

Chapter 11

Copyrightable Subject Matter

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**INTELLECTUAL PROPERTY:
LAW & THE INFORMATION SOCIETY**
Cases and Materials, 2nd Edition

An Open Course Book.

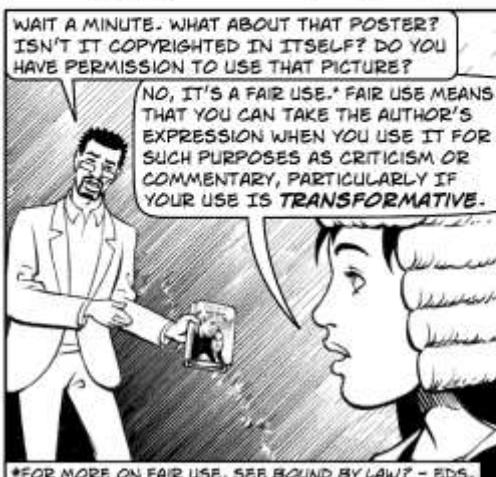
CHAPTER ELEVEN

Copyrightable Subject Matter

What does copyright cover?







Images from Aoki, Boyle, and Jenkins, *Theft! A History of Music* (forthcoming).

Copyrightable Subject Matter

As with trademark, the first question to ask with copyright is “what subject matter does it cover?” By that we do not merely mean “what media forms does copyright cover?” (Though, as you have seen, the copyright law we have now is very different than that of 1790.) Before we even get to the question of when copyright came to cover music, recordings, or photographs, there is a deeper premise we have to understand. As the last chapter made clear, copyright starts with a remarkable and dramatic choice, the choice that Krause was unable to understand, but that Hugo and Fichte stressed. It does not cover ideas or unoriginal compilations of fact. When I publish my book, the ideas and facts within it go immediately into the public domain—no need to wait for my lifetime plus another seventy years to get them. Copyright covers only the *original expression*. This point comes with a corollary. There is no original expression in the design of a water filter or a mousetrap. There may be *genius*, in the sense of making a technological leap that is way beyond the current state of the art, but we do not look at the lightbulb and say “Ah, the filament—that’s just so Edison! That’s just the way that he, and only he, would express the idea ‘*glow, sucker, glow!*’” Focusing only on expression, copyright never covers purely functional or useful articles, never covers discoveries or inventions. If they are to be covered by rights at all, those are in the domain of patent.

This chapter will go through the criteria for copyrightable subject matter, many of which, as we saw in Chapter 3, have a constitutional dimension. (As you consider them, compare them to the limitations on trademark subject matter. Notice how the subject matter limitations trace both the functional goals that the right is to fulfill and the need to limit the ambit of the right in order to allow for the requirements of speech, debate and competition. But notice also how those reasons do not explain *all* of the subject matter delineations—and in some cases may be flatly contradictory to them.) We will look at

- the requirement of originality, meeting the *Feist* case again,
- the idea/expression (and idea/fact) distinction,
- the linked idea of “merger” where the expression merges with the idea and therefore cannot be owned,
- the “useful articles” doctrine—which limits the reach of copyright on designs that are both functional and expressive,
- the exclusion of “methods of operation” from copyright, and
- the requirement of fixation in material form.

But it is easy to get lost in the picky details of each subsection. As you will see, many of these cases could be classified as dealing with multiple subject matter limitations. When I refuse to extend copyright to the way an accounting method is implemented, is that the idea/expression distinction, a method of operation or something else altogether? The important question is the basic one, “Why do we have this limitation on copyright’s subject matter? How does including or excluding this material further the constitutional and statutory scheme?”

In addition, this section leads into another of the central and recurrent themes of the book: the interaction between intellectual property and technology. This entire chapter, but in particular the last two sections—on methods of operation and on fixation—begin a unit dealing with copyright and software. The software unit is layered on top of the doctrinal material of the course. We will be learning the rules about copyrightable subject matter, infringement and substantial similarity, fair use, the interaction between copyright and licenses—all subjects that transcend the technology. But at the same time many of those subjects have a particular twist or valence when they are inside the world of computing.

Thus we will simultaneously be studying the way the courts took the ancient niches of copyright and trimmed and stretched them to fit the new threats and opportunities of software. (As you read the later sections of this chapter, compare what you see to the way courts adapted trademark law to fit the world of domain names and search engines.)

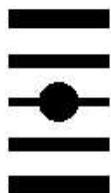
§ 102 Subject matter of copyright: In general

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;**
- (2) musical works, including any accompanying words;**
- (3) dramatic works, including any accompanying music;**
- (4) pantomimes and choreographic works;**
- (5) pictorial, graphic, and sculptural works;**
- (6) motion pictures and other audiovisual works;**
- (7) sound recordings; and**
- (8) architectural works.**

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

1.) Originality: Independent Creation and a Modicum of Creativity



Feist v. Rural Telephone Service

499 U.S. 340 (1991)

Justice O’CONNOR delivered the opinion of the Court.

This case requires us to clarify the extent of copyright protection available to telephone directory white pages.

I

Rural Telephone Service Company, Inc., is a certified public utility that provides telephone service to several communities in northwest Kansas. It is subject to a state regulation that requires all telephone companies operating in Kansas to issue annually an updated telephone directory. Accordingly, as a condition of its monopoly franchise, Rural publishes a typical telephone directory, consisting of white pages and yellow pages. The white pages list in alphabetical order the names of Rural’s subscribers, together with their

towns and telephone numbers. The yellow pages list Rural's business subscribers alphabetically by category and feature classified advertisements of various sizes. Rural distributes its directory free of charge to its subscribers, but earns revenue by selling yellow pages advertisements.

Feist Publications, Inc., is a publishing company that specializes in area-wide telephone directories. Unlike a typical directory, which covers only a particular calling area, Feist's area-wide directories cover a much larger geographical range, reducing the need to call directory assistance or consult multiple directories. The Feist directory that is the subject of this litigation covers 11 different telephone service areas in 15 counties and contains 46,878 white pages listings—compared to Rural's approximately 7,700 listings. Like Rural's directory, Feist's is distributed free of charge and includes both white pages and yellow pages. Feist and Rural compete vigorously for yellow pages advertising.

As the sole provider of telephone service in its service area, Rural obtains subscriber information quite easily. Persons desiring telephone service must apply to Rural and provide their names and addresses; Rural then assigns them a telephone number. Feist is not a telephone company, let alone one with monopoly status, and therefore lacks independent access to any subscriber information. To obtain white pages listings for its area-wide directory, Feist approached each of the 11 telephone companies operating in northwest Kansas and offered to pay for the right to use its white pages listings.

Of the 11 telephone companies, only Rural refused to license its listings to Feist. Rural's refusal created a problem for Feist, as omitting these listings would have left a gaping hole in its area-wide directory, rendering it less attractive to potential yellow pages advertisers. In a decision subsequent to that which we review here, the District Court determined that this was precisely the reason Rural refused to license its listings. The refusal was motivated by an unlawful purpose "to extend its monopoly in telephone service to a monopoly in yellow pages advertising."

Unable to license Rural's white pages listings, Feist used them without Rural's consent. Feist began by removing several thousand listings that fell outside the geographic range of its area-wide directory, then hired personnel to investigate the 4,935 that remained. These employees verified the data reported by Rural and sought to obtain additional information. As a result, a typical Feist listing includes the individual's street address; most of Rural's listings do not. Notwithstanding these additions, however, 1,309 of the 46,878 listings in Feist's 1983 directory were identical to listings in Rural's 1982–1983 white pages. Four of these were fictitious listings that Rural had inserted into its directory to detect copying.

II A

This case concerns the interaction of two well-established propositions. The first is that facts are not copyrightable; the other, that compilations of facts generally are. Each of these propositions possesses an impeccable pedigree. That there can be no valid copyright in facts is universally understood. The most fundamental axiom of copyright law is that "[n]o author may copyright his ideas or the facts he narrates." *Harper & Row* (1985). Rural wisely concedes this point, noting in its brief that "[f]acts and discoveries, of course, are not themselves subject to copyright protection. At the same time, however, it is beyond dispute that compilations of facts are within the subject matter of copyright. Compilations were expressly mentioned in the Copyright Act of 1909, and again in the Copyright Act of 1976.

There is an undeniable tension between these two propositions. Many compilations consist of nothing but raw data—*i.e.*, wholly factual information not accompanied by any

original written expression. On what basis may one claim a copyright in such a work? Common sense tells us that 100 uncopyrightable facts do not magically change their status when gathered together in one place. Yet copyright law seems to contemplate that compilations that consist exclusively of facts are potentially within its scope.

The key to resolving the tension lies in understanding why facts are not copyrightable. The *sine qua non* of copyright is originality. To qualify for copyright protection, a work must be original to the author. See *Harper & Row*. Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, “no matter how crude, humble or obvious” it might be. Originality does not signify novelty; a work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying. To illustrate, assume that two poets, each ignorant of the other, compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable. See *Sheldon v. Metro-Goldwyn Pictures Corp.* (2d Cir. 1936).

Originality is a constitutional requirement. The source of Congress’ power to enact copyright laws is Article I, § 8, cl. 8, of the Constitution, which authorizes Congress to “secur[e] for limited Times to Authors . . . the exclusive Right to their respective Writings.” In two decisions from the late 19th century—*The Trade-Mark Cases* (1879); and *Burrow-Giles Lithographic Co. v. Sarony* (1884)—this Court defined the crucial terms “authors” and “writings.” In so doing, the Court made it unmistakably clear that these terms presuppose a degree of originality.

In *The Trade-Mark Cases*, the Court addressed the constitutional scope of “writings.” For a particular work to be classified “under the head of writings of authors,” the Court determined, “originality is required.” The Court explained that originality requires independent creation plus a modicum of creativity: “[W]hile the word *writings* may be liberally construed, as it has been, to include original designs for engraving, prints, &c., it is only such as are *original*, and are founded in the creative powers of the mind. The writings which are to be protected are *the fruits of intellectual labor*, embodied in the form of books, prints, engravings, and the like.”

In *Burrow-Giles*, the Court distilled the same requirement from the Constitution’s use of the word “authors.” The Court defined “author,” in a constitutional sense, to mean “he to whom anything owes its origin; originator; maker.” As in *The Trade-Mark Cases*, the Court emphasized the creative component of originality. It described copyright as being limited to “original intellectual conceptions of the author,” and stressed the importance of requiring an author who accuses another of infringement to prove “the existence of those facts of originality, of intellectual production, of thought, and conception.”

The originality requirement articulated in *The Trade-Mark Cases* and *Burrow-Giles* remains the touchstone of copyright protection today. See *Goldstein v. California* (1973). It is the very “premise of copyright law.” *Miller v. Universal City Studios, Inc.* (1981). Leading scholars agree on this point. As one pair of commentators succinctly puts it: “The originality requirement is *constitutionally mandated* for all works.” Patterson & Joyce 763 (1989).

It is this bedrock principle of copyright that mandates the law’s seemingly disparate treatment of facts and factual compilations. “No one may claim originality as to facts.” Nimmer § 2.11[A]. This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: The first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence. To

borrow from *Burrow-Giles*, one who discovers a fact is not its “maker” or “originator.” “The discoverer merely finds and records.” Nimmer § 2.03[E]. Census-takers, for example, do not “create” the population figures that emerge from their efforts; in a sense, they copy these figures from the world around them. Census data therefore do not trigger copyright because these data are not “original” in the constitutional sense. The same is true of all facts—scientific, historical, biographical, and news of the day. “They may not be copyrighted and are part of the public domain available to every person.” *Miller*.

Factual compilations, on the other hand, may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original that Congress may protect such compilations through the copyright laws. Thus, even a directory that contains absolutely no protectible written expression, only facts, meets the constitutional minimum for copyright protection if it features an original selection or arrangement. See *Harper & Row*.

This protection is subject to an important limitation. The mere fact that a work is copyrighted does not mean that every element of the work may be protected. Originality remains the *sine qua non* of copyright; accordingly, copyright protection may extend only to those components of a work that are original to the author. Thus, if the compilation author clothes facts with an original collocation of words, he or she may be able to claim a copyright in this written expression. Others may copy the underlying facts from the publication, but not the precise words used to present them. In *Harper & Row*, for example, we explained that President Ford could not prevent others from copying bare historical facts from his autobiography, but that he could prevent others from copying his “subjective descriptions and portraits of public figures.” Where the compilation author adds no written expression but rather lets the facts speak for themselves, the expressive element is more elusive. The only conceivable expression is the manner in which the compiler has selected and arranged the facts. Thus, if the selection and arrangement are original, these elements of the work are eligible for copyright protection. No matter how original the format, however, the facts themselves do not become original through association.

This inevitably means that the copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another’s publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement. As one commentator explains it: “[N]o matter how much original authorship the work displays, the facts and ideas it exposes are free for the taking. . . . [T]he very same facts and ideas may be divorced from the context imposed by the author, and restated or reshuffled by second comers, even if the author was the first to discover the facts or to propose the ideas.” Ginsburg, *Creation and Commercial Value: Copyright Protection of Works of Information* (1990).

It may seem unfair that much of the fruit of the compiler’s labor may be used by others without compensation. As Justice Brennan has correctly observed, however, this is not “some unforeseen byproduct of a statutory scheme.” *Harper & Row*. It is, rather, “the essence of copyright” and a constitutional requirement. The primary objective of copyright is not to reward the labor of authors, but “[t]o promote the Progress of Science and useful Arts.” Art. I, § 8, cl. 8. To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. This principle, known as the idea-expression or fact-expression dichotomy,

applies to all works of authorship. As applied to a factual compilation, assuming the absence of original written expression, only the compiler's selection and arrangement may be protected; the raw facts may be copied at will. This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.

This Court has long recognized that the fact-expression dichotomy limits severely the scope of protection in fact-based works. More than a century ago, the Court observed: "The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book." *Baker v. Selden* (1880). We reiterated this point in *Harper & Row*:

"[N]o author may copyright facts or ideas. The copyright is limited to those aspects of the work—termed 'expression'—that display the stamp of the author's originality.

"[C]opyright does not prevent subsequent users from copying from a prior author's work those constituent elements that are not original—for example . . . facts, or materials in the public domain—as long as such use does not unfairly appropriate the author's original contributions."

This, then, resolves the doctrinal tension: Copyright treats facts and factual compilations in a wholly consistent manner. Facts, whether alone or as part of a compilation, are not original and therefore may not be copyrighted. A factual compilation is eligible for copyright if it features an original selection or arrangement of facts, but the copyright is limited to the particular selection or arrangement. In no event may copyright extend to the facts themselves.

III

There is no doubt that Feist took from the white pages of Rural's directory a substantial amount of factual information. At a minimum, Feist copied the names, towns, and telephone numbers of 1,309 of Rural's subscribers. Not all copying, however, is copyright infringement. To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original. See *Harper & Row*. The first element is not at issue here; Feist appears to concede that Rural's directory, considered as a whole, is subject to a valid copyright because it contains some foreword text, as well as original material in its yellow pages advertisements.

The question is whether Rural has proved the second element. In other words, did Feist, by taking 1,309 names, towns, and telephone numbers from Rural's white pages, copy anything that was "original" to Rural? Certainly, the raw data does not satisfy the originality requirement. Rural may have been the first to discover and report the names, towns, and telephone numbers of its subscribers, but this data does not "'ow[e] its origin'" to Rural. *Burrow-Giles*. Rather, these bits of information are uncopyrightable facts; they existed before Rural reported them and would have continued to exist if Rural had never published a telephone directory. The originality requirement "rule[s] out protecting . . . names, addresses, and telephone numbers of which the plaintiff by no stretch of the imagination could be called the author." *Patterson & Joyce* 776.

The question that remains is whether Rural selected, coordinated, or arranged these uncopyrightable facts in an original way. As mentioned, originality is not a stringent standard; it does not require that facts be presented in an innovative or surprising way. It is equally true, however, that the selection and arrangement of facts cannot be so mechanical or routine as to require no creativity whatsoever. The standard of originality is low, but it does exist. See *Patterson & Joyce* 760. As this Court has explained, the Constitution mandates some minimal degree of creativity, see *The Trade-Mark Cases*, and an author

who claims infringement must prove “the existence of . . . intellectual production, of thought, and conception.” *Burrow-Giles*.

The selection, coordination, and arrangement of Rural’s white pages do not satisfy the minimum constitutional standards for copyright protection. As mentioned at the outset, Rural’s white pages are entirely typical. Persons desiring telephone service in Rural’s service area fill out an application and Rural issues them a telephone number. In preparing its white pages, Rural simply takes the data provided by its subscribers and lists it alphabetically by surname. The end product is a garden-variety white pages directory, devoid of even the slightest trace of creativity.

Rural’s selection of listings could not be more obvious: It publishes the most basic information—name, town, and telephone number—about each person who applies to it for telephone service. This is “selection” of a sort, but it lacks the modicum of creativity necessary to transform mere selection into copyrightable expression. Rural expended sufficient effort to make the white pages directory useful, but insufficient creativity to make it original.

We note in passing that the selection featured in Rural’s white pages may also fail the originality requirement for another reason. Feist points out that Rural did not truly “select” to publish the names and telephone numbers of its subscribers; rather, it was required to do so by the Kansas Corporation Commission as part of its monopoly franchise. Accordingly, one could plausibly conclude that this selection was dictated by state law, not by Rural.

Nor can Rural claim originality in its coordination and arrangement of facts. The white pages do nothing more than list Rural’s subscribers in alphabetical order. This arrangement may, technically speaking, owe its origin to Rural; no one disputes that Rural undertook the task of alphabetizing the names itself. But there is nothing remotely creative about arranging names alphabetically in a white pages directory. It is an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course. It is not only unoriginal, it is practically inevitable. This time-honored tradition does not possess the minimal creative spark required by the Copyright Act and the Constitution.

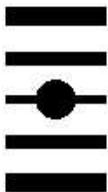
We conclude that the names, towns, and telephone numbers copied by Feist were not original to Rural and therefore were not protected by the copyright in Rural’s combined white and yellow pages directory. As a constitutional matter, copyright protects only those constituent elements of a work that possess more than a *de minimis* quantum of creativity. Rural’s white pages, limited to basic subscriber information and arranged alphabetically, fall short of the mark. As a statutory matter, 17 U.S.C. § 101 does not afford protection from copying to a collection of facts that are selected, coordinated, and arranged in a way that utterly lacks originality. Given that some works must fail, we cannot imagine a more likely candidate. Indeed, were we to hold that Rural’s white pages pass muster, it is hard to believe that any collection of facts could fail.

Because Rural’s white pages lack the requisite originality, Feist’s use of the listings cannot constitute infringement. This decision should not be construed as demeaning Rural’s efforts in compiling its directory, but rather as making clear that copyright rewards originality, not effort. As this Court noted more than a century ago, “‘great praise may be due to the plaintiffs for their industry and enterprise in publishing this paper, yet the law does not contemplate their being rewarded in this way.’” *Baker v. Selden*. The judgment of the Court of Appeals is *Reversed*.

Questions:

- 1.) What balance does *Feist* strike between efficient information flow and property rights? Between property in *innovation* and property in *information*?
- 2.) Let us return to a question we asked in Chapter 2 about the constitutional limitations on intellectual property. In *The Trade-Mark Cases* the Court said: “If we should endeavor to classify [a trademark] under the head of writings of authors, the objections are equally strong. In this, as in regard to inventions, originality is required.” Where does this limitation appear in the Intellectual Property Clause? Is there a textual basis? A philosophical basis? Both? Revisiting this question in the light of the *Feist* case, what is your answer?

The next two cases, which provide additional fodder for Problem 11-1, take the statutory and constitutional originality limitation and add to it an additional statutory subject matter wrinkle. Under § 105 of the Copyright Act, “Copyright protection under this title is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise.” As the supplemental reading suggests, this is a hugely important and consequential component of U.S. information policy. Unoriginal compilations of fact are not covered by copyright and even expressive works are not covered by copyright if they are works of the Federal government. From the free availability of weather and navigational data, to the public domain status of government reports and the *CIA World Factbook*, the combination of the originality requirement and § 105 operates to shape our information environment in profound ways. (For example, whatever other laws Edward Snowden or Bradley Manning may or may not have broken, they did *not* violate copyright, and neither did those who reproduced the documents they leaked.) But this combination also shapes the environment of legal *research*, or at least the availability of Federal legal materials, as the next two cases will show.



Matthew Bender & Co., Inc. v. West Publishing Co.
158 F.3d 674 (2d Cir. 1998)

JACOBS, Circuit Judge.

West Publishing Co. and West Publishing Corp. (collectively “West”) publish compilations of reports of judicial opinions (“case reports”). Each case report consists of the text of the judicial opinion with enhancements that for the purposes of this case can be put in two categories: (i) independently composed features, such as a syllabus (which digests and heralds the opinion’s general holdings), headnotes (which summarize the specific points of law recited in each opinion), and key numbers (which categorize points of law into different legal topics and subtopics), and (ii) additions of certain factual information to the text of the opinions, including parallel or alternative citations to cases,

attorney information, and data on subsequent procedural history. HyperLaw, Inc. publishes compact disc-read only memory (“CD-ROM”) compilations of Supreme Court and United States Court of Appeals decisions, and intervened as a plaintiff to seek a judgment declaring that the individual West case reports that are left after redaction of the first category of alterations (i.e., the independently composed features), do not contain copyrightable material. . . .

It is true that neither novelty nor invention is a requisite for copyright protection, but minimal creativity is required. Aside from its syllabi, headnotes and key numbers—none of which HyperLaw proposes to copy—West makes four different types of changes to judicial opinions that it claimed at trial are copyrightable: (i) rearrangement of information specifying the parties, court, and date of decision; (ii) addition of certain information concerning counsel; (iii) annotation to reflect subsequent procedural developments such as amendments and denials of rehearing; and (iv) editing of parallel and alternate citations to cases cited in the opinions in order to redact ephemeral and obscure citations and to add standard permanent citations (including West reporters). All of West’s alterations to judicial opinions involve the addition and arrangement of facts, or the rearrangement of data already included in the opinions, and therefore any creativity in these elements of West’s case reports lies in West’s selection and arrangement of this information. In light of accepted legal conventions and other external constraining factors, West’s choices on selection and arrangement can reasonably be viewed as obvious, typical, and lacking even minimal creativity. Therefore, we cannot conclude that the district court clearly erred in finding that those elements that HyperLaw seeks to copy from West’s case reports are not copyrightable, and affirm. . . .

The principal trial witness was Donna Bergsgaard, the manager of West’s manuscript department. She specified four kinds of alterations made by West to the opinions that it publishes in the Supreme Court Reporter and Federal Reporter and that HyperLaw intends to copy: (i) the arrangement of prefatory information, such as parties, court, and date of decision; (ii) the selection and arrangement of the attorney information; (iii) the arrangement of information relating to subsequent procedural developments; and (iv) the selection of parallel and alternative citations.

Following the bench trial, the district court ruled that West’s revisions to judicial opinions were merely trivial variations from the public domain works, and that West’s case reports were therefore not copyrightable as derivative works. In reaching this conclusion, the district court reviewed each type of alteration and found that “West does not have a protectible interest in any of the portions of the opinions that HyperLaw copies or intends to copy” because West’s alterations lack even minimal creativity.

DISCUSSION

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II

Works of the federal government are not subject to copyright protection; the text of judicial decisions may therefore be copied at will. 17 U.S.C. § 105. Federal judicial opinions may, however, form part of a compilation. The Copyright Act defines “compilation” as “a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.” 17 U.S.C. § 101. West has filed a certificate of copyright registration for every paperbacked advance sheet and bound permanent volume of the Supreme Court Reporter and Federal Reporter, and each certificate characterizes the copyrighted work as a “compilation.” Under *Feist*

Publications, Inc. v. Rural Telephone Serv. Co. (1991), an infringement claim for a compilation has two elements: “(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.”

But HyperLaw has not signaled its intent to copy the text of every case included in particular volumes of West case reporters or the case reporters’ selection and arrangement of cases; HyperLaw’s intent is to copy particular, though numerous, individual case reports. HyperLaw seeks a declaratory judgment that these case reports—after removal of the syllabus, headnotes, and key numbers—contain no copyrightable material.

A.

HyperLaw contends that each case report should be analyzed as a derivative work, which is defined under the Copyright Act as, *inter alia*, “[a] work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship.” 17 U.S.C. § 101. The district court adopted this view and analyzed the individual case report as a derivative work, but found it wanting in the requisite originality. West contends that each case report is a compilation, *i.e.*, a collection of facts that have been distinctively selected and arranged. No one claims that a case report is anything other than a derivative work or a compilation.

The House Report on the 1976 Copyright Act distinguishes between a derivative work and a compilation:

Between them the terms . . . comprehend every copyrightable work that employs preexisting material or data of any kind. There is necessarily some overlapping between the two, but they basically represent different concepts. A “compilation” results from a process of selecting, bringing together, organizing, and arranging previously existing material of all kinds, regardless of whether the individual items in the material have been or ever could have been subject to copyright. A “derivative work,” on the other hand, requires a process of recasting, transforming, or adapting “one or more preexisting works”; the “preexisting work” must come within the general subject matter of copyright set forth in section 102, regardless of whether it is or was ever copyrighted.

H.R.Rep. No. 94-1476, at 57 (1976); see also 1 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT § 3.02 (“[W]hile a compilation consists merely of the selection and arrangement of pre-existing material without any internal changes in such material, a derivative work involves recasting or transformation, *i.e.*, changes in the pre-existing material, whether or not it is juxtaposed in an arrangement with other pre-existing materials.”). . . .

We need not categorize West’s case reports as either derivative works or compilations in order to decide this case. Copyright protection is unavailable for both derivative works and compilations alike unless, when analyzed as a whole, they display sufficient originality so as to amount to an “original work of authorship.” See 17 U.S.C. § 101 (defining a “derivative work”, *inter alia*, as a work containing alterations “which, as a whole, represent an original work of authorship”); (defining a compilation as requiring that “the resulting work as a whole constitutes an original work of authorship”). The originality required for copyright protection is essentially the same. See *Feist* (“Originality requires only that the author make the selection or arrangement independently . . . and that it display some minimal level of creativity.”); *L. Batlin & Son, Inc. v. Snyder* (2d Cir. 1976) (“[W]hile a copy of something in the public domain will not, if it be merely a copy, support a copyright, a distinguishable variation will. * * * [T]o support a copyright there must be at least some substantial variation, not

merely a trivial variation such as might occur in the translation to a different medium.”). As West and HyperLaw seemingly agree, the question presented is whether West’s alterations to the case reports, when considered collectively, demonstrate sufficient originality and creativity to be copyrightable. . . .

Our decision in this case does not mean that an editor seeking to create the most accurate edition of another work never exercises creativity.¹³ As West argues, our decisions establish a low threshold of creativity, even in works involving selection from among facts. But those cases involved the exercise of judgments more evaluative and creative than West exercises in the four elements of the case reports that HyperLaw intends to copy. For instance, in *Kregos* thousands of different permutations of pitching statistics were available for inclusion in the publisher’s pitching chart. See *Kregos*; see also *Eckes v. Card Prices Update* (2d Cir. 1984) (baseball card guide which selected 5,000 “premium” baseball cards from among 18,000 eligible baseball cards was copyrightable). In *Key Publications*, we found sufficient creativity because the author of the yellow pages “excluded from the directory those businesses she did not think would remain open for very long.” In *CCC Information Services*, we found sufficient creativity in the selection of optional car features and number of years’ models to be included in a used-car price compilation. And in *Lipton v. Nature Co.* (2d Cir. 1995), the author “selected [the terms included in the work] from numerous variations of hundreds of available terms.” In each of these cases, the compiler selected from among numerous choices, exercising subjective judgments relating to taste and value that were not obvious and that were not dictated by industry convention. See *Mid America Title Co. v. Kirk* (7th Cir. 1995) (distinguishing cases involving exercise of subjective judgment). . . .

CONCLUSION

The district court did not clearly err in concluding that the elements of West’s case reports that HyperLaw seeks to copy are not copyrightable. The judgment of the district court is affirmed.

SWEET, District Judge.

The key issue in this appeal is whether West’s Supreme Court Reporter and Federal Reporter case reports in the context of its overall reporter citation system meet the constitutional and statutory requirement of creative originality. Because the majority imposes a standard that demands significantly more than the “modicum” of originality required by *Feist Publications, Inc., v. Rural Telephone Service Company, Inc.*, and far more than the “non-trivial” variation required by this Court for derivative-work and compilation copyright protection, I respectfully dissent.

¹³ It is true that some types of editing require little creativity. See, e.g., *Grove Press, Inc. v. Collectors Publication, Inc.*, 264 F.Supp. 603, 605 (C.D.Cal. 1967) (“Plaintiff made approximately forty thousand changes from the Verlag copy in producing its edition. These changes consisted almost entirely of elimination and addition of punctuation, changes of spelling of certain words, elimination and addition of quotation marks, and correction of typographical errors. These changes required no skill beyond that of a [1967] high school English student and displayed no originality. These changes are found to be trivial.”). In addition, convention and external forces may, as here, limit the practical choices available so as to eliminate any creativity. On the other hand, preparing an edition from multiple prior editions, or creating an accurate version of the missing parts of an ancient document by using conjecture to determine the probable content of the document may take a high amount of creativity. See, e.g., Abraham Rabinovich, Scholar: Reconstruction of Dead Sea Scroll Pirated, Wash. Times: Nat’l Wkly. Edition, Apr. 12, 1998, at 26 (discussing scholar’s copyright infringement claim in Israeli Supreme Court relating to his reconstruction of the missing parts of a “Dead Sea Scroll” through the use of “educated guesswork” based on knowledge of the sect that authored work).

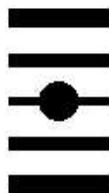
The Copyright Act protects both derivative works and compilations, and I agree with the majority that West’s case reports have elements of both. The standard for copyrightability set forth in *Feist*, as the majority notes, is applicable whether West’s editorial work is analyzed in terms of derivative work or compilation. See e.g., *Atari Games Corp. v. Oman* (D.C.Cir. 1992) (*Feist* applicable to [audio-visual] compilation); 2 W. Patry, *Copyright Law and Practice* 1225 (1994) (*Feist* applicable to derivative works). Contrary to the majority’s holding, however, I find that West’s selection and arrangement of factual annotations to public domain judicial opinions, considered as a whole, is copyrightable.

Originality alone—whether the “author make[s] the selection or arrangement independently (i.e. without copying that selection or arrangement from another work)” — is not sufficient. *Feist*. The work must also “display some minimal level of creativity.” Creativity for copyright purposes is not a philosophical question: the “creative spark” need only pass “the narrowest and most obvious limits.” See *Bleistein v. Donaldson Lithographing Company*. The “modicum of creativity” requires simply that the author prove “the existence of . . . intellectual production, of thought, and conception.” *Feist* (quoting *Burrow-Giles Lithographic Co. v. Sarony* (1884)); see also *Key Publications Inc. v. Chinatown Today Publishing Enterprises, Inc.* (2d Cir. 1991). (“[D]e minimis thought withstands originality requirement”).

Thus, while the majority is correct that it is “not a goal of copyright law” to encourage the creation of compilations which lack “sufficient creativity,” it is well-established that the required level of creativity is “extremely low.” *Feist*. . . .

The fact that federal judges publish written opinions differently than West is sufficient reason to conclude that West’s version requires some “thought” and is sufficiently “creative” to satisfy the modicum necessary for copyrightability. . . .

For the reasons stated, I conclude the summary judgment granted in favor of HyperLaw should be reversed.



Matthew Bender & Co., Inc. v. West Publishing Co.

158 F.3d 693 (2d Cir. 1998)

JACOBS, Circuit Judge.

Defendants-appellants West Publishing Co. and West Publishing Corp. (collectively “West”) create and publish printed compilations of federal and state judicial opinions. Plaintiff-appellee Matthew Bender & Company, Inc. and intervenor-plaintiff-appellee HyperLaw, Inc. (collectively “plaintiffs”) manufacture and market compilations of judicial opinions stored on compact disc-read only memory (“CD-ROM”) discs, in which opinions they embed (or intend to embed) citations that show the page location of the particular text in West’s printed version of the opinions (so-called “star pagination”).¹

¹ This cross-reference method is called “star pagination” because an asterisk and citation or page number are

Bender and HyperLaw seek judgment declaring that star pagination will not infringe West's copyrights in its compilations of judicial opinions.

West's primary contention on appeal is that star pagination to West's case reporters allows a user of plaintiffs' CD-ROM discs (by inputting a series of commands) to "perceive" West's copyright-protected arrangement of cases, and that plaintiffs' products (when star pagination is added) are unlawful copies of West's arrangement. We reject West's argument for two reasons:

A. Even if plaintiffs' CD-ROM discs (when equipped with star pagination) amounted to unlawful copies of West's arrangement of cases under the Copyright Act, (i) West has conceded that specification of the initial page of a West case reporter in plaintiffs' products ("parallel citation") is permissible under the fair use doctrine, (ii) West's arrangement may be perceived through parallel citation and thus the plaintiffs may lawfully create a copy of West's arrangement of cases, (iii) the incremental benefit of star pagination is that it allows the reader to perceive West's page breaks within each opinion, which are not protected by its copyright, and (iv) therefore star pagination does not create a "copy" of any protected elements of West's compilations or infringe West's copyrights.

B. In any event, under a proper reading of the Copyright Act, the insertion of star pagination does not amount to infringement of West's arrangement of cases. . . .

At bottom, West Publishing Co. rests upon the now defunct "sweat of the brow" doctrine. That court found that LEXIS had infringed West's copyright simply because it supplanted much of the need for West's case reporters through wholesale appropriation of West's page numbers. In reaching this conclusion, the court (i) noted that LEXIS's appropriation would deprive West of a large part of what it "[had] spent so much labor and industry in compiling," *West Publ'g Co.*, and (ii) cited *Hutchinson Telephone v. Frontier Directory Co.* (8th Cir. 1985), see *West Publ'g Co.*, which in turn relied on *Leon v. Pacific Telephone & Telegraph Co.* (9th Cir. 1937), and *Jeweler's Circular Pub Co v. Keystone Pub Co.* (C.C.A.Cir. 1922)—classic "sweat of the brow" cases that were overruled in *Feist*. Thus, the Eighth Circuit in *West Publishing Co.* erroneously protected West's industrious collection rather than its original creation. Because *Feist* undermines the reasoning of *West Publishing Co.*, see *United States v. Thomson Corp.* (D.D.C. 1996), we decline to follow it.

CONCLUSION

We hold that Bender and HyperLaw will not infringe West's copyright by inserting star pagination to West's case reporters in their CD-ROM disc version of judicial opinions. The judgement of the district court is affirmed.

SWEET, District Judge.

I respectfully dissent.

This appeal from the grant of summary judgment in favor of the appellee Bender presents challenging issues, the extent of copyright protection for compilations under the § 501(a) and § 106(1) and (3) of Title 17, U.S.C., what constitutes copying in the electronic age, and the propriety of summary judgment in determining issues of fair use. Because the majority reaches conclusions on the first two issues, with which I disagree, and consequently failed to address the third issue, I feel required to dissent, emboldened by the holdings of the three other courts which have considered the issue, *West Pub. Co. v. Mead Data Central, Inc.* (D.Minn. 1985), [*aff'd*, 799 F.2d 1219 (8th Cir. 1986), *cert. denied*, 479 U.S. 1070

(1987)]; *Oasis Pub. Co. v. West Pub. Co.* (D.Minn. 1996), and reached conclusions contrary to those stated by the majority. By concluding that page numbers in the context of the West citation system are facts rather than an expression of originality the majority permits the appellee Bender and the intervenor HyperLaw to appropriate the practical and commercial value of the West compilation.

The West page numbers which are inserted by appellee Bender in the text of each of its CD-ROM disks by star pagination result from the totality of the West compilation process which includes its concededly original and copyrightable work, i.e. attorney description, headnotes, method of citation and emending of parallel or alternate citations. These result in a compilation work with page numbers assigned mechanically. The West page numbers and the corresponding Bender and HyperLaw star pagination are the keys which open the door to the entire West citation system which as the majority noted is an accepted, and in some instances, a required element for the citation of authorities.

In my view West's case arrangements, an essential part of which is page citations, are original works of authorship entitled to copyright protection. Comprehensive documentation of West's selection and arrangement of judicial opinions infringes the copyright in that work.

This reasoning is consistent with *Feist*. As discussed above, the majority notes that the compiler's copyright is "thin." *Feist*. Therefore, "a subsequent compiler remains free to use the facts contained in another's publication to aid in preparing a competing work, *so long as the competing work does not feature the same selection and arrangement.*" In this case, allowing plaintiffs to use the page numbers contained in West's publication enables them to feature West's same selection and arrangement.² Indeed, were it not for the ability to reproduce West's arrangement, its pagination would be of limited (if any) use.

According to *Feist*, "[t]he originality requirement articulated in *The Trade-Mark Cases* and *Burrow-Giles* remains the touchstone of copyright protection today. . . . It is this bedrock principle of copyright that mandates the law's seemingly disparate treatment of facts and factual compilations." [*Feist*]. . . .

Some of the most seminal developments in copyright law have been driven by technological change. There was a time when people questioned whether photographs or advertisements were copyrightable. Here again it is necessary to reconcile technology with pre-electronic principles of law. Clearly, plaintiffs' CD-ROM disks are not "copies" in the traditional sense. Yet, plaintiffs provide the ability for a user to push a button or two and obtain West's exact selection and arrangement. This technological capacity presents a new question. The majority's answer threatens to eviscerate copyright protection for compilations. . . .

For these reasons I believe the grant of summary judgment granting the declaratory judgment requested by Bender was error, and I therefore dissent from the majority's affirmance of that judgment.

Questions:

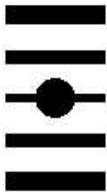
1.) Does any user actually *want* West's selection and arrangement, or just the page

² It is immaterial that plaintiffs' products may display other arrangements as well as West's. The capability of a CD-ROM to display more than one arrangement does not make the encoding of an original selection and arrangement such as West's any less of an infringement.

It is also irrelevant that plaintiffs' products may contain material beyond West's selection and arrangement. Infringement is determined by how much of the copyright owner's work was taken, not by what else the copier's work contains. See e.g., *Warner Bros., Inc. v. American Broadcasting Cos., Inc.*, 720 F.2d 231, 241 (2d Cir. 1983).

numbers that that selection and arrangement results in, because those are the authoritative way to cite the case? Does that matter?

2.) Judge Sweet focuses on the *could*—a user could “push a button or two and obtain West’s exact selection and arrangement.” But a user could also push “a button or two” and arrange the cases by alphabetical ordering of case name, of defendant’s name(s), of judge’s name, of day of the week, of the type of law being decided, or any of a hundred more possible methods. Judge Sweet says “[t]his technological capacity presents a new question. The majority’s answer threatens to eviscerate copyright protection for compilations.” But if *many* forms of ordering, selection or arrangement can be cybernetically imposed, by software, on a mass of material dumped, unordered, on a hard drive or DVD, does Judge Sweet’s answer not bring up an opposite problem? *All* compilations could potentially be “immanent within,” implicitly present within, the database. Does that therefore mean that any system for flexibly arranging data inherently violates compilation copyrights on *all* of the arrangements it *could* be used to emulate?



James Boyle: A Natural Experiment

Financial Times, Nov 22, 2004

Imagine a process of reviewing prescription drugs which goes like this: representatives from the drug company come to the regulators and argue that their drug works well and should be approved. They have no evidence of this beyond a few anecdotes about people who want to take it and perhaps some very simple models of how the drug might affect the human body. The drug is approved. No trials, no empirical evidence of any kind, no follow-up. Or imagine a process of making environmental regulations in which there were no data, and no attempts to gather data, about the effects of the particular pollutants being studied. Even the harshest critics of drug regulation or environmental regulation would admit we generally do better than this. But this is often the way we make intellectual property policy.

So how do we decide the ground-rules of the information age? Representatives of interested industries come to regulators and ask for another heaping slice of monopoly rent in the form of an intellectual property right. They have doom-laden predictions, they have anecdotes, carefully selected to pluck the heartstrings of legislators, they have celebrities who testify—often incoherently, but with palpable charisma—and they have very, very simple economic models. The basic economic model here is “If you give me a larger right, I will have a larger incentive to innovate. Thus the bigger the rights, the more innovation we will get. Right?” Well, not exactly. Even without data, the models are obviously flawed—copyrighting the alphabet will not produce more books, patenting $E=mc^2$ will not yield more scientific innovation. Intellectual property creates barriers to, as well as incentives towards, innovation. Clearly the “more is better” argument has

limits. Extensions of rights can help or hurt, but without economic evidence beforehand and review afterwards, we will never know. In the absence of evidence on either side, the presumption should obviously be against creating a *new* legalised monopoly, but still the empirical emptiness of the debates is frustrating.

This makes the occasion where there actually is some evidence a time for celebration. What we really need is a test case where one country adopts the proposed new intellectual property right and another does not, and we can assess how they are both doing after a number of years.

There is such a case. It is the “database right.” Europe adopted a Database Directive in 1996 which both gave a high level of copyright protection to databases, and conferred a new “*sui generis*” database right even on unoriginal compilations of facts. In the United States, by contrast, in a 1991 case called *Feist*, the Supreme Court made it clear that unoriginal compilations of facts are not copyrightable. (The case is not as revolutionary as it is claimed to be. Most of the appeals courts in the United States had long held this to be the case. In fact, a tenet of the US intellectual property system is that neither facts nor ideas can be owned.) Since 1991 the U.S. Congress has managed to resist frenzied attempts by a few database companies to create a special database right over facts. Interestingly, apart from academics, scientists and civil libertarians, many database companies, and even those well-known communist property-haters, the U.S. Chamber of Commerce, oppose the creation of such a right. They believe that database providers can adequately protect themselves with contracts, technical means such as passwords, can rely on providing tied services and so on. Moreover, they argue that strong database protection may make it harder to generate databases in the first place; the facts you need may be locked up. The pressure to create a new right continues, however, aided by the cries that US must “harmonise” with Europe. So here we have our natural experiment. Presumably the government economists are hard at work both in the US and the EU, seeing if the right actually worked? Umm. . . . No.

Despite the fact that the European Commission has a legal obligation to review the Database Directive for its effects on competition (they are three years late in issuing their report) no attention appears to be being paid to the actual evidence of whether the Directive helps or hurts in the EU, or whether the database industry in the US has collapsed or flourished. That is a shame, because the evidence is there, and it is fairly shocking.

Intellectual property rights are a form of state-created monopoly and “the general tendency of monopolies,” as Macaulay pointed out, is to “make things dear, to make them scarce, and to make them bad.” Monopolies are an evil, but they must sometimes be accepted when they are necessary to the production of some good, some particular social goal. In this case, the “evil” is obviously going to be an increase in price of databases, and the legal ability to exclude competitors from their use—that, after all is the point of granting the new right. The “good” is that we are supposed to get lots of new databases, databases that we would not have had but for the existence of the database right.

If the database right were working, we would expect positive answers to three crucial questions. First, has the European database industry’s rate of growth increased since 1996, while the US database industry has languished? (The drop off in the US database industry ought to be particularly severe after 1991 if the proponents of database protection are correct; they argued the *Feist* case was a change in current law and a great surprise to the industry.)

Second, are the principal beneficiaries of the database right in Europe producing databases they would not have produced otherwise? Obviously if a society is handing over a database right for a database that would have been created anyway, it is overpaying—needlessly increasing prices for consumers and burdens for competitors.

This goes to the design of the right—has it been crafted too broadly, so that it is not being targeted to those areas where it is needed to encourage innovation?

Third, and this one is harder to judge, is the right promoting innovation and competition rather than stifling it? For example, if the existence of the right allowed a one-time surge of newcomers to the market who then to use their rights to discourage new entrants, or if we promoted some increase in databases but made scientific aggregation of large amounts of data harder overall, then the database right might actually be stifling the innovation it is designed to foment.

Those are the three questions that any review of the Database Directive must answer. But we have preliminary answers to those three questions and they are either strongly negative or extremely doubtful.

Are database rights necessary for a thriving database industry? The answer is a clear “no.” In the United States, the database industry has grown more than 25-fold since 1979 and—contrary to those who paint the *Feist* case as a revolution—for that entire period, in most of the United States, it was clear that unoriginal databases were not covered by copyright. The figures are even more interesting in the legal database market. The two major proponents of database protection in the United States are Reed Elsevier, the owner of Lexis, and Thomson Publishing, the owner of Westlaw. Fascinatingly, both companies made their key acquisitions in the US legal database market after the *Feist* decision, at which point no one could have thought unoriginal databases were copyrightable. This seems to be some evidence that they believe they could make money even without a database right. How? In the old-fashioned way: competing on features, accuracy, tied services, making users pay for entry to the database and so on.

If those companies believed there were profits to be made, they were right. Jason Gelman, one of our students, points out in a recent paper that Thomson’s Legal Regulatory division had a profit margin of over 26% for the first quarter of 2004. Reed Elsevier’s 2003 profit margin for LexisNexis was 22.8%. Both profit margins were significantly higher than the company average and both are earned primarily in the \$6 billion US legal database market, a market which is thriving without strong intellectual property protection over databases. (First rule of thumb for regulators: when someone with a profit margin over 20% asks you for additional monopoly protection, pause before agreeing.)

What about Europe? There is some good news for the proponents of database protection. As Hugenholtz, Maurer, and Onsrud point out in a nice article in *Science Magazine*, there was a sharp, one-time spike in numbers of companies entering the European database market immediately following the implementation of the Directive in member states. Yet their work, and “Across Two Worlds,” a fascinating study by Maurer, suggests that the rate of entry then falls back to levels similar to those before the Directive. Maurer’s analysis shows that the attrition rate is also very high in some European markets in the period following the passage of the Directive—even with the new right, many companies drop out.

At the end of the day, the British database industry—the strongest performer in Europe—adds about 200 databases in the three years immediately after the implementation of the Directive. In France there is little net change in the number of databases and the number of providers falls sharply. In Germany, the industry added nearly 300 databases immediately following the Directive—a remarkable surge—about 200 of which rapidly disappeared. During the same period the US industry adds about 900 databases. Bottom line? Europe’s industry did get a one-time boost, and some of those firms have stayed in the market; that is a benefit, though a costly one. But database growth rates have gone back to pre-Directive levels, while the anti-competitive costs of database

protection are now a permanent fixture of the European landscape. The US, by contrast, gets a nice steady growth rate in databases without paying the monopoly cost. (Second rule of thumb for regulators: Do no harm! Do not create rights without strong evidence that the incentive effect is worth the anti-competitive cost.)

Now the second question. Is the Database Directive encouraging the production of databases we would not have got otherwise? Here the evidence is clear and disturbing. Again, Hugenholtz et al, point out that the majority of cases brought under the Directive have been about databases that would have been created anyway—telephone numbers, television schedules, concert times. A review of more recent cases reveals the same pattern. These databases are inevitably generated by the operation of the business in question and cannot be independently compiled by a competitor. The database right simply serves to limit competition in the provision of the information. Last week, the European Court of Justice implicitly underscored this point in a series of cases concerning football scores, horse-racing results and so on. Rejecting a stunningly protectionist and one-sided opinion from its Advocate General, the court ruled that the mere running of a business which generates data does not count as “substantial investment” enough to trigger the database right. It would be nice to think that this is the beginning of some scepticism about the reach of the Directive, scepticism that might even penetrate the Commission’s review of the Directive’s anti-competitive effects. Yet the Court provides little discussion for the economic reasons behind its interpretation; the analysis is merely semantic and definitional, a sharp contrast to its competition decisions.

So what kinds of databases are being generated by this bold new right? The answer is somewhere between bathos and pathos. Here are some of the wonderful “databases” that people found it worthwhile litigating over: A website, consisting of a collection of 259 hyper-links to “parenting resources,” a collection of poems, an assortment of advertisements, headings referring to local news, charts of popular music. The sad list goes on and on. The European Commission might ask itself whether these are really the kind of “databases” which we need a legal monopoly to encourage, and that we want to tie up judicial resources protecting. The point that many more such factual resources can be found online in the United States without such protection, also seems worthy of note. At very least, the evidence indicates that the right is drawn much too broadly and triggered too easily in ways that are profoundly anti-competitive.

Finally, is the database right encouraging scientific innovation or hurting it? Here the evidence is merely suggestive. Scientists have claimed that the European database right, together with the perverse failure of European governments to take advantage of the limited scientific research exceptions allowed by the Directive, have made it much harder to aggregate data, to replicate studies, and to judge published articles. In fact, academic scientific bodies have been among the strongest critics of database protection. But negative evidence, by its nature, is hard to produce; “show me the science that did not get done!” Certainly, both US science and commerce have benefited extraordinarily from the openness of US data policy. This is an issue I will deal with in a later column.

I was not always opposed to intellectual property rights over data. Indeed, in a book written before the enactment of the Database Directive, I said that there was a respectable economic argument that such protection might be warranted and that we needed research on the issue. Unfortunately, Europe got the right without the research. The facts are now in. If the European Database Directive were a drug, the government would be pulling it from the market until its efficacy and harmfulness could be reassessed. At the very least, the Commission needs a detailed empirical review of the Directive’s effects, and needs to adjust the Directive’s definitions and to fine-tune its

limitations. But there is a second lesson. There is more discussion of the empirical economic effects of the Database Directive in this 2000 word column than there is in the 600 page review of the effects of the Directive that the European Commission paid a private company to conduct. That is a scandal. And it is a scandal that is altogether typical of the way we make intellectual property policy.

PROBLEM 11-1

You represent the West Corporation which has asked for your advice after its two losses in the *HyperLaw* cases. West has asked you to advise them on the relative merits of three different solutions to the problem presented to the company by these cases.

- 1.) Amendment of the copyright act to specify that page numbers in a law report are copyrightable.
- 2.) a.) Amendment of the copyright act to specify that any purposeful arrangement in sequence is sufficiently original to warrant copyright protection over the resulting sequence *and* that b.) "any reproduction of uncopyrightable textual material, accompanied by textual, numerical or technological references that allow a user to identify precisely the place of any given bit of text in an authoritative sequence produced by another, shall constitute a violation of the exclusive rights held by the creator of that authoritative sequence."
- 3.) [And it is on this alternative that we will concentrate our time.] The passage of a statute, justified under the Congress's Commerce Clause power, which prohibits (*inter alia*) the following: (*cf.* HR Bill 3261: Database and Collections of Information Misappropriation Act (Introduced in House)).

Sec. 3. Prohibition Against Misappropriation Of Databases.

(a) LIABILITY—Any person who makes available in commerce to others a quantitatively substantial part of the information in a database generated, gathered, or maintained by another person, knowing that such making available in commerce is without the authorization of that person (including a successor in interest) or that person's licensee, when acting within the scope of its license, shall be liable for the remedies set forth in section 7 if—

- (1) the database was generated, gathered, or maintained through a substantial expenditure of financial resources or time;
- (2) the unauthorized making available in commerce occurs in a time sensitive manner and inflicts injury on the database or a product or service offering access to multiple databases; and
- (3) the ability of other parties to free ride on the efforts of the plaintiff would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened.

(b) INJURY—For purposes of subsection (a), the term 'inflicts an injury' means serving as a functional equivalent in the same market as the database in a manner that causes the displacement, or the disruption of the sources, of sales, licenses, advertising, or other revenue.

(c) TIME SENSITIVE—In determining whether an unauthorized making available in commerce occurs in a time sensitive manner, the court shall consider the temporal value of the information in the database, within the context of the industry sector involved.

Which of these alternatives do you think is best for your client to pursue? Why? What are the particular obstacles to the third alternative? Statutory drafting is a kind of advocacy—aiming to reassure possible opponents, while still providing the protection desired. Why was this section drafted the way it was? In particular, how far would this new intellectual property right reach? Is this the same definition of time-sensitivity as is implied in the *INS v. AP* case? Is Section 3 constitutional? Does it outlaw the FANTasy football games discussed in Chapter 1?

2.) The Idea-Expression Distinction



Baker v. Selden 101 U.S. 99 (1880)

Mr. Justice BRADLEY delivered the opinion of the court.

Charles Selden, the testator of the complainant in this case, in the year 1859 took the requisite steps for obtaining the copyright of a book, entitled “Selden’s Condensed Ledger, or Book-keeping Simplified,” the object of which was to exhibit and explain a peculiar system of book-keeping. In 1860 and 1861, he took the copyright of several other books, containing additions to and improvements upon the said system. The bill of complaint was filed against the defendant, Baker, for an alleged infringement of these copyrights. The latter, in his answer, denied that Selden was the author or designer of the books, and denied the infringement charged, and contends on the argument that the matter alleged to be infringed is not a lawful subject of copyright. . . .

The book or series of books of which the complainant claims the copyright consists of an introductory essay explaining the system of book-keeping referred to, to which are annexed certain forms or blanks, consisting of ruled lines, and headings, illustrating the system and showing how it is to be used and carried out in practice. This system effects the same results as book-keeping by double entry; but, by a peculiar arrangement of columns and headings, presents the entire operation, of a day, a week, or a month, on a single page, or on two pages facing each other, in an account-book. The defendant uses a similar plan so far as results

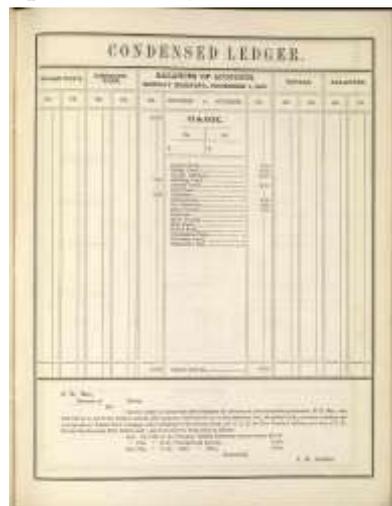


Image from *Selden's Condensed Ledger and Condensed Memorandum Book* (1861).

are concerned; but makes a different arrangement of the columns, and uses different headings. If the complainant's testator had the exclusive right to the use of the system explained in his book, it would be difficult to contend that the defendant does not infringe it, notwithstanding the difference in his form of arrangement; but if it be assumed that the system is open to public use, it seems to be equally difficult to contend that the books made and sold by the defendant are a violation of the copyright of the complainant's book considered merely as a book explanatory of the system. Where the truths of a science or the methods of an art are the common property of the whole world, any author has the right to express the one, or explain and use the other, in his own way. As an author, Selden explained the system in a particular way. It may be conceded that Baker makes and uses account-books arranged on substantially the same system; but the proof fails to show that he has violated the copyright of Selden's book, regarding the latter merely as an explanatory work; or that he has infringed Selden's right in any way, unless the latter became entitled to an exclusive right in the system.

The evidence of the complainant is principally directed to the object of showing that Baker uses the same system as that which is explained and illustrated in Selden's books. It becomes important, therefore, to determine whether, in obtaining the copyright of his books, he secured the exclusive right to the use of the system or method of book-keeping which the said books are intended to illustrate and explain. It is contended that he has secured such exclusive right, because no one can use the system without using substantially the same ruled lines and headings which he has appended to his books in illustration of it. In other words, it is contended that the ruled lines and headings, given to illustrate the system, are a part of the book, and, as such, are secured by the copyright; and that no one can make or use similar ruled lines and headings, or ruled lines and headings made and arranged on substantially the same system, without violating the copyright. And this is really the question to be decided in this case. Stated in another form, the question is, whether the exclusive property in a system of book-keeping can be claimed, under the law of copyright, by means of a book in which that system is explained? The complainant's bill, and the case made under it, are based on the hypothesis that it can be. . . .

There is no doubt that a work on the subject of book-keeping, though only explanatory of well-known systems, may be the subject of a copyright; but, then, it is claimed only as a book. Such a book may be explanatory either of old systems, or of an entirely new system; and, considered as a book, as the work of an author, conveying information on the subject of book-keeping, and containing detailed explanations of the art, it may be a very valuable acquisition to the practical knowledge of the community. But there is a clear distinction between the book, as such, and the art which it is intended to illustrate. The mere statement of the proposition is so evident, that it requires hardly any argument to support it. The same distinction may be predicated of every other art as well as that of book-keeping. A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective,—would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein. The copyright of the book, if not pirated from other works, would be valid without regard to the novelty, or want of novelty, of its subject-matter. The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters-patent, not of

copyright. The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government.

The difference between the two things, letters-patent and copyright, may be illustrated by reference to the subjects just enumerated. Take the case of medicines. Certain mixtures are found to be of great value in the healing art. If the discoverer writes and publishes a book on the subject (as regular physicians generally do), he gains no exclusive right to the manufacture and sale of the medicine; he gives that to the public. If he desires to acquire such exclusive right, he must obtain a patent for the mixture as a new art, manufacture, or composition of matter. He may copyright his book, if he pleases; but that only secures to him the exclusive right of printing and publishing his book. So of all other inventions or discoveries.

The copyright of a book on perspective, no matter how many drawings and illustrations it may contain, gives no exclusive right to the modes of drawing described, though they may never have been known or used before. By publishing the book, without getting a patent for the art, the latter is given to the public. The fact that the art described in the book by illustrations of lines and figures which are reproduced in practice in the application of the art, makes no difference. Those illustrations are the mere language employed by the author to convey his ideas more clearly. Had he used words of description instead of diagrams (which merely stand in the place of words), there could not be the slightest doubt that others, applying the art to practical use, might lawfully draw the lines and diagrams which were in the author's mind, and which he thus described by words in his book.

The copyright of a work on mathematical science cannot give to the author an exclusive right to the methods of operation which he propounds, or to the diagrams which he employs to explain them, so as to prevent an engineer from using them whenever occasion requires. The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book. And where the art it teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are similar to them, such methods and diagrams are to be considered as necessary incidents to the art, and given therewith to the public; not given for the purpose of publication in other works explanatory of the art, but for the purpose of practical application.

Of course, these observations are not intended to apply to ornamental designs, or pictorial illustrations addressed to the taste. Of these it may be said, that their form is their essence, and their object, the production of pleasure in their contemplation. This is their final end. They are as much the product of genius and the result of composition, as are the lines of the poet or the historian's periods. On the other hand, the teachings of science and the rules and methods of useful art have their final end in application and use; and this application and use are what the public derive from the publication of a book which teaches them. But as embodied and taught in a literary composition or book, their essence consists only in their statement. This alone is what is secured by the copyright. The use by another of the same methods of statement, whether in words or illustrations, in a book published for teaching the art, would undoubtedly be an infringement of the copyright.

Recurring to the case before us, we observe that Charles Selden, by his books, explained and described a peculiar system of book-keeping, and illustrated his method by means of ruled lines and blank columns, with proper headings on a page, or on

successive pages. Now, whilst no one has a right to print or publish his book, or any material part thereof, as a book intended to convey instruction in the art, any person may practise and use the art itself which he has described and illustrated therein. The use of the art is a totally different thing from a publication of the book explaining it. The copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book. Whether the art might or might not have been patented, is a question which is not before us. It was not patented, and is open and free to the use of the public. And, of course, in using the art, the ruled lines and headings of accounts must necessarily be used as incident to it.

The plausibility of the claim put forward by the complainant in this case arises from a confusion of ideas produced by the peculiar nature of the art described in the books which have been made the subject of copyright. In describing the art, the illustrations and diagrams employed happen to correspond more closely than usual with the actual work performed by the operator who uses the art. Those illustrations and diagrams consist of ruled lines and headings of accounts; and it is similar ruled lines and headings of accounts which, in the application of the art, the book-keeper makes with his pen, or the stationer with his press; whilst in most other cases the diagrams and illustrations can only be represented in concrete forms of wood, metal, stone, or some other physical embodiment. But the principle is the same in all. The description of the art in a book, though entitled to the benefit of copyright, lays no foundation for an exclusive claim to the art itself. The object of the one is explanation; the object of the other is use. The former may be secured by copyright. The latter can only be secured, if it can be secured at all, by letters-patent. . . .

The conclusion to which we have come is, that blank account-books are not the subject of copyright; and that the mere copyright of Selden's book did not confer upon him the exclusive right to make and use account-books, ruled and arranged as designated by him and described and illustrated in said book.

The decree of the Circuit Court must be reversed, and the cause remanded with instructions to dismiss the complainant's bill; and it is
So ordered.

Questions:

- 1.) Some courts derived from *Baker v. Selden* what they called “the blank form doctrine”: one could not get a copyright in a book that consisted merely of headings and ruled lines and blank space under those headings. Does this understate or overstate the importance of the actual rule enunciated in *Baker*?
- 2.) Is this a case about copyright not applying to ideas? To inventions? To functional articles? To schemes in which expressive choice is impossible? To schemes where expressive choice *is* possible (one could choose different schemes for classifying how to “book” expenses and income) but once those are chosen, and become “industry standard”—as in Generally Accepted Accounting Principles—it would hold up progress to have the standard subject to a copyright? All of the above?

3.) Merger of Idea and Expression



Herbert Rosenthal Jewelry Corp. v. Kalpakian

446 F.2d 738 (9th Cir. 1971)

BROWNING, Circuit Judge.

Plaintiff and defendants are engaged in the design, manufacture, and sale of fine jewelry.

Plaintiff charged defendants with infringing plaintiff's copyright registration of a pin in the shape of a bee formed of gold encrusted with jewels. A consent decree was entered, reciting that the parties had agreed to a settlement of the action and entry of the decree. It provided that plaintiff's copyright of the jeweled bee was "good and valid in law," that defendants had manufactured a jeweled bee "alleged to be similar," and that defendants were enjoined from infringing plaintiff's copyright and from manufacturing or selling copies of plaintiff's jeweled bee pin.

Later plaintiff filed a motion for an order holding defendants in contempt of the consent decree. The district court, after an evidentiary hearing, found that while defendants had manufactured and sold a line of jeweled bee pins, they designed their pins themselves after a study of bees in nature and in published works and did not copy plaintiff's copyrighted bee. The court further found that defendants' jeweled bees were "not substantially similar" to plaintiff's bees, except that both "do look like bees." The court concluded that defendants had neither infringed plaintiff's copyright nor violated the consent decree, and entered a judgment order denying plaintiff's motion. We affirm. . . .

II

Plaintiff contends that its copyright registration of a jeweled bee entitles it to protection from the manufacture and sale by others of any object that to the ordinary observer is substantially similar in appearance. The breadth of this claim is evident. For example, while a photograph of the copyrighted bee pin attached to the complaint depicts a bee with nineteen small white jewels on its back, plaintiff argues that its copyright is infringed by defendants' entire line of a score or more jeweled bees in three sizes decorated with from nine to thirty jewels of various sizes, kinds, and colors.

Although plaintiff's counsel asserted that the originality of plaintiff's bee pin lay in a particular arrangement of jewels on the top of the pin, the elements of this arrangement were never identified. Defendants' witnesses testified that the "arrangement" was simply a function of the size and form of the bee pin and the size of the jewels used. Plaintiff's counsel, repeatedly pressed by the district judge, was unable to suggest how jewels might be placed on the back of a pin in the shape of a bee without infringing plaintiff's copyright. He eventually conceded, "not being a jeweler, I can't conceive of how he might rearrange the design so it is dissimilar."

If plaintiff's understanding of its rights were correct, its copyright would effectively prevent others from engaging in the business of manufacturing and selling jeweled bees. We think plaintiff confuses the balance Congress struck between protection and competition under the Patent Act and the Copyright Act.

The owner of a patent is granted the exclusive right to exploit for a period of seventeen years (a maximum of fourteen years for design patents) the conception that is the subject matter of the patent. 35 U.S.C. §§ 154, 173. The grant of this monopoly, however, is carefully circumscribed by substantive and procedural protections. To be patentable the subject matter must be new and useful, and represent a nonobvious advance—one requiring “more ingenuity and skill than that possessed by an ordinary mechanic acquainted with the business”; an advance that would not be obvious to a hypothetical person skilled in the art and charged with knowledge of all relevant developments publicly known to that point in time. *Graham v. John Deere Co.* (1966). A patent is granted only after an independent administrative inquiry and determination that these substantive standards have been met. This determination is subject to both administrative and court review.

Copyright registration, on the other hand, confers no right at all to the conception reflected in the registered subject matter. “Unlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea—not the idea itself.” *Mazer v. Stein* (1954). Accordingly, the prerequisites for copyright registration are minimal. The work offered for registration need only be the product of the registrant. So long as it is not a plagiarized copy of another’s effort, there is no requirement that the work differ substantially from prior works or that it contribute anything of value. “The copyright protects originality rather than novelty or invention.” . . . Because the registrant’s protection is limited and the social cost therefore small, the life of the copyright is long and, under current proposals, potentially even longer—now twenty-eight years plus a renewal period of twenty-eight more, 17 U.S.C. § 24, and, under Copyright Revision Bill § 543, 91st Congress, 1st Session, the life of the author plus fifty years.

Obviously a copyright must not be treated as equivalent to a patent lest long continuing private monopolies be conferred over areas of gainful activity without first satisfying the substantive and procedural prerequisites to the grant of such privileges.

Because copyright bars only copying, perhaps this case could be disposed of on the district court’s finding that defendants did not copy plaintiff’s bee pin. . . . Any inference of copying based upon similar appearance lost much of its strength because both pins were lifelike representations of a natural creature. Moreover, there were differences between defendants’ and plaintiff’s bees—notably in the veining of the wings.

Although this evidence would support a finding that defendants’ bees were their own work rather than copied from plaintiff’s, this resolution of the problem is not entirely satisfactory, particularly in view of the principle that copying need not be conscious, but “may be the result of subconscious memory derived from hearing, seeing or reading the copyrighted work at some time in the past.” Howell’s Copyright Law 129 (4th ed. 1962). It seems unrealistic to suppose that defendants could have closed their minds to plaintiff’s highly successful jeweled bee pin as they designed their own.

What is basically at stake is the extent of the copyright owner’s monopoly—from how large an area of activity did Congress intend to allow the copyright owner to exclude others? We think the production of jeweled bee pins is a larger private preserve than Congress intended to be set aside in the public market without a patent. A jeweled bee pin is therefore an “idea” that defendants were free to copy. Plaintiff seems to agree, for it disavows any claim that defendants cannot manufacture and sell jeweled bee pins and concedes that only plaintiff’s particular design or “expression” of the jeweled bee pin “idea” is protected under its copyright. The difficulty, as we have noted, is that on this record the “idea” and its “expression” appear to be indistinguishable. There is no greater similarity between the pins of plaintiff and defendants than is inevitable from the use of

jewel-encrusted bee forms in both.

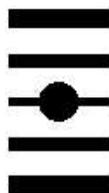
When the “idea” and its “expression” are thus inseparable, copying the “expression” will not be barred, since protecting the “expression” in such circumstances would confer a monopoly of the “idea” upon the copyright owner free of the conditions and limitations imposed by the patent law.

Affirmed.

Questions:

1.) “The court further found that defendants’ jeweled bees were ‘not substantially similar’ to plaintiff’s bees, except that both ‘do look like bees.’” Is the court being funny, or is this the *point* of the merger doctrine? Both?

2.) “To establish copyright infringement, a plaintiff must prove “(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.” *Feist Publications, Inc. v. Rural Tel. Serv. Co.* (1991). As a procedural matter, when should merger be considered? As negating the cause of action in the first place since this is not copyrightable subject matter? Or as excusing infringement by denying that it was really “copying”? What difference does it make?



Morrissey v. Procter & Gamble Co.

379 F.2d 675 (1st Cir. 1967)

ALDRICH, Chief Judge.

This is an appeal from a summary judgment for the defendant. The plaintiff, Morrissey, is the copyright owner of a set of rules for a sales promotional contest of the “sweepstakes” type involving the social security numbers of the participants. Plaintiff alleges that the defendant, Procter & Gamble Company, infringed, by copying, almost precisely, Rule 1. In its motion for summary judgment, based upon affidavits and depositions, defendant denies that plaintiff’s Rule I is copyrightable material, and denies access. The district court held for the defendant on both grounds.

Taking the second ground first, the defendant offered affidavits or depositions of all of its allegedly pertinent employees, all of whom denied having seen plaintiff’s rules. Although the plaintiff, by deposition, flatly testified that prior to the time the defendant conducted its contest he had mailed to the defendant his copyrighted rules with an offer to sell, the court ruled that the defendant had “proved” nonaccess, and stated that it was “satisfied that no material issue as to access * * * lurks * * * [in the record.]”

The court did not explain whether it considered defendant’s showing to have constituted proof overcoming the presumption of receipt arising from plaintiff’s testimony of mailing, or whether it felt there was an unsatisfied burden on the plaintiff

to show that the particularly responsible employees of the defendant had received his communication. Either view would have been error. A notice to the defendant at its principal office, as this one assertedly was, is proper notice. There is at least an inference that the letter reached its proper destination. . . . The presumption arising from mailing remained in the case.¹ . . .

The second aspect of the case raises a more difficult question. Before discussing it we recite plaintiff's Rule 1, and defendant's Rule 1, the italicizing in the latter being ours to note the defendant's variations or changes.

"1. Entrants should print name, address and social security number on a boxtop, or a plain paper. Entries must be accompanied by * * * boxtop or by plain paper on which the name * * * is copied from any source. Official rules are explained on * * * packages or leaflets obtained from dealer. If you do not have a social security number you may use the name and number of any member of your immediate family living with you. Only the person named on the entry will be deemed an entrant and may qualify for prize.

"Use the correct social security number belonging to the person named on entry * * * wrong number will be disqualified."

(Plaintiff's Rule)

"1. Entrants should print name, address and Social Security number on a Tide boxtop, or on [a] plain paper. Entries must be accompanied by Tide boxtop (any size) or by plain paper on which the name 'Tide' is copied from any source. Official rules are *available* on Tide Sweepstakes packages, or on leaflets at Tide dealers, *or you can send a stamped, self-addressed envelope to: Tide 'Shopping Fling' Sweepstakes, P.O. Box 4459, Chicago 77, Illinois.*

"If you do not have a Social Security number, you may use the name and number of any member of your immediate family living with you. Only the person named on the entry will be deemed an entrant and may qualify for a prize. "Use the correct Social Security number, belonging to the person named on the entry wrong numbers will be disqualified."

(Defendant's Rule)

The district court, following an earlier decision, *Gaye v. Gillis* (D.Mass. 1958), took the position that since the substance of the contest was not copyrightable, which is unquestionably correct, *Baker v. Selden* (1879); and the substance was relatively simple, it must follow that plaintiff's rule sprung directly from the substance and "contains no original creative authorship." This does not follow. Copyright attaches to form of expression, and defendant's own proof, introduced to deluge the court on the issue of access, itself established that there was more than one way of expressing even this simple substance. Nor, in view of the almost precise similarity of the two rules, could defendant successfully invoke the principle of a stringent standard for showing infringement which some courts apply when the subject matter involved admits of little variation in form of expression.

Nonetheless, we must hold for the defendant. When the uncopyrightable subject matter is very narrow, so that "the topic necessarily requires," if not only one form of expression, at best only a limited number, to permit copyrighting would mean that a party

¹ The court did not discuss, nor need we, the additional fact that the almost exact following of plaintiff's wording and format in an area in which there is at least some room for maneuverability, might be found of itself to contradict defendant's denial of access. *Cf. Arnstein v. Porter.*

or parties, by copyrighting a mere handful of forms, could exhaust all possibilities of future use of the substance. In such circumstances it does not seem accurate to say that any particular form of expression comes from the subject matter. However, it is necessary to say that the subject matter would be appropriated by permitting the copyrighting of its expression. We cannot recognize copyright as a game of chess in which the public can be checkmated. *Cf. Baker v. Selden*.

Upon examination the matters embraced in Rule 1 are so straightforward and simple that we find this limiting principle to be applicable. Furthermore, its operation need not await an attempt to copyright all possible forms. It cannot be only the last form of expression which is to be condemned, as completing defendant's exclusion from the substance. Rather, in these circumstances, we hold that copyright does not extend to the subject matter at all, and plaintiff cannot complain even if his particular expression was deliberately adopted.

Affirmed.

Questions:

1.) Is the court saying that the defendant did not copy the rule? That it might well have copied the rule but that it does not matter? Is copying in the case of merger a.) a *prima facie* wrong excusable because of a dearth of alternatives, b.) not a violation of a legally protected interest in the first place and thus neutral as a matter of law and policy or c.) a positive good?

2.) The court first says that there *are* other ways in which the rule could have been stated and then says "We cannot recognize copyright as a game of chess in which the public can be checkmated." What does this mean?



Kregos v. Associated Press

937 F.2d 700 (2d Cir. 1991); cert. denied, 510 U.S. 1112 (1994)

NEWMAN, Circuit Judge.

The primary issue on this appeal is whether the creator of a baseball pitching form is entitled to a copyright. The appeal requires us to consider the extent to which the copyright law protects a compiler of information. George L. Kregos appeals from the April 30, 1990, judgment of the District Court for the Southern District of New York (Gerard L. Goettel, Judge) dismissing on motion for summary judgment his copyright and trademark claims against the Associated Press ("AP") and Sports Features Syndicate, Inc. ("Sports Features"). We affirm dismissal of the trademark claims, but conclude that Kregos is entitled to a trial on his copyright claim, though the available relief may be

extremely limited.

Facts

The facts are fully set forth in Judge Goettel's thorough opinion. The reader's attention is particularly called to the appendices to that opinion, which set forth Kregos' pitching form and the allegedly infringing forms. Kregos distributes to newspapers a pitching form, discussed in detail below, that displays information concerning the past performances of the opposing pitchers scheduled to start each day's baseball games. The form at issue in this case, first distributed in 1983, is a redesign of an earlier form developed by Kregos in the 1970's. Kregos registered his form with the Copyright Office and obtained a copyright. Though the form, as distributed to subscribing newspapers, includes statistics, the controversy in this case concerns only Kregos' rights to the form without each day's data, in other words, his rights to the particular selection of categories of statistics appearing on his form.

In 1984, AP began publishing a pitching form provided by Sports Features. The AP's 1984 form was virtually identical to Kregos' 1983 form. AP and Sports Features changed their form in 1986 in certain respects, which are discussed in part I(D) below. Kregos' 1983 form lists four items of information about each day's games—the teams, the starting pitchers, the game time, and the betting odds, and then lists nine items of information about each pitcher's past performance, grouped into three categories. Since there can be no claim of a protectable interest in the categories of information concerning each day's game, we confine our attention to the categories of information concerning the pitchers' past performances. For convenience, we will identify each performance item by a number from 1 to 9 and use that number whenever referring to the same item in someone else's form.

The first category in Kregos' 1983 form, performance during the entire season, comprises two items—won/lost record (1) and earned run average (2). The second category, performance during the entire season against the opposing team at the site of the game, comprises three items—won/lost record (3), innings pitched (4), and earned run average (5). The third category, performance in the last three starts, comprises four items—won/lost record (6), innings pitched (7), earned run average (8), and men on base average (9). This last item is the average total of hits and walks given up by a pitcher per nine innings of pitching.

It is undisputed that prior to Kregos' 1983 form, no form had listed the same nine items collected in his form. Kregos pulled his categories of data from a "universe of available data." It is also undisputed that some but not all of the nine items of information had previously appeared in other forms. In the earlier forms, however, the few items common to Kregos' form were grouped with items different from those in Kregos' form.

The District Court granted summary judgment for the defendants on both Kregos' copyright and trademark claims. On the copyright side of the case, the Court ruled that Kregos lacked a copyrightable interest in his pitching form on three grounds. First, the Court concluded that Kregos' pitching form was insufficiently original in its selection of statistics to warrant a copyright as a compilation. Second, the Court concluded that, in view of the limited space available for displaying pitching forms in newspapers, the possible variations in selections of pitching statistics were so limited that the idea of a pitching form had merged into its expression. Third, the Court ruled that Kregos' pitching form was not entitled to a copyright because of the so-called "blank form" doctrine.

Discussion

I. Copyright Claim

A. Copyright for a Compilation of Facts

The basic principles concerning copyright protection for compilations of facts are clear and have recently been authoritatively restated in the Supreme Court's decision rejecting copyright protection for telephone book white pages. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.* (1991) ("*Feist*"). Thus, as to compilations of facts, independent creation as to selection and arrangement will not assure copyright protection; the requirement of minimal creativity becomes an important ingredient of the test for copyright entitlement.

Prior to *Feist*, we had applied these principles to require some minimal level of creativity in two fairly recent cases that illustrate compilations of facts one of which is and one of which is not entitled to a copyright, *Eckes v. Card Prices Update* (2d Cir. 1984), and *Financial Information, Inc. v. Moody's Investors Service* (2d Cir. 1986) ("*FFI*"), cert. denied, 484 U.S. 820 (1987). In *Eckes* we upheld a District Court's finding, made after trial, that a selection of 5,000 out of 18,000 baseball cards to be considered "premium" was entitled to a copyright. *Eckes*. In *FFI* we upheld a District Court's finding, also made after trial, that the listing of five items of information concerning municipal bond calls lacked sufficient selection to warrant a copyright; in almost all instances, the five items for the various bond issues had all appeared in "tombstone" ads, and only "minor additional research" was needed to complete the listings. *FFI*.

Kregos' pitching form presents a compilation of facts that falls between the extremes illustrated by *Eckes* and *FFI*. Kregos has selected nine items of information concerning a pitcher's performance. "The universe of available data" available only from inspection of box scores of prior games is considerably greater than nine, though perhaps not as great as the quantity of 18,000 cards in *Eckes*. For example, Kregos could have selected past performances from any number of recent starts, instead of using the three most recent starts. And he could have chosen to include strikeouts, walks, balks, or hit batters. In short, there are at least scores of available statistics about pitching performance available to be calculated from the underlying data and therefore thousands of combinations of data that a selector can choose to include in a pitching form.²

It cannot be said as a matter of law that in selecting the nine items for his pitching form out of the universe of available data, Kregos has failed to display enough selectivity to satisfy the requirement of originality. Whether in selecting his combination of nine items he has displayed the requisite degree of creativity is a somewhat closer question. Plainly, he has done better than the compiler in *FFI* who "selected" only the five facts about bond calls already grouped together in nearly all tombstone ads. Judge Goettel was persuaded to rule against Kregos, at least in part, because "most of the statistics . . . had been established in previously existing forms." But that observation is largely irrelevant to the issue of whether Kregos' selection of statistics displays sufficient creativity to warrant a copyright. Nearly all copyrighted compilations of facts convey facts that have been published elsewhere. Each of the cards selected for the "premium" category in *Eckes* had previously been published. To hold a valid copyright, a compiler of facts need not be a discoverer of facts. Indeed, any discovered fact, or, in Kregos' case, any newly devised statistic, would not, in and of itself, be eligible for copyright protection. It's the originality shown what the finder does with the fact that allows for copyrightability.

[T]he record discloses no prior pitching form with more than three of the pitching

² If the universe of available data included even 20 items and a selector was limited to 9 items, there would be 167,960 combinations of items available.

performance statistics that are included in Kregos' selection of nine statistics. Neither a prior identical form to his nor one which varies in only a trivial degree exists. The validity of his copyright in a compilation of facts cannot be rejected as a matter of law for lack of the requisite originality and creativity.

B. Idea/Expression Merger

The fundamental copyright principle that only the expression of an idea and not the idea itself is protectable, see *Mazer v. Stein* (1954), has produced a corollary maxim that even expression is not protected in those instances where there is only one or so few ways of expressing an idea that protection of the expression would effectively accord protection to the idea itself. Our Circuit has considered this so-called "merger" doctrine in determining whether actionable infringement has occurred, rather than whether a copyright is valid, see *Durham Industries, Inc. v. Tomy Corp.* (2d Cir. 1980), an approach the Nimmer treatise regards as the "better view." See 3 NIMMER ON COPYRIGHT § 13.03[B][3] (1990). Assessing merger in the context of alleged infringement will normally provide a more detailed and realistic basis for evaluating the claim that protection of expression would inevitably accord protection to an idea.

In this case, Judge Goettel understood Kregos' idea to be "to publish an outcome predictive pitching form." In dissent, Judge Sweet contends that Kregos' idea is that the nine statistics he has selected are the most significant ones to consider when attempting to predict the outcome of a baseball game. Unquestionably, if that is the idea for purposes of merger analysis, then merger of that idea and its expression has occurred-by definition.

Though there is room for fair debate as to the identification of the pertinent idea whenever merger analysis is applied to a compilation of facts, we think the "idea" in this case is the one as formulated by Judge Goettel. Kregos has not devised a system that he seeks to withdraw from the public domain by virtue of copyright. He does not present his selection of nine statistics as a method of predicting the outcome of baseball games. His idea is that of "an outcome predictive pitching form" in the general sense that it selects the facts that he thinks newspaper readers should consider in making their own predictions of outcomes. He does not purport to weigh the nine statistics, much less provide a method for comparing the aggregate value of one pitcher's statistics against that of the opposing pitcher in order to predict an outcome or even its probability of occurring. He has not devised a system, as had the deviser of a bookkeeping system in *Baker v. Selden* (1879). He has compiled facts, or at least categories of facts, and selected those facts from a vast pool of information.

Though formulating the idea as "an outcome predictive pitching form," Judge Goettel applied the merger doctrine, concluding that the idea of selecting outcome predictive statistics to rate pitching performance was capable of expression in only a very limited number of ways.

As the various pitching forms in the record indicate, the past performances of baseball pitchers can be measured by a variety of statistics. Kregos' selection of categories includes three statistics for the pitcher's current season performance against the day's opponent at the site of the day's game; other charts select "at site" performance against the opponent during the prior season, and some select performance against the opponent over the pitcher's career, both home and away. Some charts include average men on base per nine innings; others do not. The data for most recent starts could include whatever number of games the compiler thought pertinent. These variations alone (and there are others) abundantly indicate that there are a sufficient number of ways of expressing the idea of rating pitchers' performances; this variety of expression precludes a ruling that the idea has merged into its expression.

In reaching this conclusion, we confess to some unease because of the risk that protection of selections of data, or, as in this case, categories of data, have the potential for according protection to ideas. Our concern may be illustrated by an example of a doctor who publishes a list of symptoms that he believes provides a helpful diagnosis of a disease. There might be many combinations of symptoms that others could select for the same purpose, but a substantial question would nonetheless arise as to whether that doctor could obtain a copyright in his list, based on the originality of his selection. If the idea that the doctor is deemed to be expressing is the general idea that the disease in question can be identified by observable symptoms, then the idea might not merge into the doctor's particular expression of that idea by his selection of symptoms. That general idea might remain capable of many other expressions. But it is arguable that the doctor has conceived a more precise idea—namely, the idea that his selection of symptoms is a useful identifier of the disease. That more limited idea can be expressed only by his selection of symptoms, and therefore might be said to have merged into his expression.

As long as selections of facts involve matters of taste and personal opinion, there is no serious risk that withholding the merger doctrine will extend protection to an idea. That was surely the case with the selection of premium baseball cards in *Eckes* where the compiler selected 5,000 premium baseball cards from over 18,000 cards. It is also true of a selection of prominent families for inclusion in a social directory. See *Social Register Ass'n v. Murphy* (C.C.R.I. 1904). However, where a selection of data is the first step in an analysis that yields a precise result or even a better-than-average probability of some result, protecting the “expression” of the selection would clearly risk protecting the idea of the analysis.

Kregos' pitching form is part way along the continuum spanning matters of pure taste to matters of predictive analysis. He is doing more than simply saying that he holds the opinion that his nine performance characteristics are the most pertinent. He implies that his selections have some utility in predicting outcomes. On the other hand, he has not gone so far as to provide a system for weighing the combined value of the nine characteristics for each of two opposing pitchers and determining a probability as to which is more likely to win. Like the compilers of horse racing statistics, Kregos has been content to select categories of data that he obviously believes have some predictive power, but has left its interpretation to all sports page readers as to the likely outcomes from the sets of data he has selected. His “idea,” for purposes of the merger doctrine, remains the general idea that statistics can be used to assess pitching performance rather than the precise idea that his selection yields a determinable probability of outcome. Since there are various ways of expressing that general idea, the merger doctrine need not be applied to assure that the idea will remain in the public domain.

C. “Blank Form” Doctrine

The District Court also ruled that Kregos could not obtain a valid copyright in his pitching form because of the so-called “blank form” doctrine. The doctrine derives from the Supreme Court's decision in *Baker v. Selden*. The Court there denied copyright protection to blank forms contained in a book explaining a system of double-entry bookkeeping. The forms displayed an arrangement of columns and headings that permitted entries for a day, a week, or a month to be recorded on one page or two facing pages. The Court made clear that the author could not obtain copyright protection for an “art” that “might or might not have been patented” and reasoned that since the “art” was available to the public, “the ruled lines and headings of accounts must necessarily be used as incident to it.” Then, in a concluding statement that is susceptible to overreading, the Court said that “blank account-books are not the subject of copyright.” Similarly, a check

book account register, a baby book for growth information and measurements for cooking or otherwise probably will not be copyrightable. Simply stated, it depends upon the pool of information from which the selection is taken.

Though there are some statements suggesting broadly that no blank forms are copyrightable, many courts have recognized that there can be protectable elements of forms that include considerable blank space.³

The regulations of the Copyright Office are careful to preclude copyright registration to:

Blank forms, such as . . . account books, diaries, bank checks, scorecards, address books, report forms, order forms and the like, which are designed for recording information *and do not in themselves convey information.*

37 C.F.R. § 202.1(c)(1990)(emphasis added).

Of course, a form that conveys no information and serves only to provide blank space for recording information contains no expression or selection of information that could possibly warrant copyright protection. See, e.g., *John H. Harland Co. v. Clarke Checks, Inc.* (11th Cir. 1983)(check stubs). At the same time, it should be equally obvious that a writing that does contain a *selection* of categories of information worth recording, sufficiently original and creative to deserve a copyright as a compilation of facts, cannot lose that protection simply because the work also contains blank space for recording the information. When the Copyright Office denies a copyright to scorecards or diaries that “do not in themselves convey information,” it must be contemplating “forks with headings so obvious that their selection cannot be said to satisfy even minimal creativity (a baseball scorecard with columns headed “innings” and lines headed “players”; a travel diary with headings for “cities” “hotels,” and “restaurants”). Such a work conveys no information, not just because it contains blanks, but because its selection of headings is totally uninformative. On the other hand, if a scorecard or diary contained a group of headings whose selection (or possibly arrangement) displayed cognizable creativity, the author’s choice of those headings would convey to users the information that this group of categories was something out of the ordinary. See 1 NIMMER ON COPYRIGHT § 2.18[C][1] at 2-201 (1990) (“Thus books intended to record the events of baby’s first year, or a record of a European trip, or anyone of a number of other subjects, *may* evince considerable originality in suggestions of specific items of information which are to be recorded, and in the arrangement of such items.”) (emphasis added).

The Ninth Circuit has rejected this approach. With deference, we suggest that this critique of cases recognizing a copyright in the selection of categories of information for forms is not well taken. All forms may convey that the information called for is important (or at least worth recording), but the form-maker does not necessarily display even minimal creativity by selecting categories of “important” information. [C]ourts are obliged to determine as to forms, as with all compilations of information, whether the author’s selection of categories of data to be recorded displays at least minimal creativity. The check stub in *Clarke Checks* was plainly deficient in this regard. However, all forms need not be denied protection simply because many of them fail to display sufficient creativity.

In the pending case, once it is determined that Kregos’ selection of categories of statistics displays sufficient creativity to preclude a ruling as a matter of law that it is not a copyrightable compilation of information, that same conclusion precludes rejecting his

³ We are concerned with protectable elements in the selection (and perhaps arrangement) of the categories of information to be recorded on the forms. There is widespread agreement that a work containing a blank form may be copyrightable because of the protectable elements of the textual matter accompanying the form.

copyright as a “blank form.”

D. Extent of Protection

Our ruling that Kregos’ copyright claim survives defendants’ motion for summary judgment does not, of course, mean that he will necessarily obtain much of a victory. If Kregos prevails at trial on the factual issues of originality and creativity, he will be entitled to protection only against infringement of the protectable features of his form. Only the selection of statistics might be entitled to protection. We agree entirely with Judge Goettel that nothing in Kregos’ arrangement of the selected statistics displays the requisite creativity. As to the arrangement, Kregos’ form is surely a “garden-variety” pitching form. The statistics are organized into the “obvious” arrangement of columns, and the form follows the pattern of most other forms: the statistics are organized into three groups, first the statistics about each pitcher’s performance for the season, then the statistics about the pitcher’s performance against the day’s opponent, and finally the statistics concerning the pitcher’s recent starts.

Even as to the selection of statistics, if Kregos establishes entitlement to protection, he will prevail only against other forms that can be said to copy his selection. That would appear to be true of the AP’s 1984 form, which, as Judge Goettel noted, is “identical in virtually every sense to plaintiff’s form.” Whether it is also true of the AP’s current form, revised in 1986, is far less certain. That form contains six of Kregos’ nine items (1, 2, 6, 7, 8, 9). It also includes four items that Kregos does not have. Three of these items concern performance against the day’s opposing team—won-lost record, innings pitched, and earned run average; though these three statistics appear on Kregos’ form, the AP’s 1986 form shows data for the current season both home and away, whereas Kregos’ form shows data for the pitcher’s current season at the site of that day’s game. The fourth item on the AP’s 1986 form and not on Kregos’ form shows the team’s record in games started by that day’s pitcher during the season.

The reason for doubting that the AP’s 1986 form infringes Kregos’ form arises from the same consideration that supports Kregos’ claim to a copyright. Kregos can obtain a copyright by displaying the requisite creativity in his selection of statistics. But if someone else displays the requisite creativity by making a selection that differs in more than a trivial degree, Kregos cannot complain. Kregos contends that the AP’s 1986 form makes insignificant changes from its 1984 form. But Kregos cannot have it both ways. If his decision to select, in the category of performance against the opposing team, statistics for the pitcher’s current season at the site of today’s game displays, in combination with his other selections, enough creativity to merit copyright protection, then a competitor’s decision to select in that same category performance statistics for the pitcher’s season performance both home and away may well insulate the competitor from a claim of infringement. Thus, though issues remain to be explored before any determination can be made, it may well be that Kregos will have a valid claim only as to the AP’s 1984 form.

[In part II of the opinion, the court affirmed the district court’s grant of summary judgment for the defendants on the trademark claims because the plaintiff did not demonstrate secondary meaning in his form.]

APPENDIX 1 (Kregos' 1983 Pitching Fora)

THE HARTFORD COURANT: Sunday, May 6, 1984

SCOREBOARD

Today's Games

Team	Probable Pitcher (R)	Time	Odds	AMERICAN LEAGUE									
				1984		vs. team at site		Last 3 starts					
				W/L	ERA	W/L	IP	ERA	W/L	IP	ERA	MBA	
DET	Wilcox (R)	1:30	Even-6	3-0	3.34	0-2	10	3.00	2-4	22	2.05	11.65	
CLEV	Mylchreest (R)			3-2	3.18	0-0	8	3.00	1-1	22	2.68	12.68	
K.C.	Gura (L)			4-0	2.55	0-2	9½	3.31	3-0	21½	1.69	8.28	
TORN	Alexander (R)	1:35	5½-6½	1-1	3.62	*	*	*	1-1	21½	2.81	9.87	
CHC	Bannister (L)			2-2	5.12	0-1	8	3.25	1-1	19½	5.63	18.10	
BOST	Hunt (L)	2:05	Even-6	3-3	3.05	1-1	12½	4.73	3-1	18	1.50	15.00	
OAK	Warren (R)			3-2	3.62	*	*	*	3-1	18	5.00	13.50	
MNN	Hodges (L)	2:15	Even-6	0-0	7.20	*	*	*	3-0	5	7.20	23.40	
N.Y.	Fontenot (L)			0-4	4.88	1-0	7	5.14	0-2	16½	2.78	13.22	
MIL	Cocanower (R)	2:30	5½-6½	0-4	3.00	*	*	*	0-3	23½	1.80	12.55	
BALT	Boddicker (R)			6-7	1-3	3.18	1-0	8	4.90	1-1	22	1.57	10.17
TEX	Darwin (R)	3:05	*	2-0	2.40	1-0	6½	5.00	3-0	25	1.68	7.34	
CAL	John (L)			2-2	3.64	*	*	*	1-1	21½	2.11	11.33	
SEA	Young (L)	4:30	*	2-2	6.62	1-0	11½	6.77	0-1	11½	8.49	26.83	
NATIONAL LEAGUE													
ATL	McMurry (R)			2-0	3.88	1-0	7	3.88	1-1	20½	3.10	13.28	
MONT	Lax (R)	1:05	8-7	4-1	2.81	0-1	7	4.43	2-0	35	2.70	13.05	
ATL	Camp (R)			3-0	2.31	0-1	4	4.50	2-0	11½	2.31	16.83	
MONT	Palmer (R)			8-7	3-0	2.38	*	*	1-0	14½	3.45	8.32	
L.A.	Pons (R)			4-1	1.41	0-0	7½	3.35	3-0	24½	1.11	7.40	
PITT	McWilliams (L)	1:35	Pick 'em	0-2	3.24	0-0	8	3.25	0-2	17	3.18	12.18	
L.A.	Valenzuela (L)			5½-6½	3-2	2.33	0-0	7½	3.68	3-0	37	0.87	6.33
PIT	Taylor (L)			1-1	2.91	*	*	*	0-1	19½	4.19	14.43	
CIN	Russell (R)			1-3	3.14	*	*	*	0-2	22	1.23	11.48	
PHI	Carlton (L)	1:35	7½-8½	1-1	2.68	1-0	8	4.50	0-1	21	2.14	11.57	
HOU	Ryan (R)			1-2	3.85	3-0	15½	2.30	0-1	18	5.06	12.94	
METS	Gooden (R)	1:35	Pick 'em	2-1	2.82	*	*	*	1-0	19	0.47	9.95	
S.F.	Lasky (R)			0-2	2.30	*	*	*	0-2	19½	2.29	10.08	
STL	Ansbauer (R)	2:15	6½-7½	4-2	3.08	0-1	13½	2.87	3-1	35	3.24	10.68	
S.D.	Show (R)			4-1	1.88	0-0	14	1.93	3-1	17½	1.86	10.90	
CUBS	Ruthven (R)	2:20	Even-6	2-2	5.35	*	*	*	2-1	17½	7.79	12.98	

Bottom team is home team. Favored team is designated by odds beside pitcher's name. All pitching data reflects the pitcher's past performance as a "starter." 1984—Pitcher's 1984 record as "starter." vs. Team at site—Pitcher's past performance vs. today's opponent at the site of today's game. Last 3 Starts—Reflects how pitcher is currently going. Details his performance over his last three starts. W/L—Won/Lost record as a "starter." IP—Innings pitched. ERA—Earned run average. MBA—MBA on base average. (Average number of men allowed to reach base via hits and walks per nine innings pitched.) The odds are estimated lines. Time is Eastern Daylight Time.

APPENDIX 2 (AP's 1984 Pitching Fora)

FRIDAY'S PITCHERS												
American												
Away Home	Probable Pitcher	Time	Line	1983		vs. opp. at site		last 3 starts		A/H/W/G		
				W-L	ERA	W-L	IP	ERA	W-L	IP	ERA	
DET	Matt Wilcox (R)		EV-6	11-10	3.87	0-0	90	0.00	0-0	00.0	0.00	0.0
at CHi	Rich Dotson (R)	1:30		22-7	3.22	1-0	80	2.25	0-0	00.0	0.00	0.0
NY	John Montefusco (R)		5.5-6.5	14-4	3.31	0-0	00	00	000	00.0	0.00	0.0
at TEX	Frank Tanana (L)	7:35		7-9	3.05	0-1	71	6.14	0-0	00.0	0.00	0.0
CLE	Bert Blyleven (R)			7-10	3.91	0-0	00	00	00.0	00.0	0.00	0.0
at KC	Mark Gubicza (R)	7:35	PK	0-0	0-0	0.0	00	00.0	0.00	00.0	0.00	0.0
BALT	Mike Boddicker (R)		5.5-6.5	18-8	2.77	1-0	70	0.0	0-0	00.0	0.00	0.0
at MNN	Mike Smithson (R)	7:35		10-11	3.91	0-0	00	0-0	00.0	00.0	0.00	0.0
TOR	Doyle Alexander (R)		5.5-6.5	7-8	4.41	1-0	111	1.59	0-0	00	0.00	0.0
at CAL	Steve Brown (R)	8:30		3-4	4.50	1-1	32	7.36	0.0	00.0	0.00	0.0
BOST	Dennis Boyd (R)			4-8	3.34	0-0	00	0-0	00.0	00.0	0.00	0.0
at OAK	Larry Sorensen (R)	9:35	EV-6	12-11	4.24	0-0	00	0-0	0.00	00.0	0.00	0.0
MILW	Moose Haas (R)		7.5-8.5	13-3	3.27	0-0	70	1.29	0-0	00.0	0.00	0.0
at SEA	Matt Young (L)	9:35		11-15	3.27	0-0	00	0-0	00.0	00.0	0.00	0.0
National												
PHI	Charles Hudson (R)		EV-6	8-8	3.35	0-0	52	9.53	0-0	00.0	0.00	0.0
at CINN	Joe Price (L)	6:35		10-6	3.38	1-0	81	1.08	0-0	0.00	00.0	0.0
MONT	Bryn Smith (R)			6-11	3.48	0-0	12	5.40	0-0	00.0	0.00	0.0
at ATL	Ken Dayley (L)	6:40	8-7	5-8	4.30	0-1	61	2.84	0-0	00.0	0.00	0.0
NY	Walt Terrell (R)			8-8	3.50	1-0	60	1.50	0-0	00.0	0.00	0.0
at HOU	Tony Scott (R)	7:35	7.5-8.5	10-6	3.72	1-1	161	2.20	0-0	00.0	0.00	0.0
Chi	Scott Sanderson (R)			6-7	4.45	0-0	10	27.00	0-0	00.0	0.00	0.0
at SD	Tim Loflar (L)	9:05	6.5-7.5	7-12	4.58	1-1	131	3.38	0-0	00.0	0.00	0.0
PIT	John Tudor (L)			13-12	4.05	0-3	00	0-0	00.0	00.0	0.00	0.0
at LA	Bob Welch (R)	9:35	6.5-7.5	15-12	2.65	0-0	70	2.57	0-0	00.0	0.00	0.0
ST L	Joaquin Andujar (R)			7-16	4.00	0-1	80	5.63	0-0	00.0	0.00	0.0
at SF	Bill Lasky (R)	10:05	EV-6	13-10	4.19	1-0	90	1.00	0-0	00.0	0.00	0.0

Legend W-L Won-Lost IP Innings pitched ERA Earned run average A/H/W/G Average hits and walks per nine innings

APPENDIX 3 (AP's 1984 Pitching Fora)

	PITCHERS	LINE	1987			TEAM	1987			VS OPP				LAST 3 STARTS			
			W-L	ERA	REC	W-L	IP	ERA	W-L	IP	ERA	AHVG					
Minnesota	Niekro (R)	2:30p	7-12	5.00	8-11	1-1	10.0	3.60	1-1	17.2	4.58	13.2					
Kansas City	Gubicza (R)	6-7	12-18	4.10	14-20	0-1	6.0	7.50	1-2	23.0	2.35	12.1					
Seattle	Langston (L)	3:00p	18-13	3.86	20-14	2-0	18.0	1.00	1-2	21.0	3.00	15.4					
Texas	Hough (R)	5½-6½	19-12	3.78	22-17	1-0	12.0	4.50	1-1	25.0	2.88	9.7					
Cleveland	Farnell (R)	3:10p	4-1	3.21	3-5	No Record			0-1	21.0	4.71	14.1					
California	Witt (R)	6-7	19-13	3.85	18-17	No Record			1-1	23.0	3.91	11.3					

KEY—
TEAM REC—Team's record in games started by today's pitcher.
AHVG—Average hits and walks allowed per 9 innings.
VS OPP—Pitcher's record versus this opponent, 1987 statistics.
Copyright 1987 Sports Features Syndicate, Inc. and Computer Sports World.
AP-NY-01-25-89 1835 EST <

SWEET, District Judge, concurring in part and dissenting in part.

While I concur in the majority's conclusion that Kregos has displayed sufficient creativity to satisfy the *Feist Publications* standard for copyrightability, I would affirm the district court's grant of summary judgment because I conclude that Kregos' idea here has merged into his expression.

1. Kregos' Idea

I respectfully disagree with the majority's statement that Kregos' idea was the abstract "general idea that statistics can be used to assess pitching performance," because I do not believe that the majority has set forth convincing grounds for its determination as to the idea at issue here.

In my opinion, Kregos' form constitutes an explanation of his preferred system of handicapping baseball games, and he seeks to use his copyright here to prevent others from practicing that system.

The majority characterizes Kregos' work as dealing with "matters of taste and opinion," and therefore compares it to the list of baseball card prices in *Eckes v. Card Prices Update* (2d Cir. 1984) or to a listing of socially prominent families rather than to the hypothetical doctor's diagnostic chart. In my view, both the pitching form and the diagnostic chart are expressions intended to assist in predicting particular outcomes, with the data intended to be used as a basis for that prediction. In contrast, neither the card price list nor the social register is associated with any defined event or result, and the information reported—the card prices, the names of the families—is itself the primary feature or attraction.

Finally, in light of the majority's agreement with the district court that Kregos' arrangement of the statistics was not itself creative or original, and therefore that his particular ordering is not protected, it is difficult to grasp exactly what "expression" the majority intends to protect, if not the fundamental expression that these nine items are valuable in predicting games. This difficulty becomes apparent as the majority speculates about the extent of protection to be given to Kregos' form.

2. The Application of the Merger Doctrine

As a secondary matter, I disagree with the majority's characterization of how the merger doctrine is applied in this Circuit.

I believe the proper approach requires the court first to decide whether the copyrighted work satisfies the primary requirement of creativity, then to determine whether there is merger before extending copyright protection. This is based on the wording of § 102(b) of the Copyright Act, which provides

In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation,

concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

I interpret this language as indicating that protection cannot be given to a work which is inseparable from its underlying idea.

The Nimmer treatise supports the majority's approach, suggesting that merger must be considered in the context of determining whether infringement has occurred rather than in deciding the issue of copyrightability. Under this approach, a court which finds that merger exists should hold that the two works in question are not "substantially similar," even where they are in fact identical, a result which I view as a not useful variety of doublespeak.

Nimmer notwithstanding, the majority of cases have rejected this approach and instead followed the method in which merger becomes an issue only when the two works in question-the copyrighted one and the alleged infringement-appear on the surface to be similar, and under which merger is used as a reason for denying all copyright protection to the plaintiff and thereby excusing the defendant's use of a similar or even identical expression.

The difference in applying these two approaches is not insignificant. Nimmer's method lends itself much more readily to the erroneous conclusion that merger is only available where the defendant has independently created an expression which happens coincidentally to be similar to the plaintiff's work. Merger is then viewed as a means of explaining the unintentional similarity between the two works-thus Nimmer's characterization of it as a means of negating substantial similarity. In other words, if a defendant has actually copied the plaintiff's work, it is unlikely to be allowed to rely on merger to avoid liability. This approach owes little if anything to the strictures of § 102(b), and instead depends on the fundamental principle of copyright law that independent creation is never infringement.

The more common approach, in which merger is considered as part of the determination of copyrightability, absolves even a defendant who has directly copied the plaintiff's work if the idea of that work is merged into the expression. I believe this approach accords more fully with both the language and the purpose of § 102(b), and serves to focus consideration on the proper definition of the idea at the outset of the inquiry.

Questions:

- 1.) What idea does the court say the form is expressing? What idea does Judge Sweet say the form is expressing? Which convinces you?
 - 2.) Is the holding of this case that the more accurate a prediction system, the less copyrightable? Why or why not?
 - 3.) Reconcile Judge Sweet's dissent here and in the *West* cases.
-

PROBLEM 11-2

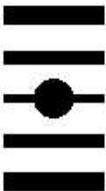
[With thanks to David Nimmer, Rochelle Dreyfuss and Roberta Kwall.*]

* David Nimmer, *Copyright in the Dead Sea Scrolls*, 38 *Houston L.Rev.* 1; Rochelle Dreyfuss and Roberta Kwall, *Intellectual Property* 224 (2d edition 2004).

Indiana Jones finds the Dead Sea Scrolls in a cave, sealed inside amphorae. The scrolls have badly deteriorated so that what remains is a jumble of fragments, some legible and some not. Dr. Jones painstakingly tries to reconstruct the scrolls. He uses many types of evidence. For example, because he knows what size the scrolls were and roughly what their margins were, if there is a gap in the reconstructed scroll, he can deduce how big the word is, and come up with all the Hebrew words (or Aramaic or Greek if the scroll is in that language) that might fit. Jones is an expert in early Jewish sects, so he knows what type of wording is most likely. Then he can look at contemporary religious texts, at word frequency distributions, and predict which word fits the gap. If that makes sense linguistically and in the context of the religious text he is looking at, he can have greater certainty that the two fragments on either side are indeed from that particular scroll. Jones' unparalleled linguistic, religious and archeological knowledge give him many clues like this—his colleagues describe his ability to synthesize all of these sources of information as nothing short of genius. At the end of 2 years of work, he claims to have the definitive “historical reconstruction” of the scroll.

May Jones claim copyright in the reconstructed text? Argue both sides. In each case, explain the analogies you would make, the doctrines you would invoke and the particular precedents to which you would appeal.

4.) Useful Articles



Brandir Intern'l, Inc. v. Cascade Pacific Lumber Co.

834 F.2d 1142 (2d Cir. 1987)

OAKES, Circuit Judge.

In passing the Copyright Act of 1976 Congress attempted to distinguish between protectable “works of applied art” and “industrial designs not subject to copyright protection.” See H.R.Rep. No. 1476, 94th Cong., 2d Sess. 54, reprinted in 1976 U.S. Code Cong. & Admin. News 5659, 5667 (hereinafter H.R.Rep. No. 1476). The courts, however, have had difficulty framing tests by which the fine line establishing what is and what is not copyrightable can be drawn. Once again we are called upon to draw such a line, this time in a case involving the “RIBBON Rack,” a bicycle rack made of bent tubing that is said to have originated from a wire sculpture. (A photograph of the rack is contained in the appendix to this opinion.) . . . The Register of Copyright, named as a third-party defendant under the statute, 17 U.S.C. Sec. 411, but electing not to appear, denied copyrightability. In the subsequent suit . . . the district court granted summary judgment on . . . the copyright . . . claim[.]

Against the history of copyright protection well set out in the majority opinion in *Carol Barnhart Inc. v. Economy Cover Corp.* (2d Cir. 1985), and in Denicola, *Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles*, 67 MINN. L.REV. 707, 709–17 (1983), Congress adopted the Copyright Act of 1976. . . .

As courts and commentators have come to realize, however, the line Congress attempted to draw between copyrightable art and noncopyrightable design “was neither clear nor new.” Denicola. One aspect of the distinction that has drawn considerable attention is the reference in the House Report to “physically *or conceptually*” (emphasis added) separable elements. . . .

. . . As Judge Newman’s dissent made clear, the *Carol Barnhart* majority did not dispute “that ‘conceptual separability’ is distinct from ‘physical separability’ and, when present, entitles the creator of a useful article to a copyright on its design.”

“Conceptual separability” is thus alive and well, at least in this circuit. The problem, however, is determining exactly what it is and how it is to be applied. Judge Newman’s illuminating discussion in dissent in *Carol Barnhart* proposed a test that aesthetic features are conceptually separable if “the article . . . stimulate[s] in the mind of the beholder a concept that is separate from the concept evoked by its utilitarian function.” This approach has received favorable endorsement by at least one commentator, W. Patry, Latman’s *The Copyright Law* 43–45 (6th ed. 1986), who calls Judge Newman’s test the “temporal displacement” test. It is to be distinguished from other possible ways in which conceptual separability can be tested, including whether the primary use is as a utilitarian article as opposed to an artistic work, whether the aesthetic aspects of the work can be said to be “primary,” and whether the article is marketable as art, none of which is very satisfactory. But Judge Newman’s test was rejected outright by the majority as “a standard so ethereal as to amount to a ‘nontest’ that would be extremely difficult, if not impossible, to administer or apply.”

Perhaps the differences between the majority and the dissent in *Carol Barnhart* might have been resolved had they had before them the Denicola article on *Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles*. There, Professor Denicola points out that although the Copyright Act of 1976 was an effort “‘to draw as clear a line as possible,’” in truth “there is no line, but merely a spectrum of forms and shapes responsive in varying degrees to utilitarian concerns.” Denicola argues that “the statutory directive requires a distinction between works of industrial design and works whose origins lie outside the design process, despite the utilitarian environment in which they appear.” He views the statutory limitation of copyrightability as “an attempt to identify elements whose form and appearance reflect the unconstrained perspective of the artist,” such features not being the product of industrial design. “Copyrightability, therefore, should turn on the relationship between the proffered work and the process of industrial design.” He suggests that “the dominant characteristic of industrial design is the influence of nonaesthetic, utilitarian concerns” and hence concludes that copyrightability “ultimately should depend on the extent to which the work reflects artistic expression uninhibited by functional considerations.”² To state the Denicola test in the language of conceptual separability, if design elements reflect a merger of aesthetic and functional considerations, the artistic aspects of a work cannot be said to be conceptually separable

² Professor Denicola rejects the exclusion of all works created with some utilitarian application in view, for that would not only overturn *Mazer v. Stein* (1954), on which much of the legislation is based, but also “a host of other eminently sensible decisions, in favor of an intractable factual inquiry of questionable relevance.” He adds that “[a]ny such categorical approach would also undermine the legislative determination to preserve an artist’s ability to exploit utilitarian markets.” [[C]iting 17 U.S.C. Sec. 113(a) (1976).]

from the utilitarian elements. Conversely, where design elements can be identified as reflecting the designer's artistic judgment exercised independently of functional influences, conceptual separability exists.

We believe that Professor Denicola's approach provides the best test for conceptual separability and, accordingly, adopt it here for several reasons. First, the approach is consistent with the holdings of our previous cases. In *Kieselstein-Cord*, for example, the artistic aspects of the belt buckles reflected purely aesthetic choices, independent of the buckles' function, while in *Carol Barnhart* the distinctive features of the torsos—the accurate anatomical design and the sculpted shirts and collars—showed clearly the influence of functional concerns. Though the torsos bore artistic features, it was evident that the designer incorporated those features to further the usefulness of the torsos as mannequins. Second, the test's emphasis on the influence of utilitarian concerns in the design process may help, as Denicola notes, to "alleviate the de facto discrimination against nonrepresentational art that has regrettably accompanied much of the current analysis." Finally, and perhaps most importantly, we think Denicola's test will not be too difficult to administer in practice. The work itself will continue to give "mute testimony" of its origins. In addition, the parties will be required to present evidence relating to the design process and the nature of the work, with the trier of fact making the determination whether the aesthetic design elements are significantly influenced by functional considerations.

Turning now to the facts of this case, we note first that Brandir contends, and its chief owner David Levine testified, that the original design of the RIBBON Rack stemmed from wire sculptures that Levine had created, each formed from one continuous undulating piece of wire. These sculptures were, he said, created and displayed in his home as a means of personal expression, but apparently were never sold or displayed elsewhere. He also created a wire sculpture in the shape of a bicycle and states that he did not give any thought to the utilitarian application of any of his sculptures until he accidentally juxtaposed the bicycle sculpture with one of the self-standing wire sculptures. It was not until November 1978 that Levine seriously began pursuing the utilitarian application of his sculptures, when a friend, G. Duff Bailey, a bicycle buff and author of numerous articles about urban cycling, was at Levine's home and informed him that the sculptures would make excellent bicycle racks, permitting bicycles to be parked under the overloops as well as on top of the underloops. Following this meeting, Levine met several times with Bailey and others, completing the designs for the RIBBON Rack by the use of a vacuum cleaner hose, and submitting his drawings to a fabricator complete with dimensions. The Brandir RIBBON Rack began being nationally advertised and promoted for sale in September 1979.

In November 1982 Levine discovered that another company, Cascade Pacific Lumber Co., was selling a similar product. Thereafter, beginning in December 1982, a copyright notice was placed on all RIBBON Racks before shipment and on December 10, 1982, five copyright applications for registration were submitted to the Copyright Office. The Copyright Office refused registration by letter, stating that the RIBBON Rack did not contain any element that was "capable of independent existence as a copyrightable pictorial, graphic or sculptural work apart from the shape of the useful article." An appeal to the Copyright Office was denied by letter dated March 23, 1983, refusing registration on the above ground and alternatively on the ground that the design lacked originality, consisting of "nothing more than a familiar public domain symbol." In February 1984, after the denial of the second appeal of the examiner's decision, Brandir sent letters to customers enclosing copyright notices to be placed on racks sold prior to December 1982.

Between September 1979 and August 1982 Brandir spent some \$38,500 for

advertising and promoting the RIBBON Rack, including some 85,000 pieces of promotional literature to architects and landscape architects. Additionally, since October 1982 Brandir has spent some \$66,000, including full-, half-, and quarter-page advertisements in architectural magazines such as *Landscape Architecture*, *Progressive Architecture*, and *Architectural Record*, indeed winning an advertising award from *Progressive Architecture* in January 1983. The RIBBON Rack has been featured in *Popular Science*, *Art and Architecture*, and *Design 384* magazines, and it won an Industrial Designers Society of America design award in the spring of 1980. In the spring of 1984 the RIBBON Rack was selected from 200 designs to be included among 77 of the designs exhibited at the Katonah Gallery in an exhibition entitled “The Product of Design: An Exploration of the Industrial Design Process,” an exhibition that was written up in the *New York Times*.

Sales of the RIBBON Rack from September 1979 through January 1985 were in excess of \$1,367,000. Prior to the time Cascade Pacific began offering for sale its bicycle rack in August 1982, Brandir’s sales were \$436,000. The price of the RIBBON Rack ranges from \$395 up to \$2,025 for a stainless steel model and generally depends on the size of the rack, one of the most popular being the RB-7, selling for \$485.

Applying Professor Denicola’s test to the RIBBON Rack, we find that the rack is not copyrightable. It seems clear that the form of the rack is influenced in significant measure by utilitarian concerns and thus any aesthetic elements cannot be said to be conceptually separable from the utilitarian elements. This is true even though the sculptures which inspired the RIBBON Rack may well have been—the issue of originality aside—copyrightable.

Brandir argues correctly that a copyrighted work of art does not lose its protected status merely because it subsequently is put to a functional use. The Supreme Court so held in *Mazer v. Stein* (1954), and Congress specifically intended to accept and codify *Mazer* in section 101 of the Copyright Act of 1976. See H.R.Rep. No. 1476 at 54–55. The district court thus erred in ruling that, whatever the RIBBON Rack’s origins, Brandir’s commercialization of the rack disposed of the issue of its copyrightability.

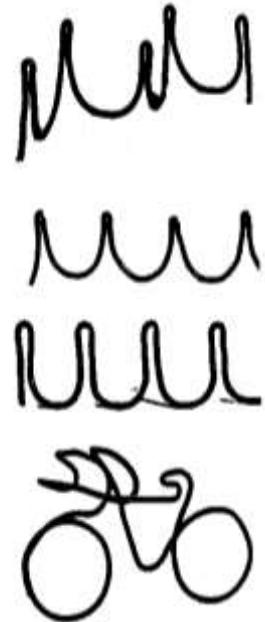
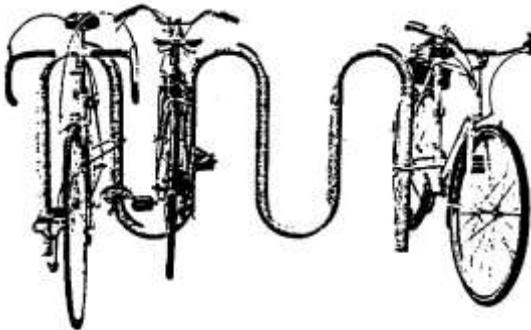
Had Brandir merely adopted one of the existing sculptures as a bicycle rack, neither the application to a utilitarian end nor commercialization of that use would have caused the object to forfeit its copyrighted status. Comparison of the RIBBON Rack with the earlier sculptures, however, reveals that while the rack may have been derived in part from one of more “works of art,” it is in its final form essentially a product of industrial design. In creating the RIBBON Rack, the designer has clearly adapted the original aesthetic elements to accommodate and further a utilitarian purpose. These altered design features of the RIBBON Rack, including the spacesaving, open design achieved by widening the upper loops to permit parking under as well as over the rack’s curves, the straightened vertical elements that allow in- and above-ground installation of the rack, the ability to fit all types of bicycles and mopeds, and the heavy-gauged tubular construction of rustproof galvanized steel, are all features that combine to make for a safe, secure, and maintenance-free system of parking bicycles and mopeds. Its undulating shape is said in *Progressive Architecture*, January 1982, to permit double the storage of conventional bicycle racks. Moreover, the rack is manufactured from 2 3/8-inch standard steam pipe that is bent into form, the six-inch radius of the bends evidently resulting from bending the pipe according to a standard formula that yields bends having a radius equal to three times the nominal internal diameter of the pipe.

Brandir argues that its RIBBON Rack can and should be characterized as a sculptural work of art within the minimalist art movement. Minimalist sculpture’s most outstanding feature is said to be its clarity and simplicity, in that it often takes the form of geometric

shapes, lines, and forms that are pure and free of ornamentation and void of association. As Brandir's expert put it, "The meaning is to be found in, within, around and outside the work of art, allowing the artistic sensation to be experienced as well as intellectualized." People who use Foley Square in New York City see in the form of minimalist art the "Tilted Arc," which is on the plaza at 26 Federal Plaza. Numerous museums have had exhibitions of such art, and the school of minimalist art has many admirers.

It is unnecessary to determine whether to the art world the RIBBON Rack properly would be considered an example of minimalist sculpture. The result under the copyright statute is not changed. Using the test we have adopted, it is not enough that, to paraphrase Judge Newman, the rack may stimulate in the mind of the reasonable observer a concept separate from the bicycle rack concept. While the RIBBON Rack may be worthy of admiration for its aesthetic qualities alone, it remains nonetheless the product of industrial design. Form and function are inextricably intertwined in the rack, its ultimate design being as much the result of utilitarian pressures as aesthetic choices. Indeed, the visually pleasing proportions and symmetry of the rack represent design changes made in response to functional concerns. Judging from the awards the rack has received, it would seem in fact that Brandir has achieved with the RIBBON Rack the highest goal of modern industrial design, that is, the harmonious fusion of function and aesthetics. Thus there remains no artistic element of the RIBBON Rack that can be identified as separate and "capable of existing independently, of, the utilitarian aspects of the article." Accordingly, we must affirm on the copyright claim. . . .

APPENDIX



WINTER, Circuit Judge, concurring in part and dissenting in part.

. . . I respectfully dissent from the majority's discussion and disposition of the copyright claim.

My colleagues, applying an adaptation of Professor Denicola's test, hold that the aesthetic elements of the design of a useful article are not conceptually separable from its utilitarian aspects if "[f]orm and function are inextricably intertwined" in the article, and

“its ultimate design [is] as much the result of utilitarian pressures as aesthetic choices.” Applying that test to the instant matter, they observe that the dispositive fact is that “in creating the Ribbon Rack, [Levine] has clearly adapted the *original* aesthetic elements to accommodate and further a utilitarian purpose.” (Emphasis added.) The grounds of my disagreement are that: (1) my colleagues’ adaptation of Professor Denicola’s test diminishes the statutory concept of “conceptual separability” to the vanishing point; and (2) their focus on the process or sequence followed by the particular designer makes copyright protection depend upon largely fortuitous circumstances concerning the creation of the design in issue. . . .

. . . [T]he relevant question is whether the design of a useful article, however intertwined with the article’s utilitarian aspects, causes an ordinary reasonable observer to perceive an aesthetic concept not related to the article’s use. The answer to this question is clear in the instant case because any reasonable observer would easily view the Ribbon Rack as an ornamental sculpture.² Indeed, there is evidence of actual confusion over whether it is strictly ornamental in the refusal of a building manager to accept delivery until assured by the buyer that the Ribbon Rack was in fact a bicycle rack. Moreover, Brandir has received a request to use the Ribbon Rack as environmental sculpture, and has offered testimony of art experts who claim that the Ribbon Rack may be valued solely for its artistic features. As one of those experts observed: “If one were to place a Ribbon Rack on an island without access, or in a park and surround the work with a barrier, . . . its status as a work of art would be beyond dispute.”

My colleagues also allow too much to turn upon the process or sequence of design followed by the designer of the Ribbon Rack. They thus suggest that copyright protection would have been accorded “had Brandir merely adopted . . . as a bicycle rack” an enlarged version of one of David Levine’s original sculptures rather than one that had wider upper loops and straightened vertical elements. I cannot agree that copyright protection for the Ribbon Rack turns on whether Levine serendipitously chose the final design of the Ribbon Rack during his initial sculptural musings or whether the original design had to be slightly modified to accommodate bicycles. Copyright protection, which is intended to generate incentives for designers by according property rights in their creations, should not turn on purely fortuitous events. For that reason, the Copyright Act expressly states that the legal test is how the final article is perceived, not how it was developed through various stages. It thus states in pertinent part:

the design of a useful article . . . shall be considered a . . . sculptural work only if, and only to the extent that, such design incorporates . . . *sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.*

17 U.S.C. Sec. 101 (1982) (emphasis added). . . .

Questions:

- 1.) How would you vote on the ribbon rack? Copyrightable or not?
- 2.) What is conceptual separability?
- 3.) How does the *Brandir* decision affect aesthetic movements, such as the modernists, whose aesthetic is precisely that form should follow function?
Whether it be the sweeping eagle in his flight, or the open apple-blossom,

² The reasonable observer may be forgiven, however, if he or she does not recognize the Ribbon Rack as an example of minimalist art.

the toiling work-horse, the blithe swan, the branching oak, the winding stream at its base, the drifting clouds, over all the coursing sun, form ever follows function, and this is the law. Where function does not change, form does not change. The granite rocks, the ever-brooding hills, remain for ages; the lightning lives, comes into shape, and dies, in a twinkling. . . . It is the pervading law of all things organic and inorganic, of all things physical and metaphysical, of all things human and all things superhuman, of all true manifestations of the head, of the heart, of the soul, that the life is recognizable in its expression, that form ever follows function. This is the law. Louis H. Sullivan, *The Tall Office Building Artistically Considered*, Lippincott's Magazine 403–409 (March 1896).

Judges frequently say that copyright must make no aesthetic judgments. True? Does copyright's structure actually rest on a series of judgments with profound aesthetic consequences?

5.) Methods of Operation: Introduction to Computer Software



Lotus Development Corp. v. Borland Intern'l, Inc.

49 F.3d 807 (1st Cir. 1995)

STAHL, Circuit Judge.

This appeal requires us to decide whether a computer menu command hierarchy is copyrightable subject matter. In particular, we must decide whether, as the district court held, plaintiff-appellee Lotus Development Corporation's copyright in Lotus 1-2-3, a computer spreadsheet program, was infringed by defendant-appellant Borland International, Inc., when Borland copied the Lotus 1-2-3 menu command hierarchy into its Quattro and Quattro Pro computer spreadsheet programs.

I.

Background

Lotus 1-2-3 is a spreadsheet program that enables users to perform accounting functions electronically on a computer. Users manipulate and control the program via a series of menu commands, such as "Copy," "Print," and "Quit." Users choose commands either by highlighting them on the screen or by typing their first letter. In all, Lotus 1-2-3 has 469 commands arranged into more than 50 menus and submenus.

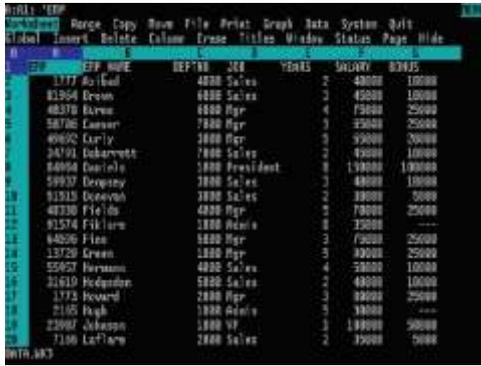


Image information available at <http://en.wikipedia.org/wiki/File:Lotus-123-3.0-dos.png>.



Screenshot of Quattro Pro reprinted from *Personal Computing*, issue 4/1990, at <http://www.aresluna.org/attached/computer-history/articles/spreadsheets/quattroprounifyandconquer/>.

Lotus 1-2-3, like many computer programs, allows users to write what are called “macros.” By writing a macro, a user can designate a series of command choices with a single macro keystroke. Then, to execute that series of commands in multiple parts of the spreadsheet, rather than typing the whole series each time, the user only needs to type the single pre-programmed macro keystroke, causing the program to recall and perform the designated series of commands automatically. Thus, Lotus 1-2-3 macros shorten the time needed to set up and operate the program.

Borland released its first Quattro program to the public in 1987, after Borland’s engineers had labored over its development for nearly three years. Borland’s objective was to develop a spreadsheet program far superior to existing programs, including Lotus 1-2-3. In Borland’s words, “[f]rom the time of its initial release . . . Quattro included enormous innovations over competing spreadsheet products.”

The district court found, and Borland does not now contest, that Borland included in its Quattro and Quattro Pro version 1.0 programs “a virtually identical copy of the entire 1-2-3 menu tree.” *Borland III*. In so doing, Borland did not copy any of Lotus’s underlying computer code; it copied only the words and structure of Lotus’s menu command hierarchy. Borland included the Lotus menu command hierarchy in its programs to make them compatible with Lotus 1-2-3 so that spreadsheet users who were already familiar with Lotus 1-2-3 would be able to switch to the Borland programs without having to learn new commands or rewrite their Lotus macros.

In its Quattro and Quattro Pro version 1.0 programs, Borland achieved compatibility with Lotus 1-2-3 by offering its users an alternate user interface, the “Lotus Emulation Interface.” By activating the Emulation Interface, Borland users would see the Lotus menu commands on their screens and could interact with Quattro or Quattro Pro as if using Lotus 1-2-3, albeit with a slightly different looking screen and with many Borland options not available on Lotus 1-2-3. In effect, Borland allowed users to choose how they wanted to communicate with Borland’s spreadsheet programs: either by using menu commands designed by Borland, or by using the commands and command structure used in Lotus 1-2-3 augmented by Borland-added commands.

Lotus filed this action against Borland in the District of Massachusetts on July 2, 1990, four days after a district court held that the Lotus 1-2-3 “menu structure, taken as a whole—including the choice of command terms [and] the structure and order of those terms,” was protected expression covered by Lotus’s copyrights.

Lotus and Borland filed cross motions for summary judgment; the district court denied both motions on March 20, 1992, concluding that “neither party’s motion is supported by the record.” *Borland I*. The district court invited the parties to file renewed summary judgment motions that would “focus their arguments more precisely” in light of rulings it had made in conjunction with its denial of their summary judgment motions. Both parties filed renewed motions for summary judgment on April 24, 1992. In its motion, Borland contended that the Lotus 1-2-3 menus were not copyrightable as a matter of law and that no reasonable trier of fact could find that the similarity between its products and Lotus 1-2-3 was sufficient to sustain a determination of infringement. Lotus contended in its motion that Borland had copied Lotus 1-2-3’s entire user interface and had thereby infringed Lotus’s copyrights.

On July 31, 1992, the district court denied Borland’s motion and granted Lotus’s motion in part. The district court ruled that the Lotus menu command hierarchy was copyrightable expression because

[a] very satisfactory spreadsheet menu tree can be constructed using different commands and a different command structure from those of Lotus 1-2-3. In fact, Borland has constructed just such an alternate tree for use in Quattro Pro’s native mode. Even if one holds the arrangement of menu commands constant, it is possible to generate literally millions of satisfactory menu trees by varying the menu commands employed.

Borland II. The district court demonstrated this by offering alternate command words for the ten commands that appear in Lotus’s main menu. For example, the district court stated that “[t]he ‘Quit’ command could be named ‘Exit’ without any other modifications,” and that “[t]he ‘Copy’ command could be called ‘Clone,’ ‘Ditto,’ ‘Duplicate,’ ‘Imitate,’ ‘Mimic,’ ‘Replicate,’ and ‘Reproduce,’ among others.” Because so many variations were possible, the district court concluded that the Lotus developers’ choice and arrangement of command terms, reflected in the Lotus menu command hierarchy, constituted copyrightable expression.

In granting partial summary judgment to Lotus, the district court held that Borland had infringed Lotus’s copyright in Lotus 1-2-3:

[A]s a matter of law, Borland’s Quattro products infringe the Lotus 1-2-3 copyright because of (1) the extent of copying of the “menu commands” and “menu structure” that is not genuinely disputed in this case, (2) the extent to which the copied elements of the “menu commands” and “menu structure” contain expressive aspects separable from the functions of the “menu commands” and “menu structure,” and (3) the scope of those copied expressive aspects as an integral part of Lotus 1-2-3.

Borland II. The court nevertheless concluded that while the Quattro and Quattro Pro programs infringed Lotus’s copyright, Borland had not copied the entire Lotus 1-2-3 user interface, as Lotus had contended. Accordingly, the court concluded that a jury trial was necessary to determine the scope of Borland’s infringement, including whether Borland copied the long prompts² of Lotus 1-2-3, whether the long prompts contained expressive

² Lotus 1-2-3 utilizes a two-line menu; the top line lists the commands from which the user may choose, and the bottom line displays what Lotus calls its “long prompts.” The long prompts explain, as a sort of “help text,” what the highlighted menu command will do if entered. For example, the long prompt for the “Worksheet” command displays the submenu that the “Worksheet” command calls up; it reads “Global, Insert, Delete, Column, Erase, Titles, Window, Status, Page.” The long prompt for the “Copy” command explains what function the “Copy” command will perform: “Copy a cell or range of cells.” The long prompt for the “Quit” command reads, “End 1-2-3 session (Have you saved your work?).”

Prior to trial, the parties agreed to exclude the copying of the long prompts from the case; Lotus agreed

elements, and to what extent, if any, functional constraints limited the number of possible ways that the Lotus menu command hierarchy could have been arranged at the time of its creation. See *Borland III*. Additionally, the district court granted Lotus summary judgment on Borland's affirmative defense of waiver, but not on its affirmative defenses of laches and estoppel. *Borland II*.

Immediately following the district court's summary judgment decision, Borland removed the Lotus Emulation Interface from its products. Thereafter, Borland's spreadsheet programs no longer displayed the Lotus 1-2-3 menus to Borland users, and as a result Borland users could no longer communicate with Borland's programs as if they were using a more sophisticated version of Lotus 1-2-3. Nonetheless, Borland's programs continued to be partially compatible with Lotus 1-2-3, for Borland retained what it called the "Key Reader" in its Quattro Pro programs. Once turned on, the Key Reader allowed Borland's programs to understand and perform some Lotus 1-2-3 macros.³ With the Key Reader on, the Borland programs used Quattro Pro menus for display, interaction, and macro execution, except when they encountered a slash ("/") key in a macro (the starting key for any Lotus 1-2-3 macro), in which case they interpreted the macro as having been written for Lotus 1-2-3. Accordingly, people who wrote or purchased macros to shorten the time needed to perform an operation in Lotus 1-2-3 could still use those macros in Borland's programs. The district court permitted Lotus to file a supplemental complaint alleging that the Key Reader infringed its copyright.

In its Phase I-trial decision, the district court found that "each of the Borland emulation interfaces contains a virtually identical copy of the 1-2-3 menu tree and that the 1-2-3 menu tree is capable of a wide variety of expression."

In its Phase II-trial decision, the district court found that Borland's Key Reader file included "a virtually identical copy of the Lotus menu tree structure, but represented in a different form and with first letters of menu command names in place of the full menu command names." In other words, Borland's programs no longer included the Lotus command terms, but only their first letters. The district court held that "the Lotus menu structure, organization, and first letters of the command names . . . constitute part of the protectable expression found in [Lotus 1-2-3]." Accordingly, the district court held that with its Key Reader, Borland had infringed Lotus's copyright. The district court then entered a permanent injunction against Borland, from which Borland appeals.

This appeal concerns only Borland's copying of the Lotus menu command hierarchy into its Quattro programs and Borland's affirmative defenses to such copying. Lotus has not cross-appealed; in other words, Lotus does not contend on appeal that the district court erred in finding that Borland had not copied other elements of Lotus 1-2-3, such as its screen displays.

II. Discussion

On appeal, Borland does not dispute that it factually copied the words and arrangement of the Lotus menu command hierarchy. Rather, Borland argues that it "lawfully copied the unprotectable menus of Lotus 1-2-3." Borland contends that the Lotus menu command hierarchy is not copyrightable because it is a system, method of operation,

not to contend that Borland had copied the long prompts, Borland agreed not to argue that it had not copied the long prompts, and both sides agreed not to argue that the issue of whether Borland had copied the long prompts was material to any other issue in the case. See *Borland III*.

³ Because Borland's programs could no longer display the Lotus menu command hierarchy to users, the Key Reader did not allow debugging or modification of macros, nor did it permit the execution of most interactive macros.

process, or procedure foreclosed from protection by 17 U.S.C. § 102(b). Borland also raises a number of affirmative defenses.

A. Copyright Infringement Generally

To establish copyright infringement, a plaintiff must prove “(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.” *Feist Publications, Inc. v. Rural Tel. Serv. Co.* (1991). To show ownership of a valid copyright and therefore satisfy *Feist*’s first prong, a plaintiff must prove that the work as a whole is original and that the plaintiff complied with applicable statutory formalities. See *Engineering Dynamics, Inc. v. Structural Software, Inc.* (5th Cir. 1994). “In judicial proceedings, a certificate of copyright registration constitutes prima facie evidence of copyrightability and shifts the burden to the defendant to demonstrate why the copyright is not valid.” *Bibbero Sys., Inc. v. Colwell Sys., Inc.* (9th Cir. 1990); see also 17 U.S.C. § 410(c); *Folio Impressions, Inc. v. Byer California* (2d Cir. 1991) (presumption of validity may be rebutted).

To show actionable copying and therefore satisfy *Feist*’s second prong, a plaintiff must first prove that the alleged infringer copied plaintiff’s copyrighted work as a factual matter; to do this, he or she may either present direct evidence of factual copying or, if that is unavailable, evidence that the alleged infringer had access to the copyrighted work and that the offending and copyrighted works are so similar that the court may infer that there was factual copying (i.e., probative similarity). *Engineering Dynamics*; see also *Concrete Mach.* The plaintiff must then prove that the copying of copyrighted material was so extensive that it rendered the offending and copyrighted works substantially similar.

In this appeal, we are faced only with whether the Lotus menu command hierarchy is copyrightable subject matter in the first instance, for Borland concedes that Lotus has a valid copyright in Lotus 1-2-3 as a whole⁵ and admits to factually copying the Lotus menu command hierarchy. As a result, this appeal is in a very different posture from most copyright-infringement cases, for copyright infringement generally turns on whether the defendant has copied protected expression as a factual matter. Because of this different posture, most copyright-infringement cases provide only limited help to us in deciding this appeal. This is true even with respect to those copyright-infringement cases that deal with computers and computer software.

B. Matter of First Impression

Whether a computer menu command hierarchy constitutes copyrightable subject matter is a matter of first impression in this court. While some other courts appear to have touched on it briefly in dicta, see, e.g., *Autoskill, Inc. v. National Educ. Support Sys., Inc.*, [*cert. denied*, 510 U.S. 916] (1993), we know of no cases that deal with the copyrightability of a menu command hierarchy standing on its own (i.e., without other elements of the user interface, such as screen displays, in issue). Thus we are navigating in uncharted waters.

Borland vigorously argues, however, that the Supreme Court charted our course more

⁵ Computer programs receive copyright protection as “literary works.” See 17 U.S.C. § 102(a)(1) (granting protection to “literary works”) and 17 U.S.C. § 101 (defining “literary works” as “works . . . expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, phonorecords, film, tapes, disks, or cards, in which they are embodied” (emphasis added)); see also H.R.Rep. No. 1476, 94th Cong., 2d Sess. 54 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5667 (“The term ‘literary works’ . . . includes computer data bases, and computer programs to the extent that they incorporate authorship in the programmer’s expression of original ideas, as distinguished from the ideas themselves.”).

than 100 years ago when it decided *Baker v. Selden* (1879). In *Baker v. Selden*, the Court held that Selden's copyright over the textbook in which he explained his new way to do accounting did not grant him a monopoly on the use of his accounting system.⁶

Borland argues:

“The facts of *Baker v. Selden*, and even the arguments advanced by the parties in that case, are identical to those in this case. The only difference is that the “user interface” of Selden's system was implemented by pen and paper rather than by computer.”

To demonstrate that *Baker v. Selden* and this appeal both involve accounting systems, Borland even supplied this court with a video that, with special effects, shows Selden's paper forms “melting” into a computer screen and transforming into Lotus 1-2-3.

We do not think that *Baker v. Selden* is nearly as analogous to this appeal as Borland claims. Of course, Lotus 1-2-3 is a computer spreadsheet, and as such its grid of horizontal rows and vertical columns certainly resembles an accounting ledger or any other paper spreadsheet. Those grids, however, are not at issue in this appeal for, unlike Selden, Lotus does not claim to have a monopoly over its accounting system. Rather, this appeal involves Lotus's monopoly over the commands it uses to operate the computer. Accordingly, this appeal is not, as Borland contends, “identical” to *Baker v. Selden*.

C. *Altai*

Before we analyze whether the Lotus menu command hierarchy is a system, method of operation, process, or procedure, we first consider the applicability of the test the Second Circuit set forth in *Computer Assoc. Int'l, Inc. v. Altai, Inc.* (2d Cir. 1992).⁷ The Second Circuit designed its *Altai* test to deal with the fact that computer programs, copyrighted as “literary works,” can be infringed by what is known as “nonliteral” copying, which is copying that is paraphrased or loosely paraphrased rather than word for word. See [*Altai*] (citing nonliteral-copying cases); see also 3 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT § 13.03[A][1] (1993). When faced with nonliteral-copying cases, courts must determine whether similarities are due merely to the fact that the two works share the same underlying idea or whether they instead indicate that the second author copied the first author's expression. The Second Circuit designed its *Altai* test to deal with this situation in the computer context, specifically with whether one computer program copied nonliteral expression from another program's code.

The *Altai* test involves three steps: abstraction, filtration, and comparison. The abstraction step requires courts to “dissect the allegedly copied program's structure and isolate each level of abstraction contained within it.” *Altai*. This step enables courts to identify the appropriate framework within which to separate protectable expression from unprotected ideas. Second, courts apply a “filtration” step in which they examine “the structural components at each level of abstraction to determine whether their particular inclusion at that level was ‘idea’ or was dictated by considerations of efficiency, so as to be necessarily incidental to that idea; required by factors external to the program itself; or taken from the public domain.” Finally, courts compare the protected elements of the infringed work (i.e., those that survived the filtration screening) to the corresponding elements of the allegedly infringing work to determine whether there was sufficient copying of protected material to constitute infringement.

⁶ Selden's system of double-entry bookkeeping is the now almost-universal T-accounts system.

⁷ We consider the *Altai* test because both parties and many of the amici focus on it so heavily. Borland, in particular, is highly critical of the district court for not employing the *Altai* test. Borland does not, however, indicate how using that test would have been dispositive in Borland's favor. Interestingly, Borland appears to contradict its own reasoning at times by criticizing the applicability of the *Altai* test.

In the instant appeal, we are not confronted with alleged nonliteral copying of computer code. Rather, we are faced with Borland's deliberate, literal copying of the Lotus menu command hierarchy. Thus, we must determine not whether nonliteral copying occurred in some amorphous sense, but rather whether the literal copying of the Lotus menu command hierarchy constitutes copyright infringement.

While the *Altai* test may provide a useful framework for assessing the alleged nonliteral copying of computer code, we find it to be of little help in assessing whether the literal copying of a menu command hierarchy constitutes copyright infringement. In fact, we think that the *Altai* test in this context may actually be misleading because, in instructing courts to abstract the various levels, it seems to encourage them to find a base level that includes copyrightable subject matter that, if literally copied, would make the copier liable for copyright infringement.⁸ While that base (or literal) level would not be at issue in a nonliteral-copying case like *Altai*, it is precisely what is at issue in this appeal. We think that abstracting menu command hierarchies down to their individual word and menu levels and then filtering idea from expression at that stage, as both the *Altai* and the district court tests require, obscures the more fundamental question of whether a menu command hierarchy can be copyrighted at all. The initial inquiry should not be whether individual components of a menu command hierarchy are expressive, but rather whether the menu command hierarchy as a whole can be copyrighted. But see *Gates Rubber Co. v. Bando Chem. Indus., Ltd.* (10th Cir. 1993) (endorsing *Altai*'s abstraction-filtration-comparison test as a way of determining whether "menus and sorting criteria" are copyrightable).

D. The Lotus Menu Command Hierarchy: A "Method of Operation"

Borland argues that the Lotus menu command hierarchy is uncopyrightable because it is a system, method of operation, process, or procedure foreclosed from copyright protection by 17 U.S.C. § 102(b). Section 102(b) states: "In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." Because we conclude that the Lotus menu command hierarchy is a method of operation, we do not consider whether it could also be a system, process, or procedure.

We think that "method of operation," as that term is used in § 102(b), refers to the means by which a person operates something, whether it be a car, a food processor, or a computer. Thus a text describing how to operate something would not extend copyright protection to the method of operation itself; other people would be free to employ that method and to describe it in their own words. Similarly, if a new method of operation is used rather than described, other people would still be free to employ or describe that method.

We hold that the Lotus menu command hierarchy is an uncopyrightable "method of operation." The Lotus menu command hierarchy provides the means by which users control and operate Lotus 1-2-3. If users wish to copy material, for example, they use the "Copy" command. If users wish to print material, they use the "Print" command. Users must use the command terms to tell the computer what to do. Without the menu command hierarchy, users would not be able to access and control, or indeed make use of, Lotus 1-2-3's functional capabilities.

The Lotus menu command hierarchy does not merely explain and present Lotus 1-

⁸ We recognize that *Altai* never states that every work contains a copyrightable "nugget" of protectable expression. Nonetheless, the implication is that for literal copying, "it is not necessary to determine the level of abstraction at which similarity ceases to consist of an 'expression of ideas,' because literal similarity by definition is always a similarity as to the expression of ideas." 3 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT § 13.03[A](2) (1993).

2-3's functional capabilities to the user; it also serves as the method by which the program is operated and controlled. The Lotus menu command hierarchy is different from the Lotus long prompts, for the long prompts are not necessary to the operation of the program; users could operate Lotus 1-2-3 even if there were no long prompts.⁹ The Lotus menu command hierarchy is also different from the Lotus screen displays, for users need not "use" any expressive aspects of the screen displays in order to operate Lotus 1-2-3; because the way the screens look has little bearing on how users control the program, the screen displays are not part of Lotus 1-2-3's "method of operation."¹⁰ The Lotus menu command hierarchy is also different from the underlying computer code, because while code is necessary for the program to work, its precise formulation is not. In other words, to offer the same capabilities as Lotus 1-2-3, Borland did not have to copy Lotus's underlying code (and indeed it did not); to allow users to operate its programs in substantially the same way, however, Borland had to copy the Lotus menu command hierarchy. Thus the Lotus 1-2-3 code is not a uncopyrightable "method of operation."

The district court held that the Lotus menu command hierarchy, with its specific choice and arrangement of command terms, constituted an "expression" of the "idea" of operating a computer program with commands arranged hierarchically into menus and submenus. *Borland II*. Under the district court's reasoning, Lotus's decision to employ hierarchically arranged command terms to operate its program could not foreclose its competitors from also employing hierarchically arranged command terms to operate their programs, but it did foreclose them from employing the specific command terms and arrangement that Lotus had used. In effect, the district court limited Lotus 1-2-3's "method of operation" to an abstraction.

Accepting the district court's finding that the Lotus developers made some expressive choices in choosing and arranging the Lotus command terms, we nonetheless hold that that expression is not copyrightable because it is part of Lotus 1-2-3's "method of operation." We do not think that "methods of operation" are limited to abstractions; rather, they are the means by which a user operates something. If specific words are essential to operating something, then they are part of a "method of operation" and, as such, are unprotectable. This is so whether they must be highlighted, typed in, or even spoken, as computer programs no doubt will soon be controlled by spoken words.

The fact that Lotus developers could have designed the Lotus menu command hierarchy differently is immaterial to the question of whether it is a "method of operation." In other words, our initial inquiry is not whether the Lotus menu command hierarchy incorporates any expression.¹² Rather, our initial inquiry is whether the Lotus menu command hierarchy is a "method of operation." Concluding, as we do, that users operate Lotus 1-2-3 by using the Lotus menu command hierarchy, and that the entire Lotus menu command hierarchy is essential to operating Lotus 1-2-3, we do not inquire further whether that method of operation could have been designed differently. The "expressive" choices of what to name the command terms and how to arrange them do not magically change the uncopyrightable menu command hierarchy into copyrightable subject matter.

⁹ As the Lotus long prompts are not before us on appeal, we take no position on their copyrightability, although we do note that a strong argument could be made that the brief explanations they provide "merge" with the underlying idea of explaining such functions. See *Morrissey v. Procter & Gamble Co.*, 379 F.2d 675, 678-79 (1st Cir. 1967) (when the possible ways to express an idea are limited, the expression "merges" with the idea and is therefore uncopyrightable; when merger occurs, identical copying is permitted).

¹⁰ As they are not before us on appeal, we take no position on whether the Lotus 1-2-3 screen displays constitute original expression capable of being copyrighted.

¹² We think that the *Altai* test would contemplate this being the initial inquiry.

Our holding that “methods of operation” are not limited to mere abstractions is bolstered by *Baker v. Selden*. In *Baker*, the Supreme Court explained that the teachings of science and the rules and methods of useful art have their final end in application and use; and this application and use are what the public derive from the publication of a book which teaches them. . . . The description of the art in a book, though entitled to the benefit of copyright, lays no foundation for an exclusive claim to the art itself. The object of the one is explanation; the object of the other is use. The former may be secured by copyright. The latter can only be secured, if it can be secured at all, by letters-patent.

Baker v. Selden. Lotus wrote its menu command hierarchy so that people could learn it and use it. Accordingly, it falls squarely within the prohibition on copyright protection established in *Baker v. Selden* and codified by Congress in § 102(b).

In many ways, the Lotus menu command hierarchy is like the buttons used to control, say, a video cassette recorder (“VCR”). A VCR is a machine that enables one to watch and record video tapes. Users operate VCRs by pressing a series of buttons that are typically labelled “Record, Play, Reverse, Fast Forward, Pause, Stop/Eject.” That the buttons are arranged and labeled does not make them a “literary work,” nor does it make them an “expression” of the abstract “method of operating” a VCR via a set of labeled buttons. Instead, the buttons are themselves the “method of operating” the VCR.

When a Lotus 1-2-3 user chooses a command, either by highlighting it on the screen or by typing its first letter, he or she effectively pushes a button. Highlighting the “Print” command on the screen, or typing the letter “P,” is analogous to pressing a VCR button labeled “Play.”

Just as one could not operate a buttonless VCR, it would be impossible to operate Lotus 1-2-3 without employing its menu command hierarchy. Thus the Lotus command terms are not equivalent to the labels on the VCR’s buttons, but are instead equivalent to the buttons themselves. Unlike the labels on a VCR’s buttons, which merely make operating a VCR easier by indicating the buttons’ functions, the Lotus menu commands are essential to operating Lotus 1-2-3. Without the menu commands, there would be no way to “push” the Lotus buttons, as one could push unlabeled VCR buttons. While Lotus could probably have designed a user interface for which the command terms were mere labels, it did not do so here. Lotus 1-2-3 depends for its operation on use of the precise command terms that make up the Lotus menu command hierarchy.

One might argue that the buttons for operating a VCR are not analogous to the commands for operating a computer program because VCRs are not copyrightable, whereas computer programs are. VCRs may not be copyrighted because they do not fit within any of the § 102(a) categories of copyrightable works; the closest they come is “sculptural work.” Sculptural works, however, are subject to a “useful-article” exception whereby “the design of a useful article . . . shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” 17 U.S.C. § 101. A “useful article” is “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.” Whatever expression there may be in the arrangement of the parts of a VCR is not capable of existing separately from the VCR itself, so an ordinary VCR would not be copyrightable.

Computer programs, unlike VCRs, are copyrightable as “literary works.” 17 U.S.C. § 102(a). Accordingly, one might argue, the “buttons” used to operate a computer

program are not like the buttons used to operate a VCR, for they are not subject to a useful-article exception. The response, of course, is that the arrangement of buttons on a VCR would not be copyrightable even without a useful-article exception, because the buttons are an uncopyrightable “method of operation.” Similarly, the “buttons” of a computer program are also an uncopyrightable “method of operation.”

That the Lotus menu command hierarchy is a “method of operation” becomes clearer when one considers program compatibility. Under Lotus’s theory, if a user uses several different programs, he or she must learn how to perform the same operation in a different way for each program used. For example, if the user wanted the computer to print material, then the user would have to learn not just one method of operating the computer such that it prints, but many different methods. We find this absurd. The fact that there may be many different ways to operate a computer program, or even many different ways to operate a computer program using a set of hierarchically arranged command terms, does not make the actual method of operation chosen copyrightable; it still functions as a method for operating the computer and as such is uncopyrightable.

Consider also that users employ the Lotus menu command hierarchy in writing macros. Under the district court’s holding, if the user wrote a macro to shorten the time needed to perform a certain operation in Lotus 1-2-3, the user would be unable to use that macro to shorten the time needed to perform that same operation in another program. Rather, the user would have to rewrite his or her macro using that other program’s menu command hierarchy. This is despite the fact that the macro is clearly the user’s own work product. We think that forcing the user to cause the computer to perform the same operation in a different way ignores Congress’s direction in § 102(b) that “methods of operation” are not copyrightable. That programs can offer users the ability to write macros in many different ways does not change the fact that, once written, the macro allows the user to perform an operation automatically. As the Lotus menu command hierarchy serves as the basis for Lotus 1-2-3 macros, the Lotus menu command hierarchy is a “method of operation.”

In holding that expression that is part of a “method of operation” cannot be copyrighted, we do not understand ourselves to go against the Supreme Court’s holding in *Feist*. In *Feist*, the Court explained:

The primary objective of copyright is not to reward the labor of authors, but to promote the Progress of Science and useful Arts. To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work.

Feist. We do not think that the Court’s statement that “copyright assures authors the right to their original expression” indicates that all expression is necessarily copyrightable; while original expression is necessary for copyright protection, we do not think that it is alone sufficient. Courts must still inquire whether original expression falls within one of the categories foreclosed from copyright protection by § 102(b), such as being a “method of operation.”

We also note that in most contexts, there is no need to “build” upon other people’s expression, for the ideas conveyed by that expression can be conveyed by someone else without copying the first author’s expression.¹³ In the context of methods of operation, however, “building” requires the use of the precise method of operation already employed; otherwise, “building” would require dismantling, too. Original developers are not the only people entitled to build on the methods of operation they create; anyone can.

¹³ When there are a limited number of ways to express an idea, however, the expression “merges” with the idea and becomes uncopyrightable. *Morrissey*, 379 F.2d at 678–79.

Thus, Borland may build on the method of operation that Lotus designed and may use the Lotus menu command hierarchy in doing so.

Our holding that methods of operation are not limited to abstractions goes against *Autoskill*, in which the Tenth Circuit rejected the defendant's argument that the keying procedure used in a computer program was an uncopyrightable "procedure" or "method of operation" under § 102(b). The program at issue, which was designed to test and train students with reading deficiencies, required students to select responses to the program's queries "by pressing the 1, 2, or 3 keys." The Tenth Circuit held that, "for purposes of the preliminary injunction, . . . the record showed that [this] keying procedure reflected at least a minimal degree of creativity," as required by *Feist* for copyright protection. As an initial matter, we question whether a programmer's decision to have users select a response by pressing the 1, 2, or 3 keys is original. More importantly, however, we fail to see how "a student select[ing] a response by pressing the 1, 2, or 3 keys" can be anything but an unprotectable method of operation.

III. Conclusion

Because we hold that the Lotus menu command hierarchy is uncopyrightable subject matter, we further hold that Borland did not infringe Lotus's copyright by copying it. Accordingly, we need not consider any of Borland's affirmative defenses. The judgment of the district court is *Reversed*.

BOUDIN, Circuit Judge, concurring.

The importance of this case, and a slightly different emphasis in my view of the underlying problem, prompt me to add a few words to the majority's tightly focused discussion.

I.

Most of the law of copyright and the "tools" of analysis have developed in the context of literary works such as novels, plays, and films. In this milieu, the principal problem—simply stated, if difficult to resolve—is to stimulate creative expression without unduly limiting access by others to the broader themes and concepts deployed by the author. The middle of the spectrum presents close cases; but a "mistake" in providing too much protection involves a small cost: subsequent authors treating the same themes must take a few more steps away from the original expression.

The problem presented by computer programs is fundamentally different in one respect. The computer program is a means for causing something to happen; it has a mechanical utility, an instrumental role, in accomplishing the world's work. Granting protection, in other words, can have some of the consequences of patent protection in limiting other people's ability to perform a task in the most efficient manner. Utility does not bar copyright (dictionaries may be copyrighted), but it alters the calculus.

Of course, the argument for protection is undiminished, perhaps even enhanced, by utility: if we want more of an intellectual product, a temporary monopoly for the creator provides incentives for others to create other, different items in this class. But the "cost" side of the equation may be different where one places a very high value on public access to a useful innovation that may be the most efficient means of performing a given task. Thus, the argument for extending protection may be the same; but the stakes on the other side are much higher.

It is no accident that patent protection has preconditions that copyright protection

does not—notably, the requirements of novelty and non-obviousness—and that patents are granted for a shorter period than copyrights. This problem of utility has sometimes manifested itself in copyright cases, such as *Baker v. Selden* (1879), and been dealt with through various formulations that limit copyright or create limited rights to copy. But the case law and doctrine addressed to utility in copyright have been brief detours in the general march of copyright law.

Requests for the protection of computer menus present the concern with fencing off access to the commons in an acute form. A new menu may be a creative work, but over time its importance may come to reside more in the investment that has been made by users in learning the menu and in building their own mini-programs—macros—in reliance upon the menu. Better typewriter keyboard layouts may exist, but the familiar QWERTY keyboard dominates the market because that is what everyone has learned to use. See P. David, *CLIO and the Economics of QWERTY*, 75 *Am. Econ. Rev.* 332 (1985). The QWERTY keyboard is nothing other than a menu of letters.

Thus, to assume that computer programs are just one more new means of expression, like a filmed play, may be quite wrong. The “form”—the written source code or the menu structure depicted on the screen—look hauntingly like the familiar stuff of copyright; but the “substance” probably has more to do with problems presented in patent law or, as already noted, in those rare cases where copyright law has confronted industrially useful expressions. Applying copyright law to computer programs is like assembling a jigsaw puzzle whose pieces do not quite fit.

All of this would make no difference if Congress had squarely confronted the issue, and given explicit directions as to what should be done. The Copyright Act of 1976 took a different course. While Congress said that computer programs might be subject to copyright protection, it said this in very general terms; and, especially in § 102(b), Congress adopted a string of exclusions that if taken literally might easily seem to exclude most computer programs from protection. The only detailed prescriptions for computers involve narrow issues (like back-up copies) of no relevance here.

Of course, one could still read the statute as a congressional command that the familiar doctrines of copyright law be taken and applied to computer programs, in cookie cutter fashion, as if the programs were novels or play scripts. Some of the cases involving computer programs embody this approach. It seems to be mistaken on two different grounds: the tradition of copyright law, and the likely intent of Congress.

The broad-brush conception of copyright protection, the time limits, and the formalities have long been prescribed by statute. But the heart of copyright doctrine—what may be protected and with what limitations and exceptions—has been developed by the courts through experience with individual cases. B. Kaplan, *An Unhurried View of Copyright* 40 (1967). Occasionally Congress addresses a problem in detail. For the most part the interstitial development of copyright through the courts is our tradition.

Nothing in the language or legislative history of the 1976 Act, or at least nothing brought to our attention, suggests that Congress meant the courts to abandon this case-by-case approach. Indeed, by setting up § 102(b) as a counterpoint theme, Congress has arguably recognized the tension and left it for the courts to resolve through the development of case law. And case law development is adaptive: it allows new problems to be solved with help of earlier doctrine, but it does not preclude new doctrines to meet new situations.

II.

In this case, the raw facts are mostly, if not entirely, undisputed. Although the inferences to be drawn may be more debatable, it is very hard to see that Borland has shown any interest in the Lotus menu except as a fall-back option for those users already

committed to it by prior experience or in order to run their own macros using 1-2-3 commands. At least for the amateur, accessing the Lotus menu in the Borland Quattro or Quattro Pro program takes some effort.

Put differently, it is unlikely that users who value the Lotus menu for its own sake—independent of any investment they have made themselves in learning Lotus' commands or creating macros dependent upon them—would choose the Borland program in order to secure access to the Lotus menu. Borland's success is due primarily to other features. Its rationale for deploying the Lotus menu bears the ring of truth.

Now, any use of the Lotus menu by Borland is a commercial use and deprives Lotus of a portion of its "reward," in the sense that an infringement claim if allowed would increase Lotus' profits. But this is circular reasoning: broadly speaking, every limitation on copyright or privileged use diminishes the reward of the original creator. Yet not every writing is copyrightable or every use an infringement. The provision of reward is one concern of copyright law, but it is not the only one. If it were, copyrights would be perpetual and there would be no exceptions.

The present case is an unattractive one for copyright protection of the menu. The menu commands (e.g., "print," "quit") are largely for standard procedures that Lotus did not invent and are common words that Lotus cannot monopolize. What is left is the particular combination and sub-grouping of commands in a pattern devised by Lotus. This arrangement may have a more appealing logic and ease of use than some other configurations; but there is a certain arbitrariness to many of the choices.

If Lotus is granted a monopoly on this pattern, users who have learned the command structure of Lotus 1-2-3 or devised their own macros are locked into Lotus, just as a typist who has learned the QWERTY keyboard would be the captive of anyone who had a monopoly on the production of such a keyboard. Apparently, for a period Lotus 1-2-3 has had such sway in the market that it has represented the de facto standard for electronic spreadsheet commands. So long as Lotus is the superior spreadsheet—either in quality or in price—there may be nothing wrong with this advantage.

But if a better spreadsheet comes along, it is hard to see why customers who have learned the Lotus menu and devised macros for it should remain captives of Lotus because of an investment in learning made by the users and not by Lotus. Lotus has already reaped a substantial reward for being first; assuming that the Borland program is now better, good reasons exist for freeing it to attract old Lotus customers: to enable the old customers to take advantage of a new advance, and to reward Borland in turn for making a better product. If Borland has not made a better product, then customers will remain with Lotus anyway.

Thus, for me the question is not whether Borland should prevail but on what basis. Various avenues might be traveled, but the main choices are between holding that the menu is not protectable by copyright and devising a new doctrine that Borland's use is privileged. No solution is perfect and no intermediate appellate court can make the final choice.

To call the menu a "method of operation" is, in the common use of those words, a defensible position. After all, the purpose of the menu is not to be admired as a work of literary or pictorial art. It is to transmit directions from the user to the computer, i.e., to operate the computer. The menu is also a "method" in the dictionary sense because it is a "planned way of doing something," an "order or system," and (aptly here) an "orderly or systematic arrangement, sequence or the like." Random House Webster's College Dictionary 853 (1991).

A different approach would be to say that Borland's use is privileged because, in the context already described, it is not seeking to appropriate the advances made by Lotus'

menu; rather, having provided an arguably more attractive menu of its own, Borland is merely trying to give former Lotus users an option to exploit their own prior investment in learning or in macros. The difference is that such a privileged use approach would not automatically protect Borland if it had simply copied the Lotus menu (using different codes), contributed nothing of its own, and resold Lotus under the Borland label.

The closest analogue in conventional copyright is the fair use doctrine. E.g., *Harper & Row, Publishers, Inc. v. Nation Enters.* (1985). Although invoked by Borland, it has largely been brushed aside in this case because the Supreme Court has said that it is “presumptively” unavailable where the use is a “commercial” one. [*Harper & Row*]. But see *Campbell v. Acuff-Rose Music, Inc.* (1994). In my view, this is something less than a definitive answer; “presumptively” does not mean “always” and, in any event, the doctrine of fair use was created by the courts and can be adapted to new purposes.

But a privileged use doctrine would certainly involve problems of its own. It might more closely tailor the limits on copyright protection to the reasons for limiting that protection; but it would entail a host of administrative problems that would cause cost and delay, and would also reduce the ability of the industry to predict outcomes. Indeed, to the extent that Lotus’ menu is an important standard in the industry, it might be argued that any use ought to be deemed privileged.

In sum, the majority’s result persuades me and its formulation is as good, if not better, than any other that occurs to me now as within the reach of courts. Some solutions (e.g., a very short copyright period for menus) are not options at all for courts but might be for Congress. In all events, the choices are important ones of policy, not linguistics, and they should be made with the underlying considerations in view.



Lotus Development Corp. v. Borland Intern’l, Inc.

516 U.S. 233 (1996)

On writ of *certiorari* to the United States Court of Appeals for the First Circuit.

PER CURIAM.

The judgment of the United States Court of Appeals for the First Circuit is affirmed by an equally divided Court.

(Justice STEVENS took no part in the consideration or decision of this case.)

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Notes

Lotus is included in the book not merely because it was a pathbreaking case on copyrightable subject matter, affirmed by an equally divided Supreme Court, but because of three additional factors.

- First, *Lotus* is a nice example of the courts taking a series of doctrines developed in other contexts and applying them to a new technology.
- Second, the majority and concurrence demonstrate two different judicial methodologies for that process of technological and statutory “translation.” The majority looks at the existing limitations within the statutory structure, rejects a straightforward application of *Baker v. Selden* (do you agree?) and fits the menu prompts and command hierarchy into the language of “methods of operation”—explicitly declared to be non-copyrightable under § 102. Judge Boudin concurs but says “[t]he importance of this case, and a slightly different emphasis in my view of the underlying problem, prompt me to add a few words to the majority’s tightly focused discussion.” (What does “tightly focused” mean here in judicial language?) He rejects the idea that copyright doctrine should be applied literally to the new technology. “Of course, one could still read the statute as a congressional command that the familiar doctrines of copyright law be taken and applied to computer programs, in cookie cutter fashion, as if the programs were novels or play scripts. Some of the cases involving computer programs embody this approach. It seems to be mistaken on two different grounds: the tradition of copyright law, and the likely intent of Congress.” He concludes “the choices are important ones of policy, not linguistics, and they should be made with the underlying considerations in view.” This question of judicial method—how should judges apply intellectual property law?—is a central theme of the course.
- Finally, *Lotus* is an excellent introduction to the particular features of “network goods” or network effects, and the implication these have for intellectual property. If you read *Fifty Shades of Grey* it does not affect my decision on whether to read Thomas Pynchon or Neil Stephenson. But if you (and everyone else) uses Microsoft Word, I may need to use that program even if I believe Open Office to be better.

Questions:

1.) Compare Boudin’s approach with the majority’s. Which is more appropriate? More faithful to the judicial role? In your answer which, if any, of the following factors are relevant:

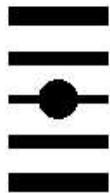
- A belief that Congress’s copyright and patent powers contain an explicit purposive and utilitarian goal—promoting the progress?
- A belief that utilitarian reasoning in judicial decisions is inherently suspect—that belief being derived either from the separation of powers or the nature of the judicial role or both?
- The Jeffersonian tradition described in the earlier excerpt from *The Public Domain*?
- Absence of specific guidance from Congress about how courts should integrate new technologies into copyright and patent?
- The idea that a judge’s role is merely that of an umpire who “calls strikes”?
- A belief that literal rather than purposive interpretation is somehow less political?
- A belief that both literal and purposive interpretation are laden with value judgments?

2.) Consider your answer to question 1.). Would it have been different if the field of law was antitrust? Why? Why not?

3.) At the very beginning of his concurrence, Boudin makes a vitally important point about “error costs” in the context of protecting goods such as software, comparing that to the error costs of protecting more traditional copyrightable subject matter. What is it?

4.) How does the following quotation resonate with the arguments used by Pitney, Holmes or Brandeis in *INS v. AP*? With Jefferson? With Diderot or Condorcet? With the quote from Felix Cohen that begins Chapter 4 on trademark? Why does Boudin say this argument is *circular*?

Now, any use of the Lotus menu by Borland is a commercial use and deprives Lotus of a portion of its “reward,” in the sense that an infringement claim if allowed would increase Lotus’ profits. But this is circular reasoning: broadly speaking, every limitation on copyright or privileged use diminishes the reward of the original creator. Yet not every writing is copyrightable or every use an infringement. The provision of reward is one concern of copyright law, but it is not the only one. If it were, copyrights would be perpetual and there would be no exceptions.



Oracle America, Inc. v. Google, Inc.

872 F.Supp.2d 974 (N.D. Cal. 2012)

WILLIAM ALSUP, District Judge.

[*Oracle v. Google* was a closely watched case that concerned the copyrightability of “API’s”—Application Programming Interfaces. The last word there is the key. The API governs the way one program works with another. Without knowledge of the API, or the ability to reverse engineer it, the “interoperability” of programs will be limited. (Imagine trying to play a piano without knowing which key corresponded to which note.) Oracle brought suit against Google claiming that Google had violated its copyright in the Java API’s. Google claimed, among other things, they were not copyrightable subject matter.]

...

That interoperability is at the heart of the command structure is illustrated by Oracle’s preoccupation with what it calls “fragmentation,” meaning the problem of having imperfect interoperability among platforms. When this occurs, Java-based applications may not run on the incompatible platforms. For example, Java-based code using the replicated parts of the 37 API packages will run on Android but will not if a 38th package is needed. Such imperfect interoperability leads to a “fragmentation” — a Balkanization — of platforms, a circumstance which Sun and Oracle have tried to curb via their licensing programs. In this litigation, Oracle has made much of this problem, at times almost leaving the impression that if only Google had replicated all 166 Java API packages, Oracle would not have sued. While fragmentation is a legitimate business consideration, it begs the

question whether or not a license was required in the first place to replicate some or all of the command structure. (This is especially so inasmuch as Android has not carried the Java trademark, and Google has not held out Android as fully compatible.) The immediate point is this: fragmentation, imperfect interoperability, and Oracle's angst over it illustrate the character of the command structure as a functional system or method of operation.

In this regard, the Ninth Circuit decisions in *Sega* and *Sony*, although not on all fours, are close analogies. Under these two decisions, interface procedures required for interoperability were deemed "functional requirements for compatibility" and were not copyrightable under Section 102(b). Both decisions held that interface procedures that were necessary to duplicate in order to achieve interoperability were functional aspects not copyrightable under Section 102(b). Here, the command structure for the 37 packages (including inheritances and exception throws), when replicated, at least allows interoperability of code using the replicated commands. To the extent of the 37 packages — which, after all, is the extent of Oracle's copyright claim — *Sega* and *Sony* are analogous. Put differently, if someone could duplicate the interfaces of the Sony BIOS in order to run the Playstation games on desktops (taking care to write its own implementations), then Google was free to duplicate the command structure for the 37 packages in Android in order to accommodate third-party source code relying on the 37 packages (taking care to write its own implementations). Contrary to Oracle, "full compatibility" is not relevant to the Section 102(b) analysis. In *Sony*, the accused product implemented only 137 of the Playstation BIOS's 242 functions because those were the only functions invoked by the games tested. Our court of appeals held that the accused product "itself infringe[d] no copyright." This parallels Google's decision to implement some but not all of the Java API packages in Android.

This explains why *American Dental Association v. Delta Dental Plans Association* (7th Cir. 1997), is not controlling. Assuming *arguendo* that a taxonomy is protectable by copyright in our circuit, see *Practice Mgmt. Info. Corp. v. Am. Med. Ass'n* (9th Cir. 1997), the taxonomy in *ADA* had nothing to do with computer programs. It was not a system of commands, much less a system of commands for a computer language. The taxonomy there subdivided the universe of all dental procedures into an outline of numbered categories with English-language descriptions created by the ADA. This was then to be used by insurance companies and dentists to facilitate billings. By contrast, here the taxonomy is composed entirely of a system of commands to carry out specified computer functions. For a similar reason, Oracle's analogy to stealing the plot and character from a movie is inapt, for movies involve no "system" or "method of operation"—scripts are entirely creative.

In *ADA*, Judge Frank Easterbrook (writing for the panel) suggested that a "system" under Section 102(b) had to come with "instructions for use." 126 F.3d at 980. Because the taxonomy there at issue had no instructions for use, among other reasons, it was held not to be a system. By contrast, the API at issue here does come with instructions for use, namely, the documentation and embedded comments that were much litigated at trial. They describe every package, class and method, what inputs they need, and what outputs they return—the classic form of instructions for use.

In our circuit, the structure, sequence and organization of a computer program may (or may not) qualify as a protectable element depending on the "particular facts of each case" and always subject to exclusion of unprotectable elements. *Johnson Controls v. Phoenix Control Sys.* (9th Cir. 1989). Contrary to Oracle, Johnson Controls did not hold that all structure, sequence and organization in all computer programs are within the protection of a copyright. On a motion for preliminary injunction, the district court found that the structure, sequence and organization of the copyrighted program, on the facts

there found, deserved copyright protection. (The structure, sequence and organization features found protectable were not described in the appellate decision.) On an appeal from the preliminary injunction, our court of appeals merely said no clear error had occurred. Again, the appellate opinion stated that the extent to which the structure, sequence and organization was protectable depended on the facts and circumstances of each case. The circumstances there are not the circumstances here.

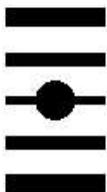
In closing, it is important to step back and take in the breadth of Oracle’s claim. Of the 166 Java packages, 129 were not violated in any way. Of the 37 accused, 97 percent of the Android lines were new from Google and the remaining three percent were freely replicable under the merger and names doctrines. Oracle must resort, therefore, to claiming that it owns, by copyright, the exclusive right to any and all possible implementations of the taxonomy-like command structure for the 166 packages and/or any subpart thereof — even though it copyrighted only one implementation. To accept Oracle’s claim would be to allow anyone to copyright one version of code to carry out a system of commands and thereby bar all others from writing their own different versions to carry out all or part of the same commands. No holding has ever endorsed such a sweeping proposition.

CONCLUSION

This order does not hold that Java API packages are free for all to use without license. It does not hold that the structure, sequence and organization of all computer programs may be stolen. Rather, it holds on the specific facts of this case, the particular elements replicated by Google were free for all to use under the Copyright Act. Therefore, Oracle’s claim based on Google’s copying of the 37 API packages, including their structure, sequence and organization is DISMISSED. IT IS SO ORDERED.

Question:

1.) Look at the penultimate paragraph of Judge Alsup’s opinion, which begins “in closing.” How does it resonate with this quotation from Morrissey: “We cannot recognize copyright as a game of chess in which the public can be checkmated”?



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

O’MALLEY, Circuit Judge.

This copyright dispute involves 37 packages of computer source code. The parties have often referred to these groups of computer programs, individually or collectively, as “application programming interfaces,” or API packages, but it is their content, not

their name, that matters. The predecessor of Oracle America, Inc. (“Oracle”) wrote these and other API packages in the Java programming language, and Oracle licenses them on various terms for others to use. Many software developers use the Java language, as well as Oracle’s API packages, to write applications (commonly referred to as “apps”) for desktop and laptop computers, tablets, smartphones, and other devices.

Oracle filed suit against Google Inc. (“Google”) in the United States District Court for the Northern District of California, alleging that Google’s Android mobile operating system infringed Oracle’s patents and copyrights. . . . [T]he district court issued its decision on copyrightability, finding that the replicated elements of the 37 API packages—including the declaring code and the structure, sequence, and organization—were not subject to copyright protection. . . . Oracle asserts that all of the trial court’s conclusions regarding copyrightability are erroneous. Oracle argues that its Java API packages are entitled to protection under the Copyright Act because they are expressive and could have been written and organized in any number of ways to achieve the same functions. Specifically, Oracle argues that the district court erred when it: (1) concluded that each line of declaring code is uncopyrightable because the idea and expression have merged; (2) found the declaring code uncopyrightable because it employs short phrases; (3) found all aspects of the SSO devoid of protection as a “method of operation” under 17 U.S.C. § 102(b); and (4) invoked Google’s “interoperability” concerns in the copyrightability analysis. For the reasons explained below, we agree with Oracle on each point. Because we conclude that the declaring code and the structure, sequence, and organization of the API packages are entitled to copyright protection, we reverse the district court’s copyrightability determination. . . .

The district court found that the structure, sequence, and organization [“SSO”] of the Java API packages is creative and original, but nevertheless held that it is a “system or method of operation . . . and, therefore, cannot be copyrighted” under 17 U.S.C. § 102(b). In reaching this conclusion, the district court seems to have relied upon language contained in a First Circuit decision: *Lotus Development Corp. v. Borland International, Inc.* . . .

[T]he Ninth Circuit has not adopted the court’s “method of operation” reasoning in *Lotus*, and we conclude that it is inconsistent with binding precedent. Specifically, we find that *Lotus* is inconsistent with Ninth Circuit case law recognizing that the structure, sequence, and organization of a computer program is eligible for copyright protection where it qualifies as an expression of an idea, rather than the idea itself. And, while the court in *Lotus* held “that expression that is part of a ‘method of operation’ cannot be copyrighted,” this court—applying Ninth Circuit law—reached the exact opposite conclusion, finding that copyright protects “the expression of [a] process or method.” *Atari Games Corp. v. Nintendo of Am., Inc.* (Fed. Cir. 1992).

We find, moreover, that the hard and fast rule set down in *Lotus* and employed by the district court here— i.e., that elements which perform a function can never be copyrightable—is at odds with the Ninth Circuit’s endorsement of the abstraction-filtration-comparison analysis discussed earlier. As the Tenth Circuit concluded in expressly rejecting the *Lotus* “method of operation” analysis, in favor of the Second Circuit’s abstraction-filtration-comparison test, “although an element of a work may be characterized as a method of operation, that element may nevertheless contain expression that is eligible for copyright protection.” *Mitel, Inc. v. Iqtel, Inc.* (10th Cir. 1997). Specifically, the court found that Section 102(b) “does not extinguish the protection accorded a particular expression of an idea merely because that expression is embodied in a method of operation at a higher level of abstraction.” . . .

Here, the district court recognized that the SSO “resembles a taxonomy,” but found that “it is nevertheless a command structure, a system or method of operation—a long hierarchy of over six thousand commands to carry out pre-assigned functions.” In other words, the court concluded that, although the SSO is expressive, it is not copyrightable because it is also functional. The problem with the district court’s approach is that computer programs are by definition functional—they are all designed to accomplish some task. Indeed, the statutory definition of “computer program” acknowledges that they function “to bring about a certain result.” *See* 17 U.S.C. § 101. If we were to accept the district court’s suggestion that a computer program is uncopyrightable simply because it “carr[ies] out pre-assigned functions,” no computer program is protectable. That result contradicts Congress’s express intent to provide copyright protection to computer programs, as well as binding Ninth Circuit case law finding computer programs copyrightable, despite their utilitarian or functional purpose. Though the trial court did add the caveat that it “does not hold that the structure, sequence and organization of all computer programs may be stolen,” it is hard to see how its method of operation analysis could lead to any other conclusion.

While it does not appear that the Ninth Circuit has addressed the precise issue, we conclude that a set of commands to instruct a computer to carry out desired operations may contain expression that is eligible for copyright protection. We agree with Oracle that, under Ninth Circuit law, an original work—even one that serves a function—is entitled to copyright protection as long as the author had multiple ways to express the underlying idea. . . .

CONCLUSION

For the foregoing reasons, we conclude that the declaring code and the structure, sequence, and organization of the 37 Java API packages at issue are entitled to copyright protection. We therefore reverse the district court’s copyrightability determination with instructions to reinstate the jury’s infringement verdict. Because the jury hung on fair use, we remand Google’s fair use defense for further proceedings consistent with this decision.

•••••

Notes

- 1.) You may wonder why the Court of Appeals for the Federal Circuit—primarily a patent court—is deciding a 9th Circuit copyright case. There was also a patent dispute and so the Federal Circuit had jurisdiction; it declared itself to be bound by 9th Circuit law, however.
- 2.) “If we were to accept the district court’s suggestion that a computer program is uncopyrightable simply because it “carr[ies] out pre-assigned functions,” no computer program is protectable.” Is that what the District Court is saying in the fragment excerpted here? Is that what *Lotus* argues? Both the *Lotus* majority, Judge Boudin and the *Oracle* majority have to navigate not one, but two slippery slopes in dealing with software’s mixture of expressive and functional aspects. Make the decision too broad one way and no software is protected by copyright. Make it too broad the other way and copyright monopolies of enormous length are added to a technology rich in network effects and lock-in. Explain briefly the approach each takes.
- 3.) Compare the Court’s conclusion in *Oracle* with the language of § 102(b) of the

Copyright Act:

“As the Tenth Circuit concluded in expressly rejecting the *Lotus* “method of operation” analysis, in favor of the Second Circuit’s abstraction-filtration-comparison test, “although an element of a work may be characterized as a method of operation, that element may nevertheless contain expression that is eligible for copyright protection.”

and

§ 102(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

On the surface, saying that methods of operation *can* contain expression that is eligible for copyright protection seems inconsistent with “[i]n *no case* does copyright protection for an original work of authorship extend to any . . . method of operation, *regardless of the form in which it is . . . embodied.*” Explain the Federal Circuit’s method of reconciling these two statements.

4.) What is the best policy argument in favor of the *Oracle* decision—what danger does it seek to avoid? The best policy argument against?

5.) In June 2015, the Supreme Court denied Google’s petition for writ of certiorari in this case.

PROBLEM 11-3

You are the Supreme Court, using a judicial Tardis to go back in time to see if you can break the 4–4 tie in your review of *Lotus v. Borland*. (The *Oracle* case is offered merely to give you some time-traveling prescience about what the other side of the argument might be.) The question is, **how should the case be decided and on what theory?** Pay particular attention to issues of merger and separability, the special problems raised by computer program interfaces, the light that economic analysis can shed on the problem and the points raised in Judge Boudin’s concurrence. **What are the benefits, and dangers, of adopting the Federal Circuit’s approach in *Oracle* and applying them to *Lotus*?** If this is done as a group exercise, feel free to split into a majority and dissent, if you wish. Come to class ready to explain your reasoning to us—your colleagues on the expanded court—and to persuade us to join your opinion.

6.) Fixation (Copyright Meets Software, continued)

We saw in the *Moghadam* and *Martignon* cases featured in Chapter 2 that fixation was not merely a statutory requirement, but a constitutional one where copyright was concerned. At the same time, we were left uncertain about whether that constitutional requirement could easily be circumvented using Congress’s commerce clause power. In the case that follows, we consider a very different fixation related question. Not on the limits of Congress’s power to omit the fixation requirement in something that looks like a copyright statute, but rather the attempt to define the statutory meaning of fixation. More specifically, the Ninth Circuit has to define “fixation” in the context of computer memory, and in particular the volatile “Random Access Memory” that holds a temporary

copy of the program being executed. Should those two inquiries have anything to do with each other? Do they?



MAI Systems Corp. v. Peak Computer, Inc.

991 F.2d 511 (9th Cir. 1993)

BRUNETTI, Circuit Judge.

Peak Computer, Inc. and two of its employees appeal the district court's order issuing a preliminary injunction pending trial as well as the district court's order issuing a permanent injunction following the grant of partial summary judgment.

I. FACTS

MAI Systems Corp., until recently, manufactured computers and designed software to run those computers. The company continues to service its computers and the software necessary to operate the computers. MAI software includes operating system software, which is necessary to run any other program on the computer.

Peak Computer, Inc. is a company organized in 1990 that maintains computer systems for its clients. Peak maintains MAI computers for more than one hundred clients in Southern California. This accounts for between fifty and seventy percent of Peak's business.

Peak's service of MAI computers includes routine maintenance and emergency repairs. Malfunctions often are related to the failure of circuit boards inside the computers, and it may be necessary for a Peak technician to operate the computer and its operating system software in order to service the machine.

In August, 1991, Eric Francis left his job as customer service manager at MAI and joined Peak. Three other MAI employees joined Peak a short time later. Some businesses that had been using MAI to service their computers switched to Peak after learning of Francis's move.

II. PROCEDURAL HISTORY

. . . The district court granted partial summary judgment for MAI and entered a permanent injunction on the issues of copyright infringement and misappropriation of trade secrets on February 2, 1993 which provides:

A. Defendants [and certain others] are hereby permanently enjoined as follows:

1. Peak [and certain others] are permanently enjoined from copying, disseminating, selling, publishing, distributing, loaning, or otherwise infringing MAI's copyrighted works, or any derivatives thereof, including those works for which registrations have issued, and works for which registrations may issue in the future. The "copying" enjoined herein specifically includes the acts of loading, or causing to be loaded, directly or indirectly, any MAI software from any

magnetic storage or read only memory device into the electronic random access memory of the central processing unit of a computer system. As used herein, “computer system” means an MAI central processing unit in combination with either a video display, printer, disk drives, and/or keyboard.

2. (a) Peak and Francis [and certain others] are permanently enjoined from misappropriating, using in any manner in their business, including advertising connected therewith, and/or disclosing to others MAI’s trade secrets, as that term is used in California Civil Code § 3426.1(d). MAI’s trade secrets, for purposes of this injunction, shall include, but not be limited to the following: MAI’s software, MAI’s Field Information Bulletins (“FIB”) and all information in such FIB’s, and MAI Customer Database and all information in such Database.

(b) In particular, the persons identified in subparagraph (a) herein are permanently enjoined from soliciting any MAI computer maintenance customer and from maintaining any contract with any former MAI computer maintenance customer where knowledge of any such customers was obtained by Francis during his employment with MAI. . . .

IV. COPYRIGHT INFRINGEMENT

The district court granted summary judgment in favor of MAI on its claims of copyright infringement and issued a permanent injunction against Peak on these claims. The alleged copyright violations include: (1) Peak’s running of MAI software licenced to Peak customers; (2) Peak’s use of unlicensed software at its headquarters; and, (3) Peak’s loaning of MAI computers and software to its customers. Each of these alleged violations must be considered separately.

A. Peak’s running of MAI software licenced to Peak customers

To prevail on a claim of copyright infringement, a plaintiff must prove ownership of a copyright and a “‘copying’ of protectable expression” beyond the scope of a license. *S.O.S., Inc. v. Payday, Inc.* (9th Cir. 1989).

MAI software licenses allow MAI customers to use the software for their own internal information processing.³ This allowed use necessarily includes the loading of

³ A representative MAI software license provides in part:

4. Software License.

(a) License. . . . Customer may use the Software (one version with maximum of two copies permitted—a working and a backup copy) . . . solely to fulfill Customer’s own internal information processing needs on the particular items of Equipment . . . for which the Software is configured and furnished by [MAI]. The provisions of this License . . . shall apply to all versions and copies of the Software furnished to Customer pursuant to this Agreement. The term “Software” includes, without limitation, all basic operating system software. . . .

(b) Customer Prohibited Acts. . . . Any possession or use of the Software . . . not expressly authorized under this License or any act which might jeopardize [MAI]’s rights or interests in the Software . . . is prohibited, including without limitation, examination, disclosure, copying, modification, reconfiguration, augmentation, adaptation, emulation, visual display or reduction to visually perceptible form or tampering. . . .

(c) Customer Obligations. Customer acknowledges that the Software is [MAI]’s valuable and exclusive property, trade secret and copyrighted material. Accordingly, Customer shall . . . (i) use the Software . . . strictly as prescribed under this License, (ii) keep the Software . . . confidential and not make [it] available to others. . . .

the software into the computer's random access memory ("RAM") by a MAI customer. However, MAI software licenses do not allow for the use or copying of MAI software by third parties such as Peak. Therefore, any "copying" done by Peak is "beyond the scope" of the license.

It is not disputed that MAI owns the copyright to the software at issue here, however, Peak vigorously disputes the district court's conclusion that a "copying" occurred under the Copyright Act.

The Copyright Act defines "copies" as:

material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

17 U.S.C. § 101.

The Copyright Act then explains:

A work is "fixed" in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.

17 U.S.C. § 101.

The district court's grant of summary judgment on MAI's claims of copyright infringement reflects its conclusion that a "copying" for purposes of copyright law occurs when a computer program is transferred from a permanent storage device to a computer's RAM. This conclusion is consistent with its finding, in granting the preliminary injunction, that: "the loading of copyrighted computer software from a storage medium (hard disk, floppy disk, or read only memory) into the memory of a central processing unit ("CPU") causes a copy to be made. In the absence of ownership of the copyright or express permission by license, such acts constitute copyright infringement." We find that this conclusion is supported by the record and by the law.

Peak concedes that in maintaining its customer's computers, it uses MAI operating software "to the extent that the repair and maintenance process necessarily involves turning on the computer to make sure it is functional and thereby running the operating system." It is also uncontroverted that when the computer is turned on the operating system is loaded into the computer's RAM. As part of diagnosing a computer problem at the customer site, the Peak technician runs the computer's operating system software, allowing the technician to view the systems error log, which is part of the operating system, thereby enabling the technician to diagnose the problem.⁴

Peak argues that this loading of copyrighted software does not constitute a copyright violation because the "copy" created in RAM is not "fixed." However, by

A representative diagnostic license agreement provides in part:

6. Access/Non-Disclosure.

Licensee shall not give access nor shall it disclose the Diagnostics (in any form) . . . to any person . . . without the written permission of [MAI]. Licensee may authorize not more than three (3) of its bona fide employees to utilize the Diagnostics . . . if, and only if, they agree to be bound by the terms hereof.

⁴ MAI also alleges that Peak runs its diagnostic software in servicing MAI computers. Since Peak's running of the operating software constitutes copyright violation, it is not necessary for us to directly reach the issue of whether Peak also runs MAI's diagnostic software. However, we must note that Peak's field service manager, Charles Weiner, admits that MAI diagnostic software is built into the MAI MPx system and, further, that if Peak loads the MAI diagnostic software from whatever source into the computer's RAM, that such loading will produce the same copyright violation as loading the operating software.

showing that Peak loads the software into the RAM and is then able to view the system error log and diagnose the problem with the computer, MAI has adequately shown that the representation created in the RAM is “sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”

After reviewing the record, we find no specific facts (and Peak points to none) which indicate that the copy created in the RAM is not fixed. While Peak argues this issue in its pleadings, mere argument does not establish a genuine issue of material fact to defeat summary judgment. A party opposing a properly supported motion for summary judgment may not rest upon the mere allegations or denials in pleadings, but “must set forth specific facts showing that there is a genuine issue for trial.” Fed.R.Civ.Proc. 56(e); *Anderson v. Liberty Lobby, Inc.* (1986); *Harper v. Wallingford* (9th Cir. 1989).

The law also supports the conclusion that Peak’s loading of copyrighted software into RAM creates a “copy” of that software in violation of the Copyright Act. In *Apple Computer, Inc. v. Formula Int’l, Inc.* (C.D.Cal. 1984), the district court held that the copying of copyrighted software onto silicon chips and subsequent sale of those chips is not protected by § 117 of the Copyright Act. Section 117 allows “the ‘owner’⁵ of a copy of a computer program to make or authorize the making of another copy” without infringing copyright law, if it “is an essential step in the utilization of the computer program” or if the new copy is “for archival purposes only.” 17 U.S.C. § 117 (Supp. 1988).⁶ One of the grounds for finding that § 117 did not apply was the court’s conclusion that the permanent copying of the software onto the silicon chips was not an “essential step” in the utilization of the software because the software could be used through RAM without making a permanent copy. The court stated:

RAM can be simply defined as a computer component in which data and computer programs can be temporarily recorded. Thus, the purchaser of [software] desiring to utilize all of the programs on the diskette could arrange to copy [the software] into RAM. This would only be a temporary fixation. It is a property of RAM that when the computer is turned off, the copy of the program recorded in RAM is lost.

Apple Computer at 622.

While we recognize that this language is not dispositive, it supports the view that the copy made in RAM is “fixed” and qualifies as a copy under the Copyright Act.

We have found no case which specifically holds that the copying of software into RAM creates a “copy” under the Copyright Act. However, it is generally accepted that the loading of software into a computer constitutes the creation of a copy under the Copyright Act. See e.g. *Vault Corp. v. Quaid Software Ltd.* (5th Cir. 1988) (“the act of loading a program from a medium of storage into a computer’s memory creates a copy of the program”); 2 NIMMER ON COPYRIGHT, § 8.08 at 8-105 (1983) (“Inputting a computer program entails the preparation of a copy.”); Final Report of the National Commission on

⁵ Since MAI licensed its software, the Peak customers do not qualify as “owners” of the software and are not eligible for protection under § 117.

⁶ The current § 117 was enacted by Congress in 1980, as part of the Computer Software Copyright Act. This Act adopted the recommendations contained in the Final Report of the National Commission on New Technological Uses of Copyrighted Works (“CONTU”) (1978). H.R.Rep. No. 1307, 96th Cong., 2d Sess., pt. 1, at 23. The CONTU was established by Congress in 1974 to perform research and make recommendations concerning copyright protection for computer programs. The new § 117 reflects the CONTU’s conclusion that: “Because the placement of a work into a computer is the preparation of a copy, the law should provide that persons in rightful possession of copies of programs be able to use them freely without fear of exposure to copyright liability.” Final Report at 13.

the New Technological Uses of Copyrighted Works, at 13 (1978) (“the placement of a work into a computer is the preparation of a copy”). We recognize that these authorities are somewhat troubling since they do not specify that a copy is created regardless of whether the software is loaded into the RAM, the hard disk or the read only memory (“ROM”). However, since we find that the copy created in the RAM can be “perceived, reproduced, or otherwise communicated,” we hold that the loading of software into the RAM creates a copy under the Copyright Act. 17 U.S.C. § 101. We affirm the district court’s grant of summary judgment as well as the permanent injunction as it relates to this issue.

B. Use of unlicensed software at headquarters

It is not disputed that Peak has several MAI computers with MAI operating software “up and running” at its headquarters. It is also not disputed that Peak only has a license to use MAI software to operate one system. As discussed above, we find that the loading of MAI’s operating software into RAM, which occurs when an MAI system is turned on, constitutes a copyright violation. We affirm the district court’s grant of summary judgment in favor of MAI on its claim that Peak violated its copyright through the unlicensed use of MAI software at Peak headquarters, and also affirm the permanent injunction as it relates to this issue.

C. Loaning of MAI computers and software

MAI contends that Peak violated the Copyright Act by loaning MAI computers and software to its customers. Among the exclusive rights given to the owner of a copyrighted work is the right to distribute copies of the work by lending. 17 U.S.C. § 106(3). Therefore, Peak’s loaning of MAI software, if established, would constitute a violation of the Copyright Act.

MAI argues that it is clear that Peak loaned out MAI computers because Peak advertisements describe the availability of loaner computers for its customers and Chiechi admitted that the available loaners included MAI computers. However, there was no evidence that a MAI computer was ever actually loaned to a Peak customer. Paul Boulanger, a Senior Field Engineer at Peak, testified in his deposition that he was not aware of any MAI systems being loaned to Peak customers or of any customer asking for one. Charles Weiner, a Field Service Manager at Peak, testified in his deposition that he did not have any knowledge of MAI systems being loaned to customers. Weighing this evidence in the light most favorable to Peak, whether Peak actually loaned out any MAI system remains a genuine issue of material fact.

As a general rule, a permanent injunction will be granted when liability has been established and there is a threat of continuing violations. See, *National Football League v. McBee & Bruno’s, Inc.* (8th Cir. 1986); 3 NIMMER ON COPYRIGHT § 14.06[B]. However § 502(a) of the Copyright Act authorizes the court to “grant temporary and final injunctions on such terms as it may deem reasonable *to prevent or restrain* infringement of a copyright.” 17 U.S.C. § 502(a) (emphasis added). While there has been no showing that Peak has actually loaned out any MAI software, the threat of a violation is clear as Peak has MAI computers in its loaner inventory. The permanent injunction is upheld as it relates to this issue.

Questions:

1.) Should the question of whether a RAM copy of a computer program is sufficiently “fixed” to constitute infringement depend on some linguistic analysis? A technical analysis? One that considers the effect of the decision on the degree of control that the

owner of the software copyright could exercise in the aftermarket—for example, by controlling maintenance and repair? What would Judge Boudin say about the approach that the *MAI* court adopts?

2.) We have talked about implicit moral framing in intellectual property questions. What facts does the court give early in its decision that suggested which way it was going to rule? How would you describe the implicit narrative presented?

3.) You are the lawyer responsible for the appeal of this case. The judges are not technically savvy. Your job is to come up with analogies to the world of copyright that *they* are familiar with that either confirm or deny the court's conclusion. In particular, you should focus on their implicit definition of what it means to be fixed. (“To say that this is fixed is like saying ___ is fixed. To say that this is not fixed is like saying ___ does not count as fixation.”) You should also focus in your analogical quest on the *consequences* of their ruling. (“This is like saying that ___ [traditional copyright holder] can forbid _____. To say they cannot prohibit this activity would be like saying a ___ [traditional copyright holder] is unable to prevent someone from _____.”)

4.) How does this decision relate to the goals of the fixation requirement in the Constitution?

5.) Read § 117 of the Copyright Act. This section was amended after the *MAI* decision specifically to address the legality of computer repair. Does this solve the potential problem created by *MAI*?

6.) How much software do you own? Search the web for the licenses covering some piece of software on your computer, such as iTunes, or Microsoft Word (assuming that you did not carefully read those terms when you clicked “I accept”). What does the license say? Why is *MAI* relevant to this question?



Religious Technology Center v. Netcom

907 F.Supp. 1361 (N.D. Cal. 1995)

WHYTE, District Judge.

This case concerns an issue of first impression regarding intellectual property rights in cyberspace. Specifically, this order addresses whether the operator of a computer bulletin board service (“BBS”), and the large Internet access provider that allows that BBS to reach the Internet, should be liable for copyright infringement committed by a subscriber of the BBS.

Plaintiffs Religious Technology Center (“RTC”) and Bridge Publications, Inc. (“BPI”) hold copyrights in the unpublished and published works of L. Ron Hubbard, the late founder of the Church of Scientology (“the Church”). Defendant Dennis Erlich

(“Erlich”)³ is a former minister of Scientology turned vocal critic of the Church, whose pulpit is now the Usenet newsgroup⁴ alt.religion.scientology (“a.r.s.”), an on-line forum for discussion and criticism of Scientology. Plaintiffs maintain that Erlich infringed their copyrights when he posted portions of their works on a.r.s. Erlich gained his access to the Internet through defendant Thomas Klemesrud’s (“Klemesrud’s”) BBS “support.com.” Klemesrud is the operator of the BBS, which is run out of his home and has approximately 500 paying users. Klemesrud’s BBS is not directly linked to the Internet, but gains its connection through the facilities of defendant Netcom On-Line Communications, Inc. (“Netcom”), one of the largest providers of Internet access in the United States.

After failing to convince Erlich to stop his postings, plaintiffs contacted defendants Klemesrud and Netcom. Klemesrud responded to plaintiffs’ demands that Erlich be kept off his system by asking plaintiffs to prove that they owned the copyrights to the works posted by Erlich. However, plaintiffs refused Klemesrud’s request as unreasonable. Netcom similarly refused plaintiffs’ request that Erlich not be allowed to gain access to the Internet through its system. Netcom contended that it would be impossible to prescreen Erlich’s postings and that to kick Erlich off the Internet meant kicking off the hundreds of users of Klemesrud’s BBS. Consequently, plaintiffs named Klemesrud and Netcom in their suit against Erlich, although only on the copyright infringement claims. . . . For the reasons set forth below, the court grants in part and denies in part Netcom’s motion for summary judgment and Klemesrud’s motion for judgment on the pleadings and denies plaintiffs’ motion for a preliminary injunction. . . .

B. Copyright Infringement

To establish a claim of copyright infringement, a plaintiff must demonstrate (1) ownership of a valid copyright and (2) “copying”⁷ of protectable expression by the defendant. Infringement occurs when a defendant violates one of the exclusive rights of the copyright holder. 17 U.S.C. § 501(a). These rights include the right to reproduce the copyrighted work, the right to prepare derivative works, the right to distribute copies to the public, and the right to publicly display the work. 17 U.S.C. §§ 106(1)–(3) & (5). The court has already determined that plaintiffs have established that they own the copyrights to all of the Exhibit A and B works, except item 4 of Exhibit A. The court also found plaintiffs likely to succeed on their claim that defendant Erlich copied the Exhibit A and B works and was not entitled to a fair use defense. Plaintiffs argue that, although Netcom was not itself the

³ Issues of Erlich’s liability were addressed in this court’s order of September 22, 1995. That order concludes in part that a preliminary injunction against Erlich is warranted because plaintiffs have shown a likelihood of success on their copyright infringement claims against him. Plaintiffs likely own valid copyrights in Hubbard’s published and unpublished works and Erlich’s near-verbatim copying of substantial portions of plaintiffs’ works was not likely a fair use. To the extent that Netcom and Klemesrud argue that plaintiffs’ copyrights are invalid and that Netcom and Klemesrud are not liable because Erlich had a valid fair use defense, the court previously rejected these arguments and will not reconsider them here.

⁴ The Usenet has been described as a worldwide community of electronic BBSs that is closely associated with the Internet and with the Internet community. The messages in Usenet are organized into thousands of topical groups, or “Newsgroups”. . . . As a Usenet user, you read and contribute (“post”) to your local Usenet site. Each Usenet site distributes its users’ postings to other Usenet sites based on various implicit and explicit configuration settings, and in turn receives postings from other sites. Usenet traffic typically consists of as much as 30 to 50 Mbytes of messages per day. Usenet is read and contributed to on a daily basis by a total population of millions of people. . . . There is no specific network that is the Usenet. Usenet traffic flows over a wide range of networks, including the Internet and dial-up phone links.

⁷ In this context, “copying” is “shorthand for the infringing of any of the copyright owner’s five exclusive rights.” *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1085 n.3 (9th Cir. 1989).

source of any of the infringing materials on its system, it nonetheless should be liable for infringement, either directly, contributorily, or vicariously.⁹ Netcom disputes these theories of infringement and further argues that it is entitled to its own fair use defense.

1. Direct Infringement

Infringement consists of the unauthorized exercise of one of the exclusive rights of the copyright holder delineated in section 106. 17 U.S.C. § 501. Direct infringement does not require intent or any particular state of mind,¹⁰ although willfulness is relevant to the award of statutory damages. 17 U.S.C. § 504(c).

Many of the facts pertaining to this motion are undisputed. The court will address the relevant facts to determine whether a theory of direct infringement can be supported based on Netcom's alleged reproduction of plaintiffs' works. The court will look at one controlling Ninth Circuit decision addressing copying in the context of computers and two district court opinions addressing the liability of BBS operators for the infringing activities of subscribers. The court will additionally examine whether Netcom is liable for infringing plaintiffs' exclusive rights to publicly distribute and display their works.

a. Undisputed Facts

The parties do not dispute the basic processes that occur when Erlich posts his allegedly infringing messages to a.r.s. Erlich connects to Klemesrud's BBS using a telephone and a modem. Erlich then transmits his messages to Klemesrud's computer, where they are automatically briefly stored. According to a prearranged pattern established by Netcom's software, Erlich's initial act of posting a message to the Usenet results in the automatic copying of Erlich's message from Klemesrud's computer onto Netcom's computer and onto other computers on the Usenet. In order to ease transmission and for the convenience of Usenet users, Usenet servers maintain postings from newsgroups for a short period of time—eleven days for Netcom's system and three days for Klemesrud's system. Once on Netcom's computers, messages are available to Netcom's customers and Usenet neighbors, who may then download the messages to their own computers. Netcom's local server makes available its postings to a group of Usenet servers, which do the same for other servers until all Usenet sites worldwide have obtained access to the postings, which takes a matter of hours.

Unlike some other large on-line service providers, such as CompuServe, America Online, and Prodigy, Netcom does not create or control the content of the information available to its subscribers. It also does not monitor messages as they are posted. It has, however, suspended the accounts of subscribers who violated its terms and conditions, such as where they had commercial software in their posted files. Netcom admits that, although not currently configured to do this, it may be possible to reprogram its system to screen postings containing particular words or coming from particular individuals. Netcom, however, took no action after it was told by plaintiffs that Erlich had posted

⁹ Plaintiffs have argued at times during this litigation that Netcom should only be required to respond after being given notice, which is only relevant to contributory infringement. Nevertheless, the court will address all three theories of infringement liability.

¹⁰ The strict liability for copyright infringement is in contrast to another area of liability affecting online service providers: defamation. Recent decisions have held that where a BBS exercised little control over the content of the material on its service, it was more like a "distributor" than a "republisher" and was thus only liable for defamation on its system where it knew or should have known of the defamatory statements. *Cubby, Inc. v. CompuServe, Inc.*, 776 F.Supp. 135 (S.D.N.Y.1991). By contrast, a New York state court judge found that Prodigy was a publisher because it held itself out to be controlling the content of its services and because it used software to automatically prescreen messages that were offensive or in bad taste. *Stratton Oakmont, Inc. v. Prodigy Services Co.*, 1995 WL 323710.

messages through Netcom's system that violated plaintiffs' copyrights, instead claiming that it could not shut out Erlich without shutting out all of the users of Klemesrud's BBS.

b. Creation of Fixed Copies

The Ninth Circuit addressed the question of what constitutes infringement in the context of storage of digital information in a computer's random access memory ("RAM"). *MAI Systems Corp. v. Peak Computer, Inc.* (9th Cir. 1993). In *MAI*, the Ninth Circuit upheld a finding of copyright infringement where a repair person, who was not authorized to use the computer owner's licensed operating system software, turned on the computer, thus loading the operating system into RAM for long enough to check an "error log." Copyright protection subsists in original works of authorship "fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." 17 U.S.C. § 102 (emphasis added). A work is "fixed" when its "embodiment in a copy . . . is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." [17 U.S.C.] § 101. *MAI* established that the loading of data from a storage device into RAM constitutes copying because that data stays in RAM long enough for it to be perceived.

In the present case, there is no question after *MAI* that "copies" were created, as Erlich's act of sending a message to a.r.s. caused reproductions of portions of plaintiffs' works on both Klemesrud's and Netcom's storage devices. Even though the messages remained on their systems for at most eleven days, they were sufficiently "fixed" to constitute recognizable copies under the Copyright Act. See Information Infrastructure Task Force, Intellectual Property and the National Information Infrastructure: The Report of the Working Group on Intellectual Property Rights 66 (1995) ("IITF Report").

c. Is Netcom Directly Liable for Making the Copies?

Accepting that copies were made, Netcom argues that Erlich, and not Netcom, is directly liable for the copying. *MAI* did not address the question raised in this case: whether possessors of computers are liable for incidental copies automatically made on their computers using their software as part of a process initiated by a third party. Netcom correctly distinguishes *MAI* on the ground that Netcom did not take any affirmative action that directly resulted in copying plaintiffs' works other than by installing and maintaining a system whereby software automatically forwards messages received from subscribers onto the Usenet, and temporarily stores copies on its system. Netcom's actions, to the extent that they created a copy of plaintiffs' works, were necessary to having a working system for transmitting Usenet postings to and from the Internet. Unlike the defendants in *MAI*, neither Netcom nor Klemesrud initiated the copying. The defendants in *MAI* turned on their customers' computers thereby creating temporary copies of the operating system, whereas Netcom's and Klemesrud's systems can operate without any human intervention. Thus, unlike *MAI*, the mere fact that Netcom's system incidentally makes temporary copies of plaintiffs' works does not mean Netcom has caused the copying.¹¹ The court believes that Netcom's act of designing or implementing a system that

¹¹ One commentator addressed the difficulty in translating copyright concepts, including the public/private dichotomy, to the digitized environment. See Niva Elkin-Koren, Copyright Law and Social Dialogue on the Information Superhighway: The Case Against Copyright Liability of Bulletin Board Operators, 13 *CARDOZO ARTS & ENT. L.J.* 345, 390 (1995). This commentator noted that one way to characterize a BBS operation is that it "provides subscribers with access and services. As such, BBS operators do not create copies, and do not transfer them in any way. Users post the copies on the BBS, which other users can then read or download."

automatically and uniformly creates temporary copies of all data sent through it is not unlike that of the owner of a copying machine who lets the public make copies with it.¹² Although some of the people using the machine may directly infringe copyrights, courts analyze the machine owner's liability under the rubric of contributory infringement, not direct infringement. See, e.g., *RCA Records v. All-Fast Systems, Inc.* (S.D.N.Y.1984); 3 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT § 12.04[A][2][b] (1995) ("NIMMER ON COPYRIGHT"); Elkin-Koren (arguing that "contributory infringement is more appropriate for dealing with BBS liability, first, because it focuses attention on the BBS-users relationship and the way imposing liability on BBS operators may shape this relationship, and second because it better addresses the complexity of the relationship between BBS operators and subscribers"). Plaintiffs' theory would create many separate acts of infringement and, carried to its natural extreme, would lead to unreasonable liability.

It is not difficult to conclude that Erlich infringes by copying a protected work onto his computer and by posting a message to a newsgroup. However, plaintiffs' theory further implicates a Usenet server that carries Erlich's message to other servers regardless of whether that server acts without any human intervention beyond the initial setting up of the system. It would also result in liability for every single Usenet server in the worldwide link of computers transmitting Erlich's message to every other computer. These parties, who are liable under plaintiffs' theory, do no more than operate or implement a system that is essential if Usenet messages are to be widely distributed. There is no need to construe the Act to make all of these parties infringers. Although copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant's system is merely used to create a copy by a third party.

Plaintiffs point out that the infringing copies resided for eleven days on Netcom's computer and were sent out from it onto the "Information Superhighway." However, under plaintiffs' theory, any storage of a copy that occurs in the process of sending a message to the Usenet is an infringement. While it is possible that less "damage" would have been done if Netcom had heeded plaintiffs' warnings and acted to prevent Erlich's

¹² Netcom compares itself to a common carrier that merely acts as a passive conduit for information. In a sense, a Usenet server that forwards all messages acts like a common carrier, passively retransmitting every message that gets sent through it. Netcom would seem no more liable than the phone company for carrying an infringing facsimile transmission or storing an infringing audio recording on its voice mail. As Netcom's counsel argued, holding such a server liable would be like holding the owner of the highway, or at least the operator of a toll booth, liable for the criminal activities that occur on its roads. Since other similar carriers of information are not liable for infringement, there is some basis for exempting Internet access providers from liability for infringement by their users. The IITF Report concluded that "[i]f an entity provided only the wires and conduits—such as the telephone company, it would have a good argument for an exemption if it was truly in the same position as a common carrier and could not control who or what was on its system." IITF Report at 122. Here, perhaps, the analogy is not completely appropriate as Netcom does more than just "provide the wire and conduits." Further, Internet providers are not natural monopolies that are bound to carry all the traffic that one wishes to pass through them, as with the usual common carrier. Section 111 of the Copyright Act codifies the exemption for passive carriers who are otherwise liable for a secondary transmission. However, the carrier must not have any direct or indirect control over the content or selection of the primary transmission. In any event, common carriers are granted statutory exemptions for liability that might otherwise exist. Here, Netcom does not fall under this statutory exemption, and thus faces the usual strict liability scheme that exists for copyright. Whether a new exemption should be carved out for online service providers is to be resolved by Congress, not the courts. Compare Comment, "Online Service Providers and Copyright Law: The Need for Change," 1 SYRACUSE J. LEGIS. & POL'Y 197, 202 (1995) (citing recommendations of online service providers for amending the Copyright Act to create liability only where a "provider has 'actual knowledge that a work that is being or has been transmitted onto, or stored on, its system is infringing,' and has the 'ability and authority' to stop the transmission, and has, after a reasonable amount of time, allowed the infringing activity to continue") with IITF Report at 122 (recommending that Congress not exempt service providers from strict liability for direct infringements).

message from being forwarded,¹³ this is not relevant to its direct liability for copying. The same argument is true of Klemesrud and any Usenet server. Whether a defendant makes a direct copy that constitutes infringement cannot depend on whether it received a warning to delete the message. This distinction may be relevant to contributory infringement, however, where knowledge is an element. [Contributory infringement will be dealt with in later chapters, eds.]

The court will now consider two district court opinions that have addressed the liability of BBS operators for infringing files uploaded by subscribers. . . .

e. Sega Case

A court in this district addressed the issue of whether a BBS operator is liable for copyright infringement where it solicited subscribers to upload files containing copyrighted materials to the BBS that were available for others to download. *Sega Enterprises Ltd. v. MAPHIA* (N.D. Cal. 1994). The defendant's "MAPHIA" BBS contained copies of plaintiff Sega's video game programs that were uploaded by users. The defendant solicited the uploading of such programs and received consideration for the right to download files. Access was given for a fee or to those purchasing the defendant's hardware device that allowed Sega video game cartridges to be copied. The court granted a preliminary injunction against the defendant, finding that plaintiffs had shown a prima facie case of direct and contributory infringement. The court found that copies were made by unknown users of the BBS when files were uploaded and downloaded. Further, the court found that the defendant's knowledge of the infringing activities, encouragement, direction and provision of the facilities through his operation of the BBS constituted contributory infringement, even though the defendant did not know exactly when files were uploaded or downloaded.

This court is not convinced that *Sega* provides support for a finding of direct infringement where copies are made on a defendant's BBS by users who upload files. Although there is some language in *Sega* regarding direct infringement, it is entirely conclusory:

Sega has established a prima facie case of direct copyright infringement under 17 U.S.C. § 501. Sega has established that unauthorized copies of its games are made when such games are uploaded to the MAPHIA bulletin board, here with the knowledge of Defendant Scherman. These games are thereby placed on the storage media of the electronic bulletin board by unknown users.

The court's reference to the "knowledge of Defendant" indicates that the court was focusing on contributory infringement, as knowledge is not an element of direct infringement. Perhaps, *Sega*'s references to direct infringement and that "copies . . . are made" are to the direct liability of the "unknown users," as there can be no contributory infringement by a defendant without direct infringement by another. See 3 NIMMER ON COPYRIGHT § 12.04[A][3][a], at 12-89. Thus, the court finds that neither *Playboy* nor *Sega* requires finding Netcom liable for direct infringement of plaintiffs' exclusive right to reproduce their works.¹⁷

¹³ The court notes, however, that stopping the distribution of information once it is on the Internet is not easy. The decentralized network was designed so that if one link in the chain be closed off, the information will be dynamically rerouted through another link. This was meant to allow the system to be used for communication after a catastrophic event that shuts down part of it.

¹⁷ To the extent that *Sega* holds that BBS operators are directly liable for copyright infringement when users upload infringing works to their systems, this court respectfully disagrees with the court's holding for the

f. Public Distribution and Display?

Plaintiffs allege that Netcom is directly liable for making copies of their works. They also allege that Netcom violated their exclusive rights to publicly display copies of their works. There are no allegations that Netcom violated plaintiffs' exclusive right to publicly distribute their works. However, in their discussion of direct infringement, plaintiffs insist that Netcom is liable for "maintain[ing] copies of [Erich's] messages on its server for eleven days for access by its subscribers and 'USENET neighbors'" and they compare this case to the *Playboy* case, which discussed the right of public distribution. Plaintiffs also argued this theory of infringement at oral argument. Because this could be an attempt to argue that Netcom has infringed plaintiffs' rights of public distribution and display, the court will address these arguments.

Playboy concluded that the defendant infringed the plaintiff's exclusive rights to publicly distribute and display copies of its works. The court is not entirely convinced that the mere possession of a digital copy on a BBS that is accessible to some members of the public constitutes direct infringement by the BBS operator. Such a holding suffers from the same problem of causation as the reproduction argument. Only the subscriber should be liable for causing the distribution of plaintiffs' work, as the contributing actions of the BBS provider are automatic and indiscriminate. Erlich could have posted his messages through countless access providers and the outcome would be the same: anyone with access to Usenet newsgroups would be able to read his messages. There is no logical reason to draw a line around Netcom and Klemesrud and say that they are uniquely responsible for distributing Erlich's messages. Netcom is not even the first link in the chain of distribution—Erich had no direct relationship with Netcom but dealt solely with Klemesrud's BBS, which used Netcom to gain its Internet access. Every Usenet server has a role in the distribution, so plaintiffs' argument would create unreasonable liability. Where the BBS merely stores and passes along all messages sent by its subscribers and others, the BBS should not be seen as causing these works to be publicly distributed or displayed.

Even accepting the *Playboy* court's holding, the case is factually distinguishable. Unlike the BBS in that case, Netcom does not maintain an archive of files for its users. Thus, it cannot be said to be "suppl[ying] a product." In contrast to some of its larger competitors, Netcom does not create or control the content of the information available to its subscribers; it merely provides access to the Internet, whose content is controlled by no single entity. Although the Internet consists of many different computers networked together, some of which may contain infringing files, it does not make sense to hold the operator of each computer liable as an infringer merely because his or her computer is linked to a computer with an infringing file. It would be especially inappropriate to hold liable a service that acts more like a conduit, in other words, one that does not itself keep an archive of files for more than a short duration. Finding such a service liable would involve an unreasonably broad construction of public distribution and display rights. No purpose would be served by holding liable those who have no ability to control the information to which their subscribers have access, even though they might be in some sense helping to achieve the Internet's automatic "public distribution" and the users' "public" display of files.

reasons discussed above. Further, such a holding was dicta, as there was evidence that the defendant knew of the infringing uploads by users and, in fact, actively encouraged such activity, thus supporting the contributory infringement theory.

g. Conclusion

The court is not persuaded by plaintiffs' argument that Netcom is directly liable for the copies that are made and stored on its computer. Where the infringing subscriber is clearly directly liable for the same act, it does not make sense to adopt a rule that could lead to the liability of countless parties whose role in the infringement is nothing more than setting up and operating a system that is necessary for the functioning of the Internet. Such a result is unnecessary as there is already a party directly liable for causing the copies to be made. Plaintiffs occasionally claim that they only seek to hold liable a party that refuses to delete infringing files after they have been warned. However, such liability cannot be based on a theory of direct infringement, where knowledge is irrelevant. The court does not find workable a theory of infringement that would hold the entire Internet liable for activities that cannot reasonably be deterred. Billions of bits of data flow through the Internet and are necessarily stored on servers throughout the network and it is thus practically impossible to screen out infringing bits from noninfringing bits. Because the court cannot see any meaningful distinction (without regard to knowledge) between what Netcom did and what every other Usenet server does, the court finds that Netcom cannot be held liable for direct infringement. Cf. IITF Report at 69 (noting uncertainty regarding whether BBS operator should be directly liable for reproduction or distribution of files uploaded by a subscriber).¹⁹

2. Contributory Infringement

Netcom is not free from liability just because it did not directly infringe plaintiffs' works; it may still be liable as a contributory infringer. . . .

[Issues of contributory and vicarious infringement will be taken up in later chapters, however this case will be an important reference. Eds.]

4. First Amendment Argument

Netcom argues that plaintiffs' theory of liability contravenes the First Amendment, as it would chill the use of the Internet because every access provider or user would be subject to liability when a user posts an infringing work to a Usenet newsgroup. While the court agrees that an overbroad *injunction* might implicate the First Amendment,²⁴ imposing *liability* for infringement where it is otherwise appropriate does not necessarily raise a First Amendment issue. The copyright concepts of the idea/expression dichotomy and the fair use defense balance the important First Amendment rights with the constitutional authority for "promot[ing] the progress of science and useful arts," U.S. Const. art. I, § 8, cl. 8. Netcom argues that liability here would force Usenet servers to perform the impossible—screening all the information that comes through their systems. However, the court is not convinced that Usenet servers are directly liable for causing a copy to be made, and absent evidence of knowledge and participation or control and direct profit, they will not be contributorily or vicariously liable. If Usenet servers were responsible for screening all messages coming through their systems, this could have a serious chilling effect on what some say may turn out to be the best public forum for free speech yet devised.²⁵ Finally, Netcom admits that its First Amendment argument is

¹⁹ Despite that uncertainty, the IITF Report recommends a strict liability paradigm for BBS operators. See IITF Report at 122–24. It recommends that Congress not exempt on-line service providers from strict liability because this would prematurely deprive the system of an incentive to get providers to reduce the damage to copyright holders by reducing the chances that users will infringe by educating them, requiring indemnification, purchasing insurance, and, where efficient, developing technological solutions to screening out infringement. Denying strict liability in many cases would leave copyright owners without an adequate remedy since direct infringers may act anonymously or pseudonymously or may not have the resources to pay a judgment.

²⁵ Netcom additionally argues that plaintiffs' theory of liability would have a chilling effect on users, who would be liable for merely browsing infringing works. Browsing technically causes an infringing copy of

merely a consideration in the fair use argument, which the court will now address. . . .

C. Conclusion

The court finds that plaintiffs have raised a genuine issue of fact regarding whether Netcom should have known that Erlich was infringing their copyrights after receiving a letter from plaintiffs, whether Netcom substantially participated in the infringement, and whether Netcom has a valid fair use defense. Accordingly, Netcom is not entitled to summary judgment on plaintiffs' claim of contributory copyright infringement. However, plaintiffs' claims of direct and vicarious infringement fail. . . .

IV. ORDER

The court denies Netcom's motion for summary judgment and Klemesrud's motion for judgment on the pleadings, as a triable issue of fact exists on the claim of contributory infringement. The court also gives plaintiffs 30 days leave in which to amend to state a claim for vicarious liability against defendant Klemesrud, if they can do so in good faith. Plaintiffs' application for a preliminary injunction against defendants Netcom and Klemesrud is denied.

Questions:

1.) "*Netcom* correctly distinguishes *MAI* on the ground that Netcom did not take any affirmative action that directly resulted in copying plaintiffs' works other than by installing and maintaining a system whereby software automatically forwards messages received from subscribers onto the Usenet, and temporarily stores copies on its system." This is a distinction. But that would mean that the technician who turned on a computer in order to service it, did take such an affirmative action? What vision of strict liability and direct infringement does this case espouse?

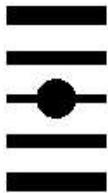
2.) "There is no need to construe the Act to make all of these parties infringers. Although copyright is a strict liability statute, there should still be some element of volition or causation which is lacking where a defendant's system is merely used to create a copy by

the digital information to be made in the screen memory. *MAI* holds that such a copy is fixed even when information is temporarily placed in RAM, such as the screen RAM. The temporary copying involved in browsing is only necessary because humans cannot otherwise perceive digital information. It is the functional equivalent of reading, which does not implicate the copyright laws and may be done by anyone in a library without the permission of the copyright owner. However, it can be argued that the effects of digital browsing are different because millions can browse a single copy of a work in cyberspace, while only one can read a library's copy at a time.

Absent a commercial or profit-depriving use, digital browsing is probably a fair use; there could hardly be a market for licensing the temporary copying of digital works onto computer screens to allow browsing. Unless such a use is commercial, such as where someone reads a copyrighted work online and therefore decides not to purchase a copy from the copyright owner, fair use is likely. Until reading a work online becomes as easy and convenient as reading a paperback, copyright owners do not have much to fear from digital browsing and there will not likely be much market effect.

Additionally, unless a user has reason to know, such as from the title of a message, that the message contains copyrighted materials, the browser will be protected by the innocent infringer doctrine, which allows the court to award no damages in appropriate circumstances. In any event, users should hardly worry about a finding of direct infringement; it seems highly unlikely from a practical matter that a copyright owner could prove such infringement or would want to sue such an individual.

- a third party.” Is *Netcom* a.) ingenious, b.) a mangling of precedent, c.) correct, or all three?
- 3.) What would Judge Boudin think? Should those thoughts be left to Congress? Or is that what the common law does, and has always done?
 - 4.) Why does the court mention the reach of defamation law in the context of the First Amendment?
 - 5.) *Netcom*—though a District Court case ingeniously distinguishing binding precedent in its own Circuit—anticipates some of the broad outlines of the compact that now governs the Internet. We will see in later chapters that limitations of liability are fundamental to that compact. Judge Whyte’s decision, with its focus on “actual knowledge” and merely “installing and maintaining a system,” suggests the lines that were ultimately drawn. Is there any suggestion in the opinion that he was focused on those ultimate issues and aware of the stakes? Where precisely?
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James Boyle: The Internet Threat

Please read [The Public Domain](#) pp 54–82

The conventional wisdom is that governments respond slowly to technological change. In the case of the Internet, nothing could be further from the truth. In 1994 and 1995, “dot-com” was still a mystical term for many. Most stories about the Internet dealt with sexual predation rather than possibilities of extreme wealth. Internet commerce itself was barely an idea, and some of the most exciting sites on the Web had pictures of coffeepots in university departments far away. (“See,” one would proudly say to a technological neophyte friend when introducing him to the wonders of the Net, “the pot is empty and we can see that live from here! This changes everything!”) It was an innocent time. Yet the U.S. government was already turning the wheels of intellectual property policy to respond to the threat (and promise) of the Internet. More precisely, they were trying to shape the future of the clumsily named “National Information Infrastructure,” the official name for the “information superhighway” that it was presumed would replace the “immature” technology of the Net. The government was wrong about that, and about a lot else.

The blueprint for new intellectual property policy online came from the Patent and Trademark Office. That office promulgated first a Green Paper and then, after further hearings, a White Paper, on “Intellectual Property and the National Information Infrastructure.” As policy and legal documents these are in one sense long out of date. Some of their legal arguments were successfully challenged. Some of their most important proposals were rejected, while many others have become law. But as a starting point from which to trace the frame of mind that has come to dominate intellectual property policy online, they are hard to equal. These documents contained proposals that nowadays would

be seen as fairly controversial. Internet service providers were said to be “strictly liable” for copyright violations committed by their subscribers; that is to say, they were legally responsible whether or not they knew about the violation or were at fault in any way. Loading a document into your browser’s transient cache memory while reading it was said to be making a “copy.” There was more: the beginnings of what later became the Digital Millennium Copyright Act, making it illegal to cut through the digital fences which content providers put around their products. The attitude toward fair use was particularly revealing. At one point in the White Paper it was hinted that fair use might be a relic of the inconveniences of the analog age, to be discarded now that we could have automated fractional payments for even the most insignificant use.³ (It was noted, however, that some disagreed with this conclusion.) At another point, fair use was described as a “tax” on rights holders and a “subsidy” to those who benefited from it, such as educational institutions.⁴ The White Paper also suggested that while any potential loss to rights holders caused by the new technology needed to be countered with new rights and new protections, any potential gain to them through the new technology was simply theirs. Potential gain did not offset the need to compensate for potential loss.

So what views of intellectual property were we carrying forward into the Internet age? Intellectual property is just like other property. Rights are presumptively absolute. Any limitations on them, such as fair use, are taxes on property owners, subsidies to the society at large. It sounds like a perfect time to administer the Jefferson Warning I sketched out in Chapter 2. After all, Jefferson was specifically warning against each of these errors two hundred years ago. To find them in a student paper would be disappointing—irritating, even. But this document was the blueprint for the intellectual property regime of cyberspace.

But do these mistakes matter? How important is it that we get the rules of intellectual property right? To me, a number of my colleagues, some librarians, a few software gurus, the White Paper was more than just a bit of bad policy in a technical field—like a poorly drafted statute about the witnessing of wills, say. When you set up the property rules in some new space, you determine much about the history that follows. Property rules have a huge effect on power relationships and bargaining positions. Think of rules setting out water rights or the right to drive cattle over homesteaders’ land in the American West. But they also are part of a larger way of seeing the world; think of the early-twentieth-century rules treating unions as “conspiracies in restraint of trade” or the Supreme Court decisions that dispossessed the American Indians on the theory that they did not comprehend the concept of property and thus did not “own” the land being taken from them. We were at a comparable point in the history of cyberspace. What was being set up here was a vision of economy and culture, a frame of mind about how the world of cultural exchange operates, and eventually a blueprint for our systems of communication. At this stage, the range of possibilities is extremely wide. A lot of different choices could be made, but subsequent changes would be harder and harder as people and companies built their activities around the rules that had been laid down. This was, in short, a tipping point where it was particularly important that we make the right decisions. . . .

[*Read the rest*](#)

Question:

1.) Boyle argues that the proposals that would have imposed strict liability on all internet intermediaries—in part based on the logic of *MAI*, that even transient copies count as copies, and copyright is a strict liability system—would have destroyed the internet as we know it. ISPs, search engines, social media sites, cyberlockers—all would be liable for any

unauthorized copy on their systems, regardless of knowledge or volition. But would this not have been the appropriate solution? After all, we impose strict liability on manufacturers and sellers of products and hold them liable even where the defect that causes harm could not have been detected or prevented. The theory is that they should internalize the loss and that this will cause them to take appropriate safety precautions for those harms that can be prevented and to pay for those harms that cannot. Why not here? Would this not have saved the copyright industries from all the harm they have suffered from rampant downloading?

Notes

In the 2008 case *Cartoon Network v. CSC Holdings*⁴ (often referred to as the “*Cablevision*” case – Cablevision was one of the defendants), the Second Circuit limited *MAI*’s holding regarding fixation. As a reminder, the Copyright Act defines fixation as follows:

A work is “fixed” in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.

The *Cartoon Network* court read this definition as follows: “We believe that this language plainly imposes two distinct but related requirements: the work must be embodied in a medium, i.e., placed in a medium such that it can be perceived, reproduced, etc., from that medium (the ‘embodiment requirement’) and it must remain thus embodied ‘for a period of more than transitory duration’ (the ‘duration requirement’).” It distinguished *MAI* by finding that it only applied the first requirement: “We do not read *MAI Systems* as holding that, as a matter of law, loading a program into a form of RAM *always* results in copying. Such a holding would read the ‘transitory duration’ language out of the definition, and we do not believe our sister circuit would dismiss this statutory language without even discussing it.” Accordingly, it held that “buffering” the data that comprised a movie or TV show for no more than 1.2 seconds did not create a fixed “copy” and was therefore not a “reproduction” and not infringing. (“Buffering” temporarily stores data while it is being transferred – you have seen it in action when the progress bar at the bottom of your video inches ahead of what you’re watching.) In addition to amending *MAI*, *Cartoon Network* also adopted *Netcom*’s volitional copying requirement, finding that “volitional conduct is an important element of direct liability.” This allowed it to hold that a DVR system was not subject to direct liability even when it made “fixed” copies in the course of streaming video, because it was the *customer* ordering the video, and not the system, that engaged in volitional conduct.

⁴ 536 F.3d 121 (2d Cir. 2008).