whether MP3tunes was barred from the DMCA’s safe harbor protection (because it was willfully blind to or had red-flag knowledge of infringing activity), it held, actually presented a question of fact that a jury had to decide, not a question of law.

The case thereafter proceeded to trial before a jury, which returned a verdict for the plaintiffs and awarded them approximately \$48 million, \$7.5 million of which constituted punitive damages against Robertson. The District Court then granted judgment as a matter of law as to some of the claims. It reversed the jury’s finding that MP3tunes was willfully blind or had red-flag knowledge regarding several different categories of songs on the ground that there was insufficient evidence of willful blindness or red-flag knowledge. ...

This appeal and cross-appeal followed.

DISCUSSION

I. The Plaintiffs' Appeal

The plaintiffs challenge ... that the jury's finding of red-flag knowledge or willful blindness with respect to certain categories of songs was wrong as a matter of law ...

B. Red-Flag Knowledge and Willful Blindness

... We start with the proposition that even if a service provider has a reasonably implemented repeat infringer policy, it relinquishes the DMCA's safe harbor if it, first, has "actual knowledge that the material or an activity using the material on the system or network is infringing" or "in the absence of such actual knowledge, is [] aware of facts or circumstances from which infringing activity is apparent," and second, "upon obtaining such knowledge or awareness, [does not] act[] expeditiously to remove, or disable access to, the material." 17 U.S.C. § 512(c)(1)(A); *see also* 17 U.S.C. § 512(d)(1). At trial, the plaintiffs contended that MP3tunes was "aware of facts or circumstances from which infringing activity was apparent"—or in other words had "red-flag knowledge" or willful blindness, with respect to several categories of songs. The jury found that MP3tunes had knowledge as to four categories of files: (1) those stored on domains identified in takedown notices as having ten or more infringing files; (2) sideloads of MP3s before January 2007; (3) certain sideloads by MP3tunes executives; and (4) works by the Beatles. The District Court upheld the jury's finding of red-flag knowledge with respect to certain songs and subsets of songs but granted the defendants judgment as a matter of law as to two categories of songs that are the subject of our review: MP3s from major labels issued before 2007, and all songs by the Beatles.

We have already explained that the DMCA does not impose "an amorphous obligation to take commercially reasonable steps in response to a generalized awareness of infringement." *Viacom*, 676 F.3d at 31 (quotation marks omitted). Accordingly, "[o]n the issue of disqualifying knowledge ... the burden falls on the copyright owner to demonstrate that the service provider acquired knowledge of the infringement, or of facts and circumstances from which infringing activity was obvious, and failed to promptly take down the infringing matter, thus forfeiting its right to the safe harbor." *Capitol Records, LLC v. Vimeo, LLC*, 826 F.3d 78, 95 (2d Cir. 2016). In other words, a copyright owner must point to a defendant's "actual knowledge or awareness of facts or circumstances that indicate specific and identifiable instances of infringement." *Viacom*, 676 F.3d at 32.

With this principle in mind, we conclude that the trial evidence in this case, viewed in the light most favorable to the plaintiffs, showed that MP3tunes and Robertson knew that major music labels generally had not

even authorized their music to be distributed in the format most widely available on sideload.com, let alone authorized it to be shared on the internet. In particular, Robertson apparently knew that major record labels had not offered songs in MP3 format until 2007. In January 2007, in connection with MP3tunes's MP3 sale model, for example, Robertson admitted that "popular acts have never before sold tracks in MP3 formats." With respect to MP3s sideloaded before 2007, therefore, the jury reasonably could have concluded that MP3tunes and Robertson were aware of "facts and circumstances that make infringement obvious."

What prompted the District Court to conclude otherwise? In granting judgment as a matter of law to the defendants on this issue, the District Court explained that barring MP3tunes from the DMCA safe harbor "would require Defendants to actively conduct routine searches and eliminate material likely to be infringing." It therefore understandably concluded that imposing such a duty clashed with the DMCA's "express ... disavowal of a duty to affirmatively monitor." Under the circumstances of this case, we respectfully disagree with the District Court's assessment, primarily for two reasons.

First, the jury was clearly instructed, and we presume it understood, that MP3tunes had no continuing, affirmative duty to monitor its servers for infringement. The jury could comply with that instruction and still find that MP3tunes was required to disable access to pre-2007 songs by "act[ing] expeditiously to remove, or disable access to" the pre-2007 songs "upon obtaining such knowledge or awareness." 17 U.S.C. § 512(c)(1)(A)(iii). There was evidence at trial that MP3tunes could disable access. Indeed, an expert testified that searching through libraries of MP3 songs was a common function of MP3tunes's business. The jury was therefore permitted to conclude that a time-limited, targeted duty—even if encompassing a large number of songs—does not give rise to an "amorphous" duty to monitor in contravention of the DMCA. ... The same is true of the Beatles songs. The jury heard evidence that Robertson knew there had been no *legal* online distribution of Beatles tracks before 2010, other than one track used within a video game. Robertson further admitted that he authored a 2009 e-mail that showed he was aware of the plaintiffs' position that "[the] Beatles have never authorized their songs to be available digitally." And MP3tunes was made aware through user emails that Beatles songs such as "Strawberry Fields Forever" were on sideload.com's index. The jury could have reasonably concluded that MP3tunes had red-flag knowledge of, or was willfully blind to, the infringing nature of the Beatles tracks on its servers and failed to "act[] expeditiously" to remove them. 17 U.S.C. § 512(c)(1)(A)(iii).

Second, the jury could reasonably have found that MP3tunes conceived of and was designed to facilitate infringement based in part on evidence presented at trial that MP3tunes "actively encourage[ed] infringement" and that Robertson and MP3tunes executives "personally used [sideload.com] to download infringing material." *Columbia Pictures In-*

dus., Inc. v. Fung, 710 F.3d 1020, 1043 (9th Cir. 2013). Although such evidence might not alone support a separate finding of red-flag knowledge or willful blindness as to users, the jury could certainly rely on it in deciding whether MP3tunes was entitled to the DMCA safe harbor, *see Fung*, 710 F.3d at 1040 (holding that “aspects of the inducing behavior that give rise to liability are relevant to the operation of some of the DMCA safe harbors and can, in some circumstances, preclude their application”). Indeed, the jury could reasonably have understood Robertson to have admitted on cross-examination that sideload.com “was premised on the notion that everything that was on the internet that was not locked down could be sideloaded into the site.” And in editing sideload.com’s Frequently Asked Questions (“FAQs”), Robertson emphasized that the site should tell users that its music is “legal to download” because “[s]ideload.com does not store any music, but rather links to files publicly available [in] other places on the net.”

For these reasons, we reverse the District Court’s ruling vacating the jury verdict with respect to red-flag knowledge and willful blindness for pre-2007 MP3s and Beatles songs....

Notes and Questions

1. In *Vimeo*, the Second Circuit took the position that the DMCA does not give ISPs a general obligation to monitor their sites for infringement. The court reaffirmed this in *EMI*. Does *EMI* genuinely protect ISPs from this obligation? If you conclude that *EMI* sufficiently avoids imposing an obligation to monitor, how easily might copyright holders create situations that effectively create the duty to monitor or otherwise destroy the safe harbor? For example, MP3Tunes lost because it knew that entire libraries of music (namely pre-2007 MP3s from major labels and the entire Beatles collection) had never been authorized for distribution over the Internet. Could a copyright holder create red flag knowledge by sending an ISP a list of all works that were not authorized for distribution on the ISP’s website, and if so, do you believe this is how the DMCA’s safe harbor scheme should work?

2. The DMCA was meant to streamline the litigation of third party copyright liability cases by creating clear instances of non-liability. Do you think that the question of whether a given ISP’s safe harbor exists is sufficiently clear that the DMCA forestalls a meaningful amount of litigation, or have cases like *Vimeo* and *EMI* created even more issues to resolve in litigation by adopting complicated interpretations of the law?

3. If copyright owners cannot proceed against ISPs who take advantage of the safe harbor, they can still proceed against the individuals who upload the materials onto an ISP’s website. In all of the cases involving third-party liability, the lack of such liability does not mean that the

copyright owner is without remedy. It just means that the copyright owner must proceed against the direct infringer.

Filing individual lawsuits against each and every direct infringer, however, is extremely expensive and may have limited deterrent effect, given the large numbers of potential defendants and the small risk that any particular individual will be sued. The record industry for many years pursued lawsuits against specific individuals who offered copyrighted music to others over peer-to-peer file sharing networks, but has since largely abandoned these efforts.

Even if copyright owners wish to bring such actions, merely identifying a specific individual can be costly, given the relative anonymity of the Internet. The DMCA contains provisions that help copyright owners identify potential defendants by creating a streamlined procedure for getting subpoenas directing ISPs to disclose the identity of subscribers accused of infringement. § 512(h)(1)-(4). However, even with such streamlined procedures, the costs of identifying potential defendants remain high.

What policy conclusions, if any, should we draw from the relative difficulty of meaningfully proceeding against individual infringers on the Internet? Is this simply a cost that copyright owners must bear? Or should copyright law respond to this in some fashion, perhaps requiring ISPs to prevent or pay for infringement taking place on the Internet?

4. More generally, do you think the DMCA's notice and takedown structure strikes the appropriate balance between the interests of the ISPs, copyright owners, and users? On the one hand, the structure provides relatively clear rules to ISPs and insulates them from liability, while offering copyright owners a way to have the material quickly removed. On the other hand, copyright owners complain that they are constantly submitting thousands of DMCA takedown notices to ISPs every day, only to have the same material re-uploaded the next day, and that ISPs in the meantime profits handsomely from the material being available on its site. Can you think of a better way of balancing these interests?

Would your opinion change if ISPs had a cost-effective way to identify potentially infringing material? YouTube has in fact developed a technology called ContentID, which can identify with a good deal of accuracy whether video clips loaded onto its site correspond to particular copyrighted works. Indeed, YouTube works with certain copyright owners and shares revenue with some of them based on how often their video clips are viewed. Having developed such a technology, should YouTube be obligated to deploy it to help reduce unauthorized uploading? What happens when YouTube identifies a video clip that was uploaded without permission by the copyright owner?

Finally, what about the interests of users of sites like YouTube or Vimeo? What if users claim they have a fair use right to upload a particular video clip or use a particular music clip in their own videos? The DMCA's notice and takedown system gives users the right to file a counter-notification asserting a right to upload the material, and sites like

YouTube can then make the material available without liability. In practice, however, many users may not be aware of this ability. Moreover, although ISPs are insulated from further liability if they re-upload the material, nothing in the statute obligates ISPs to affirmatively re-upload that material. Given all of the above, what impact do you expect the notice and takedown system to have on the uploading of videos that are arguably privileged by fair use?

