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Comments on Preliminary Draft 7 [black letter and comments]

Jane C. Ginsburg

Columbia Law School, jane.ginsburg@law.columbia.edu

June M. Besek

Columbia Law School, Kernochan Center for Law, Media and the Arts

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To: ALI Restatement of Copyright Reporters
Subject: Comments on PD7 [black letter and comments]
Date: October 4, 2021
From: Jane Ginsburg and June Besek¹

Note: References in this memo are to Preliminary Draft No. 7, (Sept. 1, 2021) (“PD7”) (internal page numbers).

General Comments

PD7 is often confusing, largely as a result of failure to provide important explanations or definitions, or to tell the reader where that information can be found. Key terms, such as “edicts of law” and “formalities” remain undefined. Formalities are a principal topic of PD7; they deserve a more thorough description than the draft contains, addressing what formalities are, whether every declaratory obligation (or option) is a “formality,” or only those that go to the existence or enforcement of copyright (this is the Berne Convention meaning of “formality”).

PD7, like earlier drafts, sometimes reaches conclusions on the law where supporting material is lacking, or asserts a conclusion about the law where supporting material is significantly outweighed by authority that supports a contrary conclusion. It is disturbing that the assertions made in the absence of or at odds with authority generally reflect an approach that tends to minimize the scope of copyright protection or to make it more difficult for the copyright owner to pursue rights. [For examples of assertions unsupported by caselaw, see e.g., page 7, comment c, line 7; page 108 comment c, lines 25-31; page 135, comment e, lines 18-26; page 180, comment I. line 27; page 181. comment m, line 12. and our corresponding comments, below.]

Specific Comments

Section 10

Page 1, line 1: What does “Edicts of Law” mean?

Page 1, subsection (a), line 2: What does “adopted” mean?

Page 1, subsection (a), line 3: What does “any international agreement that operates as an edict of law” mean? Treaties aren't self-executing.

¹ Jane Ginsburg is an Adviser to the Restatement Project. June Besek is a liaison from the ABA Section of Intellectual Property Law, but these comments are done in her individual capacity and not on behalf of the ABA.

Page 1, subsection (b), line 6: negative inference? (i.e. if binding then not edict of law?) Maybe delete "nonbinding" to ensure that all explanatory legal materials (that meet the other criteria) are covered

Page 1, subsection (b), line 7: Does the ALI officially acknowledge that judges "make" law?

Page 1, subsection (b), line 8: In *PRO* the Ga. legislature didn't *create* the commentary; they enacted it

Pages 5-6, illustration 3, line 2: You might indicate that this is a narrower result than under 17 USC sec 105; make clear that the government edict doctrine is not coextensive with 17 USC 105.

Page 6, comment c, lines 12-14: Do ALI Restatements, when they receive these kinds of imprimatur, lose their copyright protection?

Page 6, lines 12-14, 16-18 The statements about "adopting" privately authored works are overbroad. There are some important qualifications to this assertion.

Page 6, comment c, lines 17-18: Contra, *CCC Info. Serv. V. MacLean-Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994).

What does it mean to "adopt"? What is the difference between incorporation in a state or local law, and a state or local law that references the private standard?

Page 7, comment c, line 7: "Better view": are there caselaw examples of either view?

Page 8, illustration 8, line 2: Judge Leval, in CCC, suggested this could be a "taking." The Comments should address whether adoption of a private standard that converts the standard into an "edict of law" requires compensating the author.

Page 8, comment d, lines 23-24: why does intent matter to copyrightability? Does it mean that such works are not copyrightable from outset? That they are copyrightable until adopted by a public body? If never adopted by a public body, then they remain copyrightable? If the work has value outside the context of a law and the owner does not seek to have it incorporated in the law, then making it part of the law usurps the value of the copyright. (What result, for example, were state legislatures to adopt Restatements?)

Chapter 4: Copyright Formalities

On the admittedly elusive topic of publication, PD7 leaves some lacunae. It does not generally confront a vexing issue: whether publication of a derivative work "publishes" the underlying work (apart from the *La Cienega* controversy regarding publication of musical compositions through

publication of sound recordings). In addition, PD7 does not address the publication status of a work that exists and is sold in a single original copy.

Section 40

Page 29, subsection (a), lines 2-4: This doesn't belong in the black letter. Black letter is meant to be a statement of law, not commentary. Sec 40(a) just offers historical background more appropriate to a comment.

Page 29, subsection (a), line 3: there should be a definition of “formalities.”

Page 29, subsection (a), lines 2-3: Also to enforce rights. Maybe say existence and enforcement? Need a definition of what formalities are.

Page 29, subsection (b), line 5 (and elsewhere in sec. 40): “Eligible works” gives the impression that copyright covers a restricted class of works. It implies a high threshold (and harks back to prior drafts that also presented copyright as a series of hurdles to overcome, rather than arising from creation). Suggest deleting “eligible.” You can use the Comments to point out that not all works enjoy copyright protection.

Page 29, subsection (b), line 6: “is secured” departs from text of sec 102(a). More accurate to say “subsists once the work is fixed in a tangible medium of expression.” “Is secured” is confusing. Does it mean “is obtained”? Does it mean “is perfected”? Better not to depart from the statute

Page 29, subsection (b)(1), line 7: Add “or enforce” after “secure or maintain” (Should use some term other than “secure” e.g. “vest”)

Page 29, subsection (b)(1), line 8: Replace “has” with “have”

Page 29, subsection (b)(1), line 9: What does “attributes of copyright protection” mean?

Page 29, subsection (b)(4), line 18: Replace “is” with “are”

Page 29, subsection (c)(1), line 27: Does a subsequent publication without notice abrogate the protection obtained on initial publication with notice?

Pages 30, subsection (c)(1), line 1: Also include loss of copyright protection for failure to register and renew the registration by the end of the first term of copyright. (Applicable to works published before 1964.)

Page 30, subsection (c)(4), line 9: This provision is redundant with (b)(3).

Page 31, comment a, line 12: “most works”: are there *any* works published after 2/1989 for which formalities remained a prerequisite to the existence of protection?

Page 31, comment a, lines 20-22: This is very overstated: available remedies do not "depend on" proper notice. Placement of notice goes only to the availability of an innocent infringer defense in mitigation of damages; the statute does not condition injunctive relief on proper notice. Moreover, absence of notice does not make out the defense; plaintiff can show defendant's lack of "innocence" notwithstanding absence of notice.

Page 33, comment b, line 12: Recordation: does this belong here? It's in chapter 2, not 4, of the Copyright Act, and it does not condition the existence or enforcement of copyright. The draft should distinguish between "formalities" prohibited under Berne (those that go to the existence and enjoyment of copyright) and declaratory obligations going to ownership, which are Berne-permissible

Section 41

Page 36, subsection a, line 3: Maybe "moment" would be preferable to "date," since the latter may imply a need to prove specifically when fixation occurred.

Page 36, subsection b, line 5: Replace “has” with “have”

Page 36, subsection b, line 6, “consequences for various attributes of copyright protection”: are these spelled out in other black letter sections, or only in the Comments? Also “attributes of copyright protection” is vague.

Page 36, subsection c, line 7: What about publication of the underlying work through publication of a derivative work?

Page 37, comment a, line 21: Consequences not spelled out in the black letter? That approach is inconsistent with the treatment of the consequences of absence of notice.

Page 38, comment b, lines 25-26: Are these examples a bit antiquated?

Page 39, illustration 1, line 21: What about the sale of the single original?

Page 40, comment c, line 11: But is it for private performance if the offering is to a substantial number of persons? Cf *Aereo*.

Page 40, illustration 5, line 22: But actual distribution would be a publication.

Practical consequences: will publication turn on determination of the moment at which musician has distributed to a sufficient number of persons to make up the "public"? Will it suffice that Musician distributes to just one member of the "public"?

Page 41, comment e, line 9: What is meant by "authorized to retain"? For how long? "Retain" sounds like permanent, but even if the purchasers received only a temporary (but not transient) download, such as a rental copy, it still would be a distribution, and therefore a "publication" (if the posting were the first public offering of access to copies).

Page 42, comment e, line 10: Insert “[of the certificate of registration]” after “negate the presumption of validity.” In the cited case, the court deferred to the Copyright Office's practice of asking the applicant to determine whether the work has been published or not.

Page 43, comment g, line 27: Consider adding to end of sentence “without restrictions as to the use of the copies” (limited publication was to a limited number of persons for a limited purpose)

Page 47, comment h, line 31: Replace “had” with “have”

Section 45

Page 58, comment d, lines 18-19: Why start with non-treaty parties? The statute starts with treaty parties.

Page 58, comment d, line 20: “based in” is not the statutory term, and is potentially misleading, since it evokes location, while the statutory definition includes US nationals, who needn't be residing in the US.

Page 58, comment d, line 24: It would be useful to provide references to the list of treaty parties for each treaty. Most are on wipo.int.

Page 60, comment d, line 26: The different rule for claims brought before the Copyright Claims Board should be discussed here. The CASE Act deserves its own section (and should not be relegated to Reporters' Notes), and when mentioned here, the draft should reference that section.

Page 64, comment g, lines 4-7: *Entertainment Research Group*: Is this the only case on point? It seems to make rebuttal of the presumption extraordinarily easy.

Page 65, illustrations 5 and 6, lines 17 and 24: It appears that both should refer to illustration 4 rather than 3.

Page 66, illustration 7, lines 4-5: And initial distribution of 100 copies to the public did not "publish" the photograph?

Page 67, comment k: Maybe add a general reference to where copyright regulations can be found, here or elsewhere?

Section 46

Page 75, subsection a, line 3: Why "could" secure?

Page 81, illustration 5, line 3: Will PD7 address the question whether publication of a derivative work publishes the underlying work (other than regarding sound recording/musical composition)?

Page 81, comment g, line 26: insert "of the musical work" after "constituted publication" (publication of the sound recording was a different issue).

Section 47

Page 86, subsection a, line 4: again, Why "could"?

Page 86, subsection b, line 6: Too broad?; 1909 Act secs. 19 and 20 specified where to put the notice.

Section 48

Page 91, comments, line 13: what about renewal registrations? Add cross reference (as did in sec. 45, p. 55 lines 4-5)?

Chapter 9

This chapter is very troublesome. Its account of the caselaw too often misleads or presents incomplete treatments. The comments also too often make assertions without supporting caselaw.

Section 9.02

Pages 100-101: The CASE Act material in the Reporters' Notes belongs in black letter and comments, in its own section.

Page 103, subsection c, line 15: What about "serious questions"?

It is misleading to omit "Serious questions" from the black letter; the caselaw cited comment in (c) pp. 106-08 in fact demonstrates the persistence of the "serious questions" criterion.

Page 108, comment c, lines 16-17: By leaving “serious questions” out of the black letter, this draft does in fact take a position on the post-*Winter* viability of the “serious questions” criterion.

Page 108, comment c, lines 19-20: Misleading: The question whether the plaintiff was likely to succeed on the merits was not at issue in *Winter*: “we do not address the lower courts’ holding that plaintiffs have also established a likelihood of success on the merits” 555 US at 24.

Page 108, comment c, lines 25-31: What is the authority for this conclusion?

Page 111, comment e, line 11: Has eBay in fact changed outcomes on issuance of preliminary injunctions in copyright cases? A caselaw survey Jane undertook some years ago indicated that courts articulated the criteria required by *eBay* but still awarded injunctive relief in the vast majority of instances. She has not updated that survey, but have the Reporters verified the actual impact of *eBay*?

Page 115, comment g, lines 13-15: The formulation is misleading to the extent that the general thrust of this paragraph downplays the “at least” caveat, and makes it seem that all infringement claims require weighing plaintiff’s rights against the public’s “right to access expressive works”

Page 115, comment g, lines 21-24: This is misleading: Garcia didn’t have a copyright interest to enforce, so no balancing was at issue.

Page 117, comment i, lines 10-11: There was a lawsuit in France against the Bicyclette Bleue.

Section 9.03

Page 134, comment d, lines 1-2: What does “plaintiff has failed to establish the likelihood that damages occurred at all” mean?

Page 135, comment e, lines 18-26: If the defendant is a better salesman than the plaintiff, are there no damages? If the public wouldn’t buy at the normal price but would buy at half-price, are there no damages? Or in those cases, would plaintiff get profits instead? PD7 states that “the effectiveness of the parties’ marketing may affect the number of sales made even at the same price and to the same customers” and leads the reader to conclude that this should be taken into account in determining lost licensing profits and lost sales. There is no authority cited for the statement.

Page 141, comment h, lines 14-15 and lines 20-21: The two statements seem inconsistent.

Page 143, comment i, line 21: Note, maybe in sec 9.04, that the 2d Circuit also stated that Koons’ conduct was so egregious, plaintiff might want to forgo seeking profits and elect enhanced statutory damages instead.

Page 144, comment j, line 2: This may imply, incorrectly, that only plaintiffs who were able to elect are entitled to both damages and profits (and that plaintiffs who had not registered their works in time to qualify for statutory damages cannot recover both actual damages and profits).

Page 151, comment o, lines 17-19: This is ambiguous. If profits are an equitable remedy, does that mean that juries may not award them? If courts revise disgorgement awards, that implies juries did award profits. Can you have it both ways?

Section 9.04

Page 162. comment a, line 2: "is reduced" should be changed to "may be reduced." This reduction is within the court's discretion.

Page 162. comment a, line 4: Substitute "is unavailable" for "may be unavailable."

Page 162. comment a, lines 17-20: It should be made clear that this provision doesn't relate to "an infringer" but only to certain types of infringers, and refer to comment h which lists the types of infringers.

Page 167, comment e, line 3: But see *Rogers v Koons*, 860 F2d at 313 (while actual damages and profits may not be substantial, "we note that Rogers remains at liberty to elect statutory damages in lieu of an award of actual damages and apportioned profits. See 17 U.S.C. § 504(c). In fact, given Koons' willful and egregious behavior, we think Rogers may be a good candidate for enhanced statutory damages pursuant to 17 U.S.C. § 504(c)(2)."

Page 167, comment e, lines 11-15: This will increase litigation costs, however, and could be abused by the better-resourced party.

Page 173, comment g, line 17: This is an overstatement: *BMG* does not suggest that so long as some cache of notice-bearing copies exist, the innocent infringer test is unavailable. The commercially-available copies bore a notice. Reading the statute to require that if the *source copy* for defendant's infringement lacked a notice, then the defense is available, vastly expands the incidence of this "exceptional" defense, especially given the high potential for notice-stripping of online-sourced copies.

Page 173, comment g, line 19: It is unlikely that Congress authorized diminishing recovery when the copyright holder affixed notice and a third party removed it. Such a reading also increases tensions with Berne Convention norms (for non-US works).

Page 173, comment g, line 20: The textual argument is strong, but there is caselaw in 3 other circuits following *BMG* and no caselaw rejecting *BMG*. The draft should acknowledge the existence of caselaw contrary to the position it espouses. See:

Reed v Ezelle Inv. Prop., 353 F. Supp. 3d 1025, 1036-37 (D.Ore. 2018):

"B. Innocent Infringement

"To be an "innocent infringer," a defendant must show he was "not aware and had no reason to believe that his . . . acts constituted an infringement of copyright." 17 U.S.C. § 504(c)(2). An infringer is not innocent if he accessed works that had copyright notices, because the infringer could have learned about the copyrights had he inquired. *BMG Music v. Gonzalez*, 430 F.3d 888, 892 (7th Cir. 2005). In *BMG*, for example, the defendant downloaded copyrighted music online rather than obtaining it from phonorecord discs. The plaintiff provided copyright notices on the surface of their phonorecords. Although the music posted online lacked copyright notices, the court reasoned that the inquiry is "whether 'access' to legitimate works was available rather than whether infringers earlier in the chain attached copyright notices to the pirated works." *Id.*

"Similarly, here, defendants cannot prove that they were innocent because, while a copyright notice did not appear alongside the Image when Ezelle downloaded it, information that a copyright existed was readily discoverable. Brown Decl. ¶ 3, ECF#28; Suppl. Higbee Decl. ¶ 8, ECF #31-1. As in *BMG*, defendants could have learned about the copyright through basic online research. Thus, defendants cannot prove that they had no reason to believe their acts constituted an infringement. As such, they are not innocent infringers."

Elektra Entertainment Group v. McDowell, 2007 U.S. Dist. LEXIS 82208, *6 (MD Ga. 2007) ("Defendant claims she has created a question of fact as to whether she is an innocent infringer, and therefore she is entitled to a jury trial on the issue. Plaintiffs respond that Defendant "had access to proper copyright notice at any location sound recordings are sold," and consequently Defendant cannot be an innocent infringer. . . . assuming that Defendant was an innocent infringer, there is a question of fact as to whether Defendant had access to the notice of copyright such that her innocent infringer defense has no mitigating effect." citing *BMG*).

Citing *Reed v Ezelle*:

Golden v Michael Grecco Prods., 2021 U.S. Dist. LEXIS 43701 (EDNY March 21, 2021) In the context of images found through internet searches, courts have held that the lack of a copyright notice alongside the copied image is not sufficient to show innocence where "information that a copyright existed was readily discoverable." *Reed v. Ezelle Inv. Props.*, 353 F. Supp. 3d 1025, 1037 (D. Or. 2018). . . . Accepting *Golden's* argument would lead courts to apply lower statutory damages to any layperson's use of the many copyrighted images available on the internet without notice of their copyrighted status.

Page 174, comment g, line 1: Again, it should be made clear that this provision doesn't relate to "an infringer," but only to certain types of infringers and refer to comment h which lists the types of infringers.

Page 174, illustration 4, lines 11-12: What if the notice was removed by the website? Same result?

Page 174, illustration 6, line 29: And if Person D copies the short story that Person C posted, where the short story itself does not include a notice?

Page 175, comment h, line 3: Again, make clear that this relates only to certain infringers. The Comment acknowledges this later, by quoting the provision, but the initial impression given by the topic sentence suggests the contrary.

Page 179, comment j, line 21: What if the components were separately registered as individual works, but also were included in a compilation? If the compilation was the source of the infringement, only one award, but if the separately-published components were the sources, then as many awards as separate works?

Page 180, comment l, line 27: Any caselaw interpreting this provision?

Page 181, comment m, line 12: Any caselaw interpreting this provision?

Section 9.05

Page 191, comment d, line 29: Is there a prevailing party if the case settles?

Page 192, comment d, line 16: Contrary authority? If case settles after ruling on a preliminary injunction, is there a "prevailing party"? E.g. if plaintiff obtains the sought-for relief in the settlement?

Page 196, comment g, line 19: Any caselaw supporting this statement?

Section 9.06

Page 208, comment f, lines 3-5: Not sure the negative inference is warranted if it was understood that authority to issue ex parte impoundment orders already existed.

Page 208, comment f, lines 24-25: This is a wishy washy statement. Ex parte seizures, like TROs, can be an important form of preliminary relief to preserve the status quo (and prevent defendant from

disappearing with the infringing goods and/or means of making them). That doesn't mean they're "widely used." PD7 seems to be suggesting that authority is lacking for them to be used at all.